archTIS LIMITED
ACN 123 098 671

PROSPECTUS

For an offer of a minimum of 40,000,000 Shares at an issue price of $0.20 per Share to raise a minimum of $8,000,000 (before costs) (Offer).

Oversubscriptions of up to a further 10,000,000 Shares at an issue price of $0.20 per Share to raise up to a further $2,000,000 may be accepted.

Lead Manager

CPS Capital

STOCKBROKING · CORPORATE FINANCE
CPS Capital Group Pty Ltd  AFSL NO : 294648  EST 2001

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.
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CORPORATE DIRECTORY

Directors

Stephen Smith
Non-Executive Chairman

Daniel Lai
Chief Executive Officer and Executive Director

Bruce Talbot
Chief Technical Officer and Executive Director

Leanne Graham
Non-Executive Director

Wayne Zekulich
Non-Executive Director

Registered Office

Level 3, archTIS House
10 National Circuit
Barton ACT 2600

Telephone: + 61 2 6162 2783
Facsimile: + 61 2 6162 2418

Email: info@archTIS.com
Website: www.archTIS.com

Share Registry*

Automatic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000

Lead Manager

CPS Capital Group Pty Ltd
Level 45
108 St Georges Terrace
Perth WA 6000

Auditor

RSM Australia Pty Ltd
Equinox Building 4
Level 2
70 Kent Street
Deakin ACT 2600

Investigating Accountant

RSM Corporate Australia Pty Ltd
Level 21
55 Collins Street
Melbourne VIC 3000

Company Secretary

Baden Bowen

Proposed ASX Code

AR9

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Patent Attorney

Griffith Hack
Level 29, Northpoint
100 Miller Street
North Sydney NSW 2060

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.
1. IMPORTANT NOTICE

This Prospectus is dated 19 July 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.archTIS.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.
The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 2 6162 2792 during office hours or by emailing the Company Secretary at info@architis.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section C of the Investment Overview at Section 3.2 as well as Section 6 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Website

No document or information included on the Company’s website is incorporated by reference into this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.
The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

**Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

**Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay.

**Definitions**

Terms used in this Prospectus are defined in the Glossary in Section 14.
2. LETTER FROM THE BOARD

Dear Investor,

On behalf of the Directors of archTIS Limited (archTIS or Company), I have great pleasure in presenting this Prospectus to you and offering you an exciting opportunity to become a Shareholder in archTIS.

archTIS is a Canberra-based ‘secure information sharing’ company incorporated in 2006 with the aim of addressing one of the biggest technology challenges facing organisations today, how to share information, whilst avoiding it falling into the wrong hands.

The Company specialises in secure information sharing and is currently developing its key product Kojensi, which was initially developed for the Australian Department of Defence. Kojensi achieves two aims: securing information at the same time as enabling information sharing.

Each day, the need and desire for organisations to share information and to secure information increases. It is this ability, to achieve sharing as well as security, that archTIS is looking to commercialise through its Kojensi product and is looking to offer to any organisation wanting to protect and share its sensitive information.

After the successful completion of the Company’s pre-IPO fund raising activities, the Company has already achieved a number of milestones including:

(a) the initial alpha release of the Company’s secure information sharing capability hosted in the Amazon cloud (AWS);
(b) expansion of the Company’s development and sales capability;
(c) establishment of a software development capability in Prague;
(d) signing of contracts for the maintenance of a capability in the Australian Defence Department as well as support to the Government of Papua New Guinea; and
(e) establishment of relationships with global partners who want to introduce us to their strategic clients, as well as to trial our Kojensi cloud product (which is currently in development) themselves.

This Prospectus is seeking to raise a minimum of $8,000,000 via the issue of Shares at an issue price of $0.20 per Share under the Offer. In addition, the Company may accept oversubscriptions of up to a further $2,000,000, meaning that the total amount that may be raised under this Prospectus is $10,000,000. This Prospectus is issued for the purpose of supporting an application to list the Company on the Official List of the ASX. This Prospectus contains detailed information about the Company, its business, products, services and the Offer, as well as the risks of investing in the Company, and I encourage you to read the key risks at Section 3.2C and the risk factors in Section 6, carefully.

On behalf of the Directors, I invite you to consider an investment in the Company. The Offer provides an opportunity for you to share in the exciting future of the Company.
Before making your decision to invest, please read this Prospectus carefully and seek professional advice if required.

Yours sincerely

Stephen Smith
Chairman
3. INDICATIVE TIMETABLE AND INVESTMENT OVERVIEW

3.1 Indicative timetable*

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tr>
<td>Lodgement of Prospectus with the ASIC</td>
<td>19 July 2018</td>
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<td>Exposure Period begins</td>
<td>19 July 2018</td>
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<td>Opening Date of the Offer</td>
<td>27 July 2018</td>
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<tr>
<td>Closing Date of the Offer</td>
<td>17 August 2018</td>
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<tr>
<td>Issue of Shares under the Offer</td>
<td>23 August 2018</td>
</tr>
<tr>
<td>Despatch of holding statements</td>
<td>23 August 2018</td>
</tr>
<tr>
<td>Expected date for quotation on ASX</td>
<td>27 August 2018</td>
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</table>

* The above dates are indicative only and may change without notice. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.

3.2 Investment Overview

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

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<tr>
<th>Item</th>
<th>Summary</th>
<th>Further information</th>
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<tr>
<td>A. Company</td>
<td>archTIS Limited (ACN 123 098 671) (Company).</td>
<td>Section 5.1</td>
</tr>
<tr>
<td>Who is the issuer of this Prospectus?</td>
<td>archTIS is a Canberra-based cyber ‘secure information sharing’ company established to address one of the biggest challenges organisations and businesses face in computing, how to share and collaborate on information, whilst avoiding it falling into the wrong hands. The Company was incorporated in 2006 by Bruce Talbot to bring a revolutionary information ‘tagging’ approach to market, with the aim of addressing this business problem. In 2007, archTIS developed this approach to create one of the first information solutions accredited by the United States and Australian Departments of Defence to hold “TOP SECRET” classified confidential information. The name “archTIS” is derived from the term “architecture” and the acronym for “Trusted Information Sharing”. archTIS builds security solutions that focus on the business needs of how enterprises produce.</td>
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<td>consume and share their valuable and sensitive information.</td>
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<td>What are the Company’s existing services?</td>
<td>Since 2006, the Company has consulted and developed cyber security and secure information sharing solutions for government agencies in Australia and elsewhere. These services are the backbone to the development of its commercial products, currently in development.</td>
<td>Section 5.1</td>
</tr>
<tr>
<td>What is the business problem?</td>
<td>Organisations not only want their information to be secure - they also want to be able to share it where necessary. While they want to be able to share information, they want to ensure it is secure and does not fall into the wrong hands. Traditional methods of security mean that security and sharing are often seen as mutually exclusive. archTIS, through its existing solutions and proposed software products Kojensi and DataKloak, enables security and sharing to happen at the same time, seamlessly and automatically.</td>
<td>Section 5.3</td>
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<tr>
<td>What is the challenge behind secure information sharing?</td>
<td>The nature of, and mass creation of, information today makes it hard for the creator of information to track its location. There is no guarantee that once shared, information won’t be passed on again and again. Traditional security products use roles and passwords to try to achieve secure sharing. This generally involves multiple security checkpoints. This approach leads to problems including: (a) Security - each checkpoint acts as a point of weakness. The more checkpoints, the greater the chance of a breach. (b) Collaboration - this is a very linear approach to sharing. Added checkpoints slow productivity making it hard for individuals to efficiently share and collaborate on information.</td>
<td>Section 5.3.4</td>
</tr>
<tr>
<td>What does archTIS do to solve this challenge?</td>
<td>In order to solve these problems, archTIS is introducing a suite of products known as Kojensi. Kojensi enables secure access to electronic information by in essence creating a ‘fingerprint’ of each of the three elements involved in accessing a particular piece of data or information: (a) The Information - The most important ‘fingerprint’ is made up of attributes attached to the data/document. These attributes are defined by the document’s creator and specify what security and sharing criteria need to be satisfied before a user can access it. (b) The User - The second ‘fingerprint’ is that of</td>
<td>Section 5.4</td>
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<td>the user, specifying what her/his access permissions are, for example security level and nationality.</td>
<td>Further information</td>
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<td>(c) The Environment - The third ‘fingerprint’ describes the ‘environmental’ aspects (for example, the time, location, security level of the network) that the document creator may require to be met, to allow access. Kojensi automatically assesses each of these ‘fingerprints’ and if there is an exact match the user can access the data, if there is not, the user is denied access. These ‘fingerprints’ will enable organisations to define detailed business rules that can be enforced, regarding who has access to what. Being able to define business rules and permissions at a very granular level, and have these operate automatically, provides organisations with the means to confidently share, collaborate on, and secure, their data. This 'differential access' to confidential data is a key requirement of business and is very difficult to achieve by traditional access and security systems.</td>
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<tr>
<td>How does Kojensi work?</td>
<td>This automation of business rules, by the ‘fingerprinting’ of information, users and the environment, is undertaken using meta-data within a technical access control methodology called ‘Attribute Based Access Control’ (ABAC). ABAC describes the architecture and methods by which attributes/fingerprints of the document, user and environment can be represented as meta-data. This meta-data is then used to manage information sharing within and between organisations, while maintaining security and control over the information. The ABAC framework is becoming well established and has been actively promoted for over 10 years, particularly by the US Department of Commerce National Institute of Standards and Technology. archTIS first applied this approach in the solution developed for the Australian Department of Defence in 2007 and has been refining it since. In short, Kojensi uses ABAC to make security and sharing the same complementary issue, not two competing requirements. The Company has applied for patent protection of the core intellectual property that underpins how it applies and manages ABAC (refer to the Intellectual Property Report set out in Section 7 for further details). This is being applied to its services and will be applied to the Kojensi product which is</td>
<td>Section 5.6</td>
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<tr>
<td>B. <strong>Business Model</strong></td>
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<td>Section 5.4</td>
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**How will the Company generate income?**

Historically, the Company has generated income from providing consulting and system integration services to meet the special security needs of government clients. Over the past six years, the Company has generated revenues of approximately $13 million through these services, based on the specific requirements and timeframes of each customer project.

Following the listing on ASX, in addition to these services, the Company will seek to generate additional revenues from the commercial sales, licensing and delivery of Kojensi and DataKloak, the Company’s software products that enable secure information sharing in the cloud and within organisations. These products are currently under development.

**What are the key business strategies of the Company?**

archTIS’s vision is that the Kojensi and DataKloak products will become the preferred means by which organisations secure and share their classified information.

Key to achieving this vision is to:

(a) being recognised as a preeminent company in developing and applying new security models that enable people to securely share and collaborate on their most valuable information, without fear or hesitation (DataKloak);

(b) developing the first distributed security platform that enables citizens, governments and corporations to establish trust and information sharing relationships (Kojensi-Gov); and

(c) being a preferred provider of trusted information sharing services to commercial organisations with secure information sharing requirements (Kojensi-Cloud).

The business strategies to achieve this vision are to provide highly secure information sharing services on client premises, and in the cloud.

To achieve this, the Company will need to continue to:

(a) accelerate growth of its brand and reputation as a provider of secure/trusted information sharing (TIS) products and services. This will be achieved through engagement with and referral from clients and strategic partners;

(b) attract and retain innovative people to
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<td>develop new high quality secure information</td>
<td>These products will focus on content and collaboration, Big Data analytics and the Internet of Things (IOT); and build financial strength and stability to provide value to our stakeholders (shareholders clients, employees, partners, and community) and allow the Company to be innovative and responsive in meeting their needs.</td>
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<tr>
<td>sharing products. These products will focus</td>
<td>on content and collaboration, Big Data analytics and the Internet of Things (IOT); and build financial strength and stability to provide value to our stakeholders (shareholders clients, employees, partners, and community) and allow the Company to be innovative and responsive in meeting their needs.</td>
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<td></td>
<td>(c)</td>
<td>build financial strength and stability to provide value to our stakeholders (shareholders clients, employees, partners, and community) and allow the Company to be innovative and responsive in meeting their needs.</td>
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<td>What are the Company’s key objectives on</td>
<td>archTIS’s objectives on completion of the Offer are to: (a) complete commercialisation of the secure information sharing platform to be released and sold as Kojensi Gov - a secure cloud service for government agencies; (b) successfully commercialise a new secure cloud service – Kojensi Cloud - for non-government markets that need to securely share sensitive information; and (c) commence sales and ongoing development of the Company’s services and products (under development), as well as continue to source new developments to add value to Shareholders. Upon completion of the Offer, the Company believes it will have sufficient funds to meet these objectives.</td>
<td>Section 5.7</td>
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<tr>
<td>completion of the Offer?</td>
<td>(a) complete commercialisation of the secure information sharing platform to be released and sold as Kojensi Gov - a secure cloud service for government agencies; (b) successfully commercialise a new secure cloud service – Kojensi Cloud - for non-government markets that need to securely share sensitive information; and (c) commence sales and ongoing development of the Company’s services and products (under development), as well as continue to source new developments to add value to Shareholders. Upon completion of the Offer, the Company believes it will have sufficient funds to meet these objectives.</td>
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<td>What are the key dependencies of the Company’s</td>
<td>The key dependencies for archTIS to meet its objectives are: (a) raise sufficient funds to achieve its business strategies; (b) successfully commercialise a secure information sharing platform that meets the needs of government and commercial clients; (c) strengthen client engagement and market awareness; (d) release the beta of the Kojensi product suite to target market prospects; (e) launch the Kojensi product suite into target markets and expand existing customer contracts; (f) establish strong strategic partner relationships with major global consulting firms, system integrators and IT vendors; and (g) manage risks, including the ongoing development and protection of the Company’s intellectual property.</td>
<td>Section 5.10</td>
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<tr>
<td>business model?</td>
<td>(a) raise sufficient funds to achieve its business strategies; (b) successfully commercialise a secure information sharing platform that meets the needs of government and commercial clients; (c) strengthen client engagement and market awareness; (d) release the beta of the Kojensi product suite to target market prospects; (e) launch the Kojensi product suite into target markets and expand existing customer contracts; (f) establish strong strategic partner relationships with major global consulting firms, system integrators and IT vendors; and (g) manage risks, including the ongoing development and protection of the Company’s intellectual property.</td>
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<tr>
<td><strong>C. Key Advantages and Key Risks</strong></td>
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<td>Section 5.4</td>
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<td>What are the key advantages of an investment in the Company?</td>
<td>The Directors are of the view that the advantages of an investment in the Company include: &lt;br&gt; (a) archTIS’s significant competitive advantage, due to its 12-year experience in implementing secure information sharing for government. &lt;br&gt; (b) archTIS is one of the few companies to have built a solution accredited to hold TOP SECRET data that is shared between the US and Australian Governments. &lt;br&gt; (c) archTIS personnel hold appropriate security clearances – a major barrier to entry to work within the defence, government, and intelligence communities. &lt;br&gt; (d) Kojensi products are being built on the basic architecture that underpins the Defence solution that has been operational for 12 years. &lt;br&gt; (e) Established reputation and solid strategic relationships built over a 12-year period with customers and industry partners locally and internationally. &lt;br&gt; (f) Strong position from which to exploit the rapidly growing market for secure collaboration and sharing of sensitive information.</td>
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<td>What are the key risks of an investment in the Company?</td>
<td>The Company is exposed to various risk factors that have the potential to influence the operating and financial performance of the Company. These risks can impact on the value of an investment in the Shares of the Company. These risks are summarised in detail in Section 6. The Board aims to manage and mitigate these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited. Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows: &lt;br&gt; • <strong>Availability of skilled resources</strong> archTIS has found it difficult to find appropriately skilled resources in Canberra. Through existing relationships archTIS has found Prague to be a location where the required skills can be obtained. For this reason, archTIS is opening an office in Prague and will be undertaking some product</td>
<td>Section 6</td>
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| development in that location. | **Technology risk**  
Technology markets, by their very nature, are a continually evolving marketplace. To succeed, the Company will need to research, develop, design, manufacture, assemble and bring to market new enhancements to its existing products as well as new products that are suitable for existing markets and new markets that might not yet exist. | |
| •  **Research and development**  
The Company’s technology and products (summarised in this Prospectus) and its potential products are subject to continued research and development.  
There is no guarantee that the Company will be able to achieve its desired outcomes from that research and development either to enhance its existing products and adapt them to new and emerging technologies or to complete the development of the new products necessary for the introduction into new markets contemplated by the Company. |  |
| •  **Intellectual Property risk**  
A substantial part of the Company's commercial success will depend on its ability to maintain, establish, and protect its intellectual property, maintain trade secret protection and operate without infringing the proprietary rights of third parties. The Company currently has a granted Australian Innovation Patent and an international PCT application has been lodged and is pending assessment (refer to the Intellectual Property Report set out in Section 7 for further detail). There is a risk that this and future pending applications will not be granted. |  |
| •  **Competition**  
The markets in which the Company will operate are particularly competitive, in particular due to the lucrative nature of the contracts and contacts available within the various verticals in which the Company will operate.  
While the Company will try to manage this risk with a targeted marketing strategy, competition may arise from a number of sources including companies with greater capital resources.  
The Company’s performance could be adversely affected if existing or new competitors reduce the Company’s market ... |  |
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<td>share through technology development, marketing and increased product or technology offerings or through price reduction for alternatives.</td>
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<td></td>
<td>• <strong>Key person risk</strong></td>
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<td></td>
<td>The Company founders, Bruce Talbot, Phillip Dean and Daniel Lai have built the Company to date based on their knowledge and experience. It is expected that all three founders will continue to contribute to the ongoing success of the Company in either Executive Director or executive management roles. Knowledge transfer of the technology and intellectual property has been underway for several years to reduce the risk of dependency on any single individual.</td>
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<td>• <strong>Uncertainty of future profitability</strong></td>
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<td>The success of the Company’s operations relies on the ability to attract government and commercial users of the technology and the Company’s products. An inability to attract new clients and users will affect the Company’s earning ability.</td>
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### D. Directors and Key Management Personnel

**Who are the Directors?**

The current Board of the Company is comprised of:

- (a) Stephen Smith – Non-Executive Chairman;
- (b) Daniel Lai – Chief Executive Officer and Executive Director;
- (c) Bruce Talbot – Chief Technology Officer and Executive Director;
- (d) Leanne Graham – Non-Executive Director; and
- (e) Wayne Zekulich – Non-Executive Director.

The profiles of each of the Directors are set out in Section 5.12.

**Other Key Management Personnel**

The key management personnel of the Company consist of:

- (a) Martin Tuček – Executive Product Development; and
- (b) Deborah Tuček – Executive Product Requirements, Learning, Marketing and Capability Development.
- (c) Matt Kluken – Executive Government Sales
- (d) Greg Ginnivan – Executive Strategy and Commercial Sales
- (e) Phillip Dean – Commercial Manager

The profiles of each of the key management personnel are set out in Section 10.
<table>
<thead>
<tr>
<th>Item</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the significant interests of Directors in the Company?</td>
<td>Each Director’s interest in the Company is set out at Section 5.14.</td>
<td>Section 5.14</td>
</tr>
</tbody>
</table>

**E. Financial Information**

<table>
<thead>
<tr>
<th>Item</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>How has the Company been performing?</td>
<td>The historical financial information of the Company for the years ended 30 June 2016 and 30 June 2017 and the half years ended 31 December 2016 and 31 December 2017 are set out in Section 8. The reviewed pro forma statement of financial position for the Company as at 31 December 2017 is also set out in Section 8. In addition, the Limited Assurance Report of the Investigating Accountant is set out in Section 9.</td>
<td>Section 8</td>
</tr>
<tr>
<td>What is the financial outlook for the Company?</td>
<td>Refer to the Investigating Accountant’s Limited Assurance Report in Section 9 for a discussion of the key financial information of the Company. Investors should note that past performance is not a guide to future performance.</td>
<td>Section 8</td>
</tr>
</tbody>
</table>

**F. Offer**

<table>
<thead>
<tr>
<th>Item</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is being offered and who is entitled to participate?</td>
<td>The Offer is an offer of up to 40,000,000 Shares at an issue price of $0.20 per Share to raise $8,000,000. In addition, the Company may accept oversubscriptions for up to a further 10,000,000 Shares at $0.20 to raise up to a further $2,000,000. The Offer is open to retail and sophisticated investors in Australia.</td>
<td>Section 4.1</td>
</tr>
<tr>
<td>What is the purpose of the Offer?</td>
<td>The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List of the ASX and to position the Company to seek to achieve the objectives stated at Section B above. The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.</td>
<td>Section 4.6</td>
</tr>
<tr>
<td>Is the Offer underwritten?</td>
<td>The Offer is not underwritten.</td>
<td>Section 4.4</td>
</tr>
<tr>
<td>Who is the lead manager to the Offer?</td>
<td>The Company has appointed CPS Capital Group Pty Ltd (AFSL 294848) as lead manager to the Offer. Details of the fees payable for these services are set out in Section 11.1 of this Prospectus.</td>
<td>Sections 4.5 and 11.1</td>
</tr>
<tr>
<td>What will the Company’s capital structure look like after completion of the Offer?</td>
<td>Refer to Section 5.16 for a pro forma capital structure following completion of the Offer.</td>
<td>Section 5.16</td>
</tr>
<tr>
<td>Item</td>
<td>Summary</td>
<td>Further information</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>What are the terms of the Shares offered under the Offer?</td>
<td>A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 12.2.</td>
<td>Section 12.2</td>
</tr>
<tr>
<td>Will any of the Shares issued under the Offer be subject to escrow?</td>
<td>None of the Shares issued under the Offer will be subject to escrow. However, certain other Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</td>
<td>Section 5.18</td>
</tr>
<tr>
<td>Will the Shares be quoted?</td>
<td>Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.</td>
<td>Section 4.8</td>
</tr>
<tr>
<td>What are the key dates of the Offer?</td>
<td>The key dates of the Offer are set out in the Indicative Timetable and Investment Overview Section of this Prospectus.</td>
<td>Section 3.1</td>
</tr>
<tr>
<td>What is the minimum investment size under the Offer?</td>
<td>Applications under the Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of $500 worth of Shares (2,500 Shares).</td>
<td>Section 4.7</td>
</tr>
<tr>
<td>Are there any conditions to the Offer?</td>
<td>No, other than raising the Minimum Subscription of 40,000,000 shares at $0.20 and ASX approval for quotation of the Shares, the Offer is unconditional.</td>
<td></td>
</tr>
<tr>
<td>G. Use of funds</td>
<td>The Offer proceeds and the Company’s existing cash reserves will be allocated and apportioned as set out in Section 4.6.</td>
<td>Section 4.6</td>
</tr>
<tr>
<td>How will the proceeds of the Offer be used?</td>
<td>The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Will the Company be adequately funded after completion of the Offer?</td>
<td>No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.</td>
<td>Section 4.13</td>
</tr>
<tr>
<td>H. Additional information</td>
<td>Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future</td>
<td>Section 4.12</td>
</tr>
<tr>
<td>Item</td>
<td>Summary</td>
<td>Further information</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>investing in securities?</td>
<td>disposal of Shares issued under this Prospectus. The tax consequences of any investment in Shares will depend upon an investor’s particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>What are the corporate governance principles and policies of the Company?</td>
<td>To the extent applicable, in light of the Company’s size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations). The Company’s main corporate governance policies and practices and the Company’s compliance and departures from the Recommendations as at the date of this Prospectus are outlined in Section 10. In addition, the Company’s full Corporate Governance Plan is available from its website (<a href="http://www.archTIS.com">www.archTIS.com</a>).</td>
<td>Section 10</td>
</tr>
<tr>
<td>Where can I find more information?</td>
<td>(a) by speaking to your sharebroker, solicitor, accountant or other independent professional adviser; or (b) by contacting the Company Secretary, by phone on +61 402 339 443 during office hours or by emailing the Company at <a href="mailto:info@archTIS.com">info@archTIS.com</a>.</td>
<td></td>
</tr>
</tbody>
</table>
4. DETAILS OF THE OFFER

4.1 The Offer

Pursuant to this Prospectus, the Company invites applications for up to 40,000,000 Shares at an issue price of $0.20 per Share to raise $8,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

4.2 Oversubscriptions

The Company may accept oversubscriptions of up to a further $2,000,000 through the issue of up to a further 10,000,000 Shares at an issue price of $0.20 each under the Offer. The maximum amount which may be raised under this Prospectus is therefore $10,000,000.

4.3 Minimum subscription

The minimum amount which must be raised under the Offer is $8,000,000 (Minimum Subscription). If the Minimum Subscription has not been raised within 4 months after the date of the Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

4.4 Not underwritten

The Offer is not underwritten.

4.5 Lead Manager

The Company has appointed CPS Capital Group Pty Ltd (AFSL 294848) as lead manager to the Offer. Details of the fees payable for these services and the use of those fees are set out in Section 11.1 of this Prospectus.

4.6 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the next two years following admission of the Company to the Official List of ASX as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Minimum Subscription ($)</th>
<th>% of Funds</th>
<th>Over-subscriptions ($)</th>
<th>% of Funds (Over-subscriptions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing cash reserves¹</td>
<td>$1,100,000</td>
<td>12%</td>
<td>$1,100,000</td>
<td>10%</td>
</tr>
<tr>
<td>Funds raised from the Offer</td>
<td>$8,000,000</td>
<td>88%</td>
<td>$10,000,000</td>
<td>90%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$9,100,000</strong></td>
<td><strong>100%</strong></td>
<td><strong>$11,100,000</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Ongoing Product development²</td>
<td>$2,200,000</td>
<td>24%</td>
<td>$3,200,000</td>
<td>28.83%</td>
</tr>
<tr>
<td>Sales and marketing³</td>
<td>$1,500,000</td>
<td>16%</td>
<td>$1,800,000</td>
<td>16.22%</td>
</tr>
</tbody>
</table>
### Repayment of existing banking facility

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of existing banking facility</td>
<td>$300,000</td>
<td>3.30%</td>
<td>$300,000</td>
<td>2.70%</td>
</tr>
</tbody>
</table>

### Expand customer support capability

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand customer support capability</td>
<td>$1,000,000</td>
<td>11%</td>
<td>$1,200,000</td>
<td>10.81%</td>
</tr>
</tbody>
</table>

### Working capital and other expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital and other expenses</td>
<td>$3,300,000</td>
<td>36%</td>
<td>$3,640,000</td>
<td>32.79%</td>
</tr>
</tbody>
</table>

### Costs of the Offer

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs of the Offer</td>
<td>$800,000</td>
<td>9%</td>
<td>$960,000</td>
<td>8.65%</td>
</tr>
</tbody>
</table>

**TOTAL**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$9,100,000</td>
<td>100%</td>
<td>$11,100,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Notes:**

1. Refer to the financial information set out in Section 8 for further details.

2. Ongoing product development costs include costs associated with the research and development, testing and support of the Kojensi and DataKloak products. This work includes the work required to complete the beta versions of these products for testing by key selected identified customers and parties prior to the launch of the initial products for commercial sales and marketing of those products.

3. Sales and marketing includes costs associated with developing marketing and sales material, running marketing events, engaging sales personnel, building partner and sales channels to expand into further government, commercial and overseas markets and engaging with new sectors such as finance, health, legal and transport.

4. The Company currently has an existing banking facility with Westpac drawn down to $300,000. Funds raised under the Offer are intended to repay the outstanding balance and enable the closure of this banking facility.

5. Working capital and other costs include general costs associated with the management and operation of the Company including infrastructure and hosting costs, administration expenses, directors’ fees, salaries of management and staff in Australia and the Czech Republic, travel expenses, compliance costs and other associated costs.

6. Refer to Section 12.9 for further details.

7. Where oversubscriptions for less than the $2,000,000 maximum are accepted, funds received will first be allocated towards the additional costs of the offer, and then applied on a pro rata basis to the various items outlined in the table above, with any residual amounts over and above the maximum for each item allocated to general working capital.

It should be noted that the Company’s budgets will be subject to modification on an ongoing basis depending on the results obtained from its ongoing business activities.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Board considers that upon completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 6.
4.7 Applications

If you wish to apply for Shares under the Offer, you may:

(a) apply online using an online Application Form and pay the application monies electronically; or

(b) complete a paper-based application using the relevant Application Form attached to or accompanying this Prospectus or a printed copy of the relevant Application Form attached to the electronic version of this Prospectus.

4.7.1 How to apply

(a) Paper Application

Complete the hard copy of the Application Form accompanying the hard copy of this Prospectus and mail or hand deliver the completed Application Form with cheque or bank draft to the Share Registry at the relevant address shown on the Application Form so it is received before 5.00pm (WST) on the Closing Date.

<table>
<thead>
<tr>
<th>By Post To:</th>
<th>Delivered To:</th>
</tr>
</thead>
<tbody>
<tr>
<td>archTIS Limited</td>
<td>archTIS Limited</td>
</tr>
<tr>
<td>C/- Automic</td>
<td>C/- Automic</td>
</tr>
<tr>
<td>PO Box 2226</td>
<td>Level 29</td>
</tr>
<tr>
<td>Strawberry Hills NSW 2012</td>
<td>201 Elizabeth Street</td>
</tr>
<tr>
<td></td>
<td>Sydney NSW 2000</td>
</tr>
</tbody>
</table>

(b) BPAY®

Applicants in Australia may also apply for Shares by applying online at https://automic.com.au/ArchTISLimited.html. An Applicant must comply with the instructions on the website. An Applicant paying the application monies by BPAY® must use the unique BPAY® Customer Reference Number provided.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. Using these BPAY® details, you must:

(i) access your participating BPAY® financial institution either through telephone or internet banking;

(ii) select to use BPAY® and follow the prompts;

(iii) enter the supplied biller code and unique customer reference number;

(iv) enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;

(v) select which account you would like your payment to come from;

(vi) schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
(vii) record and retain the BPAY® receipt number and date paid.

You should be aware that your own financial institution may implement earlier cut-off times with regard to BPAY® or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or other electronic payments are received by 5.00pm (WST) on the Closing Date.

By completing an Application Form or online application, each Applicant under the Offer will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of $0.20 per Share.

The Company reserves the right to close the Offer early.

If you require assistance in completing an Application Form, please contact the Share Registry.

4.7.2 Allocation Policy

The Company retains an absolute discretion to allocate Shares under the Offer (including whether or not to accept any or all oversubscriptions) and reserves the right, in its absolute discretion, to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No Applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors will be influenced by the following factors:

(a) the number of Shares applied for by an Applicant;

(b) the overall level of demand for the Offer;

(c) the desire for spread of investors, including institutional investors; and

(d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

4.8 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application
monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.9 Issue

Subject to the minimum subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHESS) holders will be mailed to Applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

4.10 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

4.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification...
Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.12 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.

4.13 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

4.14 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.
5. COMPANY AND PROJECT OVERVIEW

5.1 Background on the Company

archTIS is an Australian, award winning (Defence Excellence in Security Award 2014) information security company that has been successfully providing services to Australian and overseas governments for 12 years. The Company’s head office is located in Barton, Canberra and the Company currently employs 35 staff globally, with a mix of full time employees and contractors. Many archTIS staff are required to have Government security clearances ranging from ‘baseline’ to ‘top secret positive vetting’. archTIS is a certified Defence Industry Service Partner (DISP).

The Company was incorporated in December 2006 as ‘BSTTech Consulting Pty Ltd’ by Mr Bruce Talbot to design and build an information sharing platform for the Australian Department of Defence to host US and Australian TOP SECRET classified information. This platform was one of the first secure content and collaboration software solutions accredited to TOP SECRET by the United States and Australian Departments of Defence. It enables the secure sharing of sensitive information and allows for multiple recipients to automatically access different versions of a document in line with their respective security clearances. This is referred to as ‘differential access’ to information.

In the subsequent years, the Company, trading as archTIS, has established itself as a trusted consulting company providing cyber security services to Australian public service agencies, including the Australian:

(a) Department of Defence;
(b) Department of Finance; and
(c) Department of Foreign Affairs and Trade.

The name ‘archTIS’ is derived from the term ‘architecture’ and the acronym ‘Trusted Information Systems’ (TIS) which seeks to reflect our approach that is architectural and ‘top down’ – looking at the entirety of an organisation’s secure information sharing requirements – not just one aspect.

5.2 Background on the business

archTIS’s consulting business to government has provided cash flow, extensive market knowledge and credibility, relationships and a trusted platform from which to develop and launch new products. To date, the Company has completed the successful delivery of engineering and consulting services to client projects including:

(a) the Australian Department of Defence’s Identity Management Procurement Project;
(b) the security architecture for all Australian Defence ICT – the Defence Single Information Environment Security Architecture (SIESA) – for which it received the Defence Excellence in Security Award;
(c) an architecture review of the network gateways between Australia and its security partners; and
the Landing Helicopter Dock Data Management System which integrates many of the logistics systems supporting the Australian Navy’s newest supply and landing ships.

To date, the delivery of its projects has seen the Company generate revenues of approximately $13 million over the last six years.

The success of archTIS’s consulting business identified the opportunity to develop its intellectual property into software products to meet the growing market need to share classified and sensitive information within all levels of government as well as within the commercial sector.

In 2015, after a global market search, the Australian Department of Defence procured a new version of the Company’s information sharing platform now named “Kojensi”. At this point, the Company embarked on the process to commercialise this software solution into a more accessible government cloud platform. The Company believes that its cloud-based ‘Software as a Service’ (SaaS) version of Kojensi provides the best strategy to rapidly capture these new markets.

In 2016, the Australian Department of Finance paid for a proof of concept of Kojensi to be established in a secure cloud after failing to find a suitable commercial product.

In 2017, archTIS, prior to this Offer and the Company’s proposed ASX listing:

(a) raised $4 million in expansion capital;
(b) restructured its Board;
(c) appointed an external company secretary and share registry;
(d) accelerated its focus on product development; and
(e) formed relationships in new market verticals (legal, financial services and global consulting firms).

Today, the Company has strong access to its initial target market and is already listed on and has access to a number of government procurement panels including:

(a) Australian Federal Government Cloud Panel;
(b) Australian Defence Chief Information Officer Group Information Communication and Technology Provider Arrangement (ICTPA);
(c) Australian Defence Innovation Hub Services Panel;
(d) Australian DTA (Digital Transformation Agency) Marketplace;
(e) New Zealand Government Service Provider Panel;
(f) South Australian Government Procurement Panel;
(g) New South Wales Government ICT Procurement Panel; and
(h) Victorian Government ICT Services Panel.
Now, the Company is looking to scale up its business to increase its reach into the Government and commercial sectors concerned about how they meet rigid requirements for security, where sharing information is a critical part of their business.

5.3 Background on industry and market potential

5.3.1 What is ‘information sharing’ and ‘content collaboration’?

Simply, ‘information sharing’ refers to the transmission and transfer of information and data from one party to another.

‘Content collaboration’ refers to the ability of multiple parties to access, discuss and amend documents, data and information at the same time. Today, governments, businesses and individuals are able to collaborate across offices, states and even countries using online means.

The Company therefore has been focussed on developing methods for enabling the secure electronic transmission and sharing of content and information for these purposes.

Information on the market and other existing providers and competitors is outlined in the sections below.

5.3.2 The need for content and collaboration and information sharing

In March 2017, Mckinsey & Company, in an article that referenced the “fourth industrial revolution” of new technologies, stated that “digitally enabled innovations are creating opportunities and disrupting business models across all sectors of our economy,” and also stated that ‘New Technologies and new ways of working are transforming the nature of work and, over time, reshaping the Australian and global economies.”¹ An example is the way that we produce, consume, collaborate and share our digital information.

Digital content and collaboration allows information to be efficiently structured, discovered, and disseminated in context to users, for improved productivity. Information sharing ensures that approved available sources of information are accessible for input into making those decisions.

However, with collaboration and sharing, comes risk associated with the security of that information. However, security should not be an excuse for failing to utilise or take advantage of these developments.

The critical need to collaborate and share information has been acknowledged within governments for some time, in particular when it comes to defence and national security. The 9-11 Commission Report (2002) heavily criticised the US Government’s lack of, and resistance to, sharing information between intelligence and law enforcement agencies (known as ‘the wall’). It stated that not only could sharing information have prevented the 9-11 attack on the World Trade Centre in New York City, but more lives could have been saved through

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the better communication, and decision-making between the emergency response agencies.

However, the benefits of better communication techniques are not relevant to just governments.

5.3.3 What makes up the market?

The marketing research company, BisReport, in a 2018 report stated, “The enterprise content and collaboration solutions are gaining traction due to the improved need for efficiently managing the voluminous content that is generated in organisations on a daily basis.” The content and collaboration market therefore is the market that assists and enables entities, including government and non-government organisations, to share information and data.

The size of the global content management and collaboration market is increasing. The global Enterprise Content Collaboration market was valued at US$4.8 billion in 2017 and is expected to reach US$7.5 billion by the end of 2023, growing at a compound annual growth rate (CAGR) of 7.88% between 2017 and 2023.

The market is large and growing and archTIS has developed experience and is commercialising products to take advantage of this.

Within Australia, the 2017 Report on the ICT Procurement Taskforce to the Australian Government found that in 2015-16, Australian Government agencies reported that they spent $6.2 billion on information communication and technology (ICT) goods and services. In that same year, agencies estimated that they would procure $9.0 billion of ICT goods and services into future years across 17,000 contracts.

Cloud growth is set to continue especially in the government sector. Governments in the United Kingdom, United States, Australia and Europe have already adopted cloud first policies for ICT procurement where possible. For example, in Australia the cloud computing policy requires agencies to use cloud services, provided they are deemed fit for purpose and represent value for money, for any new services or replacements of existing services.

5.3.4 The Challenges of content, collaboration and information sharing

Collaboration and information sharing, by its nature, comes with security and privacy concerns and significant risks to confidentiality, intellectual property and reputation. Organisations that have classified or commercially sensitive information are hesitant to adopt public cloud-based systems because of these risks. Yet these organisations are seeking the benefits that new cloud products deliver in productivity, capability and cost.

A fear of exposing confidential information is prevalent within the public and commercial sectors and the risk of exposure is not purely reputational or financial. Rather it encompasses potentially punitive damage as well to any

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3 BisReport, Global Enterprise Content Collaboration Market Size, Status and Forecast 2023, 2018, 1
organisation who does not comply with the regulations set in law. Gartner, a leading IT industry research and advisory company, has warned that “The key to successfully implementing cloud in government is accounting for the unique technical, organizational, procedural and regulatory issues of individual organizations.” Understanding the depth and breadth of these compliance requirements is therefore critical for any vendor working within this market.

Many governments remain uneasy or unwilling to store data outside of their borders, with some well-publicised examples. Australia cancelled a government contract with a supplier when it discovered the Italian company was processing data in an offshore cloud. The UK could have legally used cloud services in Dublin or Amsterdam to store Ministry of Defence data, but it waited until a local service provider was established before moving to those services.

The need to comply with such a range of regulations and security requirements poses significant difficulties for vendors. The content and collaboration market is a merger between the traditional File Sync and Share, (Dropbox, Box), Enterprise Content Management (IBM, Oracle) and Collaboration tools market (Slack, Messenger). As a result, it is difficult to find a content and collaboration product that meets all an organisation’s security and compliance requirements and has the rich functionality and tools required by end users to deliver productivity gains. While many commercial content and collaboration products exist that claim some degree of ‘security’, few can claim to meet all these requirements, where classified and sensitive commercial information are concerned. There are certainly no clear leaders.

5.4 Why archTIS is well placed to successfully meet this demand

The Directors believe that archTIS is well positioned to meet this market demand for the following reasons:

- archTIS built one of the first TOP SECRET information sharing platforms to hold Australian and US government information, and is one of the few such solutions globally to have accreditation to hold both US and Australian TOP SECRET information.

- archTIS has 12 years’ experience in applying ABAC to the Australian Department of Defence and Government agencies.

- archTIS personnel hold appropriate security clearances – a major barrier to entry to work within the defence/government/intelligence community.

- the Kojensi core platform is already built, proven and in operation in the Australian Department of Defence.

- archTIS has already conducted a proof of concept of its technology with the Australian Department of Finance.

- archTIS has established relationships over 12 years and has a successful record with industry partners to win and to execute sales opportunities. These partnerships include KBR, HP, Deloitte, Citadel Group.

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archTIS has already commenced discussion with a number of different industry sector clients to conduct proofs of concept in their markets.

5.5 **Company’s core technical expertise**

archTIS’s core technical expertise is related to how organisations share and collaborate on digital information, whilst avoiding it falling into the wrong hands.

This is achieved by using meta-data attributes, within a proven technical access control methodology called ABAC. Put simply, the archTIS platform allows users to control who has access to documents based on a variety of attributes.

The familiar user name and password access control is a two-attribute access system. Traditional access control systems are complex, often requiring administrator assistance.

The archTIS platform has a virtually unlimited range of attributes to control who can access information. Examples include user-name, password, registered device, GPS co-ordinates, time of day to access, and management level and/or nationality. An individual trying to access these files without the requisite attributes assigned to them will not be granted access.

The archTIS platform has its origins within the Australian and US Departments of Defence where it has been accredited to handle documents up to and including TOP SECRET classifications. The archTIS ABAC technology is compatible with existing document management systems and provides a simple user interface to manage access control for users.

This expertise and experience in developing this platform is a key contributor of the Company’s commercial products under development.

5.6 **ABAC in greater detail**

The essence of ABAC is that it uses meta-data to describe the attributes which are then implemented as business rules for access. The business rule must be adhered to before a particular user, can access a particular **piece of information**. This includes attributes about the user (eg identity, nationality, role etc) the data (eg document or Image etc) and the IT environment (eg network, time, device etc).

By enabling the representation of business rules as meta data attributes, ABAC enables very fine grained access control, which at the same time provides a high level of security. Access and security become the same issue, rather than two separate and competing business needs. In this way archTIS’ products enable different users to access the same document or information source depending on who they are, where they are, what their role is, their security permissions, and how they are accessing that information, but see different views of that information.

This is what the Directors call, “differential access”.

**At the technology level,** the Company applies ABAC to the various components of an organisation’s information systems to enable secure sharing. We also provide the means to effectively and efficiently manage these business rules, and their translation into the metadata code that is used to securely manage access and collaboration.
5.7 **Company's Products**

archTIS is seeking funds to complete the commercialisation of the Kojensi suite of products for secure information sharing and collaboration. This will use attributes about people, devices, networks, location and others to determine what information a user can see, and what the user can do with it.

The Company continues to develop its products based on the work it has delivered to its clients since establishment.

The Kojensi suite of products includes:

5.7.1 **Kojensi Gov**

(a) Kojensi Gov will be a secure classified content and collaboration cloud service built to comply with the multi-level security information sharing and collaboration needs of the Australian Government and international public-sector market. It will offer users an enterprise content management capability combined with collaboration tools, workflows, in-built data classification and granular access control.

(b) Kojensi Gov will enable organisations to share, grant or revoke access to information based on personal attributes such as security clearance, nationality, data classification, organisation, and more. Hosted within a government accredited protected (the government equivalent to ‘commercial-in-confidence’) cloud environment, Kojensi Gov will offer the public sector a value for money, low risk means of providing secure inter-agency collaboration, increasing productivity, speeding decisions and business processes, and improving data classification and accuracy. Kojensi Gov will also be able to be implemented as a secure private cloud within an agency’s premises, and scale to meet the more stringent information security requirements of classified government data.

(c) Kojensi Gov is much more than a secure file sharing service for uploading and downloading files. The service offers agencies the means to securely share and collaborate on their sensitive information within a government accredited cloud hosting environment. By using Kojensi Gov, multiple agencies can contribute and work with information with the assurance that the information is being shared and used in accordance with defined terms and conditions, and that ownership of contributed data will always remain with the originating agency.

5.7.2 **Kojensi Cloud**

(a) Kojensi Cloud will be a secure content and collaboration service designed for commercial users with the need to protect and share commercially high value and personally sensitive data within and between organisations. This publicly available cloud service will offer users an enterprise content management capability combined with collaboration tools, workflows, and in-built data privacy identification, access and management capabilities to meet the increasingly stringent international data privacy restrictions.

(b) Offered via an e-commerce model, users within markets such as finance, health, pharmaceuticals, aviation, and international business, will be able to use this service while retaining full compliance with
legislative obligations and maintaining control over their sensitive information.

(c) The Kojensi Gov and Kojensi Cloud platforms will be licensed as a Software as a Service (SaaS) model, i.e. a pay per user per month licence.

5.7.3 Kojensi Field

(a) Kojensi Field remains at an earlier stage of development and will be a stand-alone product loaded into a portable computer appliance for fast mobile deployment for remotely located or isolated teams. Kojensi Field will provide groups of users, from diverse organisations and interests, with the ability to rapidly provide differentiated access to shared information that can help personnel to better respond to critical situations and co-ordinate efforts between teams. Providing the full Kojensi range of enterprise content and collaboration functionality, Kojensi Field will allow back-to-base data replication, and node mirroring to strengthen its disaster recovery capabilities and ensure high availability for ‘mission critical’ environments over low bandwidth networks.

(b) Targeted for defence, law enforcement, counter terrorism and humanitarian markets, Kojensi Field will be sold as an off-the-shelf product. Clients purchase a single physical instance of the appliance and they will have the option to purchase a support and maintenance license, as well as implementation and other professional services.

5.7.4 DataKloak

(a) DataKloak will be a ‘command and control’ tool to assist organisations to deploy internally the ABAC approach for their own information security and sharing. This will enable the establishment of communities of interest (for example, team workspaces) and management of access based on user and information attributes via a highly user-friendly interface. Traditional approaches are a complex and time-consuming set of activities both on initial set up as well as every time changes need to be made to the configuration or security parameters.

(b) DataKloak will resolve the challenges of applying and managing attribute-based access by delivering automated orchestration of the attributes/‘fingerprints’ of users, portals, devices, and policies, ensuring that access conditions and information management rules are synchronised through the information environment.

(c) DataKloak is in essence the management ‘master console’ of Kojensi. Within Kojensi, it manages all the business rules, attributes and variables. As a stand-alone product it is integrated into an existing enterprise computing environment to perform a similar ‘master console’ role.

5.8 How the company generates revenue

In the last 6 years, the Company has generated approximately $13 million in consulting and systems integration services revenue focussed on its core intellectual property of secure information sharing. This project-based income will be supplemented by growing revenue from its SaaS-based Kojensi product offerings as it expands its customer base outside of its traditional government client base.
Post listing, the Company will be commercialising its intellectual property through two business units: archTIS Solutions and archTIS Services.

5.8.1 archTIS Services

To date, archTIS has generated its revenue through services, comprising consulting and systems integration and the support of previously developed solutions, primarily to government.

Previous services projects include:

(a) the original Kojensi solution built for Defence;
(b) the $3.5m data management system built for the Australian Navy;
(c) ICT security landscape reviews of client’s internal systems and structures to provide advice on systems relevant to the client;
(d) Information Security Architecture Reviews and Designs for which archTIS received the 2014 Defence Excellence in Security award;
(e) development of Business Cases and Policy Frameworks for Classified Information Sharing, Identity and Access Management, and Cross-Organisational Collaboration; and
(f) development of a new information sharing environment for the Papua New Guinea Government.

These services are expected to continue. The services income will be supplemented by commercialising the Kojensi and DataKloak products and selling them to government and commercial clients. The Company’s consulting services act as an introduction to the Company’s products where those products can be used to address a client’s specific needs.

5.8.2 archTIS Solutions

archTIS Solutions is the business arm to develop and market the Company’s emerging products summarised in Section 5.7 above. It will develop, implement, and support the delivery to its clients of those products. The Company expects that it will generate revenues from those products in the following manner, relevant to the different natures of those products:

(a) Kojensi Gov – this will be sold on a per user per month license fee basis;
(b) Kojensi Cloud – this will be sold on a per user per month license fee basis;
(c) Kojensi Field – this will be sold as an appliance on a once off basis, with a maintenance contract; and
(d) DataKloak – this will be licensed on a per user basis and supported by implementation services.

If and when new products are developed as a result of the ongoing research and development being undertaken by the Company, archTIS Solutions would also be responsible for the sales and marketing of those new products.
5.9 Business Strategies

The Company’s business model is to ‘offer services and products that enable organisations to safely share and collaborate on information’ for:

(a) Federal and State governments in Australia;
(b) overseas governments in particular, the United States, United Kingdom, Canada and New Zealand;
(c) industries supporting governments (e.g. defence Industry); and
(d) key commercial sectors including critical infrastructure, finance, health, legal practice, and transport.

Post listing, the Company expects to expand its client base within traditional government departments as well as with new commercial clients. This will be achieved through the implementation of both direct sales and partner-led sales strategies.

5.9.1 Direct Sales

archTIS targets suitable organisations using our internal sales capability. This uses a consultative selling approach to leverage existing relationships and delivery opportunities, to identify and sell new and add-on services.

5.9.2 Partner Sales

Partners will be leveraged to initiate and progress sales and provide a scalable platform for rapid growth. archTIS is seeking to develop relationships with partners to assist selling of our services and products, especially targeting partners with some or all of the following characteristics:

(a) Strong existing client base with government and corporates;
(b) Preferred supplier status to high value prospective customers in target sectors;
(c) Global sales reach; and
(d) Already engaged in assisting clients to meet stringent secure information sharing business requirements.

5.9.3 Business Objectives

archTIS will use the funds raised under the Offer to:

(a) commercialise Kojensi to enable its provision as a secure cloud service for governments overseas, especially for Australia’s security partners – the United States, United Kingdom, New Zealand and Canada;
(b) extend the new government cloud solution to enable provision of a secure cloud service to commercial markets that need to securely share sensitive confidential information; and
(c) commence sales and ongoing development of the Company’s services and products (under development), as well as continue to source new developments to add value to shareholders.
To do this, the focus will be on:

(a) continuing to build and grow services revenue for enterprise clients such as defence departments;
(b) achieving Government to Government growth in New Zealand, the United States, United Kingdom and Asia;
(c) working with consulting partners who have high level relationships in government and corporations;
(d) direct sales via dedicated sales resources; and
(e) driving Kojensi as a user pays cloud offer into the commercial market.

5.10 Business Model Dependencies

The key dependencies for archTIS to meet its objectives are:

(a) raising sufficient funds to implement the Company’s business strategies;
(b) finding and retaining highly skilled staff;
(b) commercialising a government security accredited content and collaboration platform that meets clients’ needs;
(d) establishing strong client engagement and market awareness;
(e) establishing a beta program with target market prospects;
(f) converting beta clients into sales;
(g) expanding existing customer contracts within Defence;
(h) establishing strong strategic partner relationships with major global consulting firms and IT vendors;
(i) achieving market launch in a timeframe that provides a level of early mover advantage; and
(i) developing and protecting the Company’s intellectual property.

5.11 Revenue

The Company currently generates its revenues from the provision of the services referred to above.

Post listing, the Company expects to continue to generate some of its income through the same channels, but reasonably expects to grow those revenues through the commercialisation of Kojensi and the implementation of a Software-as-a-Service business model. The nature of the Kojensi platform is that it will provide potential for scalable and rapid growth across multiple industry verticals.

5.12 Directors

Stephen Smith – Non-Executive Chairman

Stephen Smith is a former Australian politician who was a member of the House of Representatives from 1993 to 2013. He served as a minister in the Rudd and
Gillard Governments, including as Minister for Foreign Affairs (2007–2010), Minister for Trade (2010), and Minister for Defence (2010–2013). He was appointed Winthrop Professor of International Law at the University of Western Australia in 2014.

Stephen completed his Bachelor of Arts and Bachelor of Laws at the University of Western Australia and has practised as a Barrister and Solicitor in Perth. He then completed a Master of Laws in Public International Law at London University, and subsequently lectured and tutored in Law in London.

He has served as a member of the Ernst & Young (EY) Oceania Government and Public Sector Advisory Board and was a Board member of Hockey Australia. He is currently a member of the Board of the LNG Marine Fuel Institute and the Board of the Perth USAsia Centre.

Stephen has not been and is not currently a director of any other ASX listed company.

**Daniel Lai – Chief Executive Officer and Executive Director**

Daniel Lai is currently a Director and the Chief Executive Officer of the Company. Daniel is a founding member of the Company and has successfully developed the business with its partners to be recognised by the Australian and United States Departments of Defence as a thought leader in information sharing strategies.

Daniel has extensive experience in successfully delivering outcomes as part of a senior executive team for government and for multi-national software companies. Most importantly, Daniel has direct experience of successfully implementing organisational change in rapidly evolving business environments.

Daniel has a Bachelor of Commerce from the University of Canberra.

Daniel has not been and is not currently a director of any other ASX listed company.

**Bruce Talbot – Chief Technical Officer and Executive Director**

Bruce Talbot is Principal Consultant, Director and a founder of archTIS and holds a Masters’ Degree in Business Technology (MBT), Advanced Diplomas in Computing and Radar Engineering, and a Diploma of Advanced Electronics through the Royal Australian Air Force.

His work experience includes the Royal Australian Air Force, and government agencies with sensitive data management requirements, as well as private sector roles working with clients within the Australian Federal Government, State Governments and large strategic corporate accounts.

Bruce is the Chief Technology Officer and has been involved in systems architectures, Security Management, Application Management and Delivery and Information Management for his entire career.

Mr Talbot is not and has not been a director of any other ASX listed company.

**Leanne Graham - Non-Executive Director**

Leanne Graham has over 30 years of executive sales and technology experience, having founded a number of successful software development
businesses as well as serving as the former New Zealand General Manager of ASX listed company, Xero.

Leanne is the former CEO of GeoOp Ltd. She led the company through multiple rounds of capital raising, listing on the New Zealand Stock Exchange, growing to over 40 staff with customers in 34 countries and $1 million annualised monthly subscription revenues.

Currently, Leanne holds a number of board positions including as Chair of ASX-listed Velpic Limited and Non-Executive Director of Bid Energy.

The Board considers Ms Graham to be an independent director as she is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of her judgement.

**Wayne Zekulich - Non-Executive Director**

Wayne is a Non-Executive Director and a consultant with extensive banking and investment banking experience. Wayne holds a Bachelor of Business Degree from Curtin University (Western Australian Institute of Technology) and is a fellow of the Institute of Chartered Accountants.

In the not-for-profit sector Wayne is a member of the Curtin Business School of Accounting Advisory Board and the John Curtin Gallery Board, a member of the University of Western Australia Audit Committee and a Board member of ARTrinsic Inc.

The Board considers Wayne to be an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Wayne has previously served as a director of ASX listed Cleveland Mining Company Limited and Swan Gold Mining Limited (now Eastern Goldfields Limited).

### 5.13 Key Management Personnel

In addition to the Board, the Company has a strong management team that will continue working with the Company following completion of the Offer. Profiles of these key management personnel are set out in Section 10.1 below.

### 5.14 Disclosure of Interests

**Interests in Securities**

Directors are not required under the Company’s constitution to hold any Shares to be eligible to act as a director.

At the time of listing, the Directors will have the following relevant interests in the securities of the Company:

<table>
<thead>
<tr>
<th>Director</th>
<th>Shares</th>
<th>Options¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen Smith</td>
<td>Nil</td>
<td>1,080,000</td>
</tr>
<tr>
<td>Bruce Talbot</td>
<td>7,286,436</td>
<td>1,080,000</td>
</tr>
</tbody>
</table>
Daniel Lai | 7,284,252 | 1,800,000
Leanne Graham | Nil | 540,000
Wayne Zekulich | Nil | 540,000

Notes:
1. These Shares and Options are held by Mr Talbot as the trustee of the Talbot Family Trust.
2. These Options are held by Cloud Rainmakers Limited, a company controlled by Ms Graham.
3. These Options are held by Mrs Suzanne Zekulich as trustee of the Twisst Family Trust Account, of which Mr Zekulich is a beneficiary.
4. These Options are exercisable at $0.12 on or before 1 February 2021. Pursuant to a waiver granted by ASX prior to the date of this Prospectus, ASX has granted a waiver from ASX Listing Rule 1.1, condition 12 to enable the Company to have Options on issue with an exercise price less than $0.20. These Options held by each Director vest in three equal tranches on each anniversary date of their date of their issue and are not exercisable until those vesting conditions are satisfied.

Remuneration

The remuneration of the Directors for the current financial year after the Company is admitted to the Official List is as set out below:

<table>
<thead>
<tr>
<th>Director</th>
<th>Proposed remuneration for current financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen Smith¹</td>
<td>$75,000</td>
</tr>
<tr>
<td>Bruce Talbot</td>
<td>$180,054</td>
</tr>
<tr>
<td>Daniel Lai</td>
<td>$180,054</td>
</tr>
<tr>
<td>Leanne Graham</td>
<td>$50,000</td>
</tr>
<tr>
<td>Wayne Zekulich</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

Notes:
1. Fees payable to the Directors comprise fees for salary (in relation to executive directors) as well as for directors fees, including fees for additional roles that may be required of directors, such as sitting on board committees.

The Company’s constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The maximum aggregate remuneration payable to the Directors (excluding salaries to executive directors) will be $250,000 per annum, post admission to the Official List, although this may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

5.15 Agreements with Directors and Related Parties

The Company’s policy in respect of related party arrangements is:

(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
for the Board to consider such a matter, the Director who has a material personal interest is not to be present while the matter is being considered at the meeting and does not vote on the matter.

The Company will report all payments made to related parties in its annual report for each year.

5.15.1 Founder Employment Agreements – Daniel Lai and Bruce Talbot

Daniel Lai and Bruce Talbot and the Company have entered into Founder Employment Agreements pursuant to which Mr Lai has been engaged as ‘Chief Executive Officer’ of the Company and Mr Talbot has been engaged as ‘Chief Technical Officer’ of the Company on an ongoing basis. Commencing on the date the Company is admitted to the Official List, Mr Lai will receive a salary of $180,054 per annum (plus superannuation) and Mr Talbot will receive a salary of $180,054 per annum (plus superannuation).

The Founder Employment Agreements are terminable by either party on 6 months’ notice but may be terminated immediately where either party commits a material breach of the agreement, including for not performing the services under the agreement.

The Founder Employment Agreements are prepared in accordance with and are subject to the laws applicable in the Australian Capital Territory and contain terms and conditions which are considered standard for agreements of this nature, including those in relation to confidentiality, non-solicitation, confirmation of proprietary rights and other standard clauses.

5.15.2 Non-Executive Directors Appointment Letters

Stephen Smith, Leanne Graham and Wayne Zekulich have entered into appointment letters with the Company to act in the capacity of Non-Executive Chairman, in the case of Mr Smith, and Non-Executive Directors, in the case of Ms Graham and Mr Zekulich. These Directors will receive the remuneration set out in Section 5.14 above upon the Company being admitted to the Official List.

5.15.3 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

5.16 Capital Structure

The capital structure of the Company following completion of the Offer (assuming full subscription) is summarised below:

<table>
<thead>
<tr>
<th>Shares1</th>
<th>Number (Minimum Subscription)</th>
<th>Number (Over-subscriptions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares currently on issue as at the date of this Prospectus</td>
<td>83,096,982</td>
<td>83,096,982</td>
</tr>
</tbody>
</table>
Shares issued pursuant to the Offer | 40,000,000 | 50,000,000
--- | --- | ---
**Total Shares on issue after completion of the Offer** | 123,096,982 | 133,096,982

Notes
1. The rights attaching to the Shares are summarised in Section 12.2.

Options¹

<table>
<thead>
<tr>
<th>Options</th>
<th>Number (Minimum Subscription)</th>
<th>Number (Over-subscriptions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options on issue as at the date of this Prospectus:¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options exercisable at $0.10 on or before 10 October 2022</td>
<td>4,289,880</td>
<td>4,289,880</td>
</tr>
<tr>
<td>Options exercisable at $0.12 on or before 1 February 2021</td>
<td>7,500,000</td>
<td>7,500,000</td>
</tr>
<tr>
<td>Options exercisable at $0.20 on or before 1 July 2023</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Options to be issued under the Offer</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Options to be issued to the Lead Manager under the Lead Manager Mandate²</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Options proposed to be issued to employees under the Performance Rights and Options Plan³</td>
<td>1,600,000</td>
<td>1,600,000</td>
</tr>
<tr>
<td><strong>Total Options on issue after completion of the Offer</strong></td>
<td>19,589,880</td>
<td>19,589,880</td>
</tr>
</tbody>
</table>

Notes
1. The Company has obtained a waiver from the ASX so that it is permitted to have Options on issue, at the time of quotation, where those Options have an exercise price of less than $0.20.
2. These Options are exercisable at $0.24 on or before the date that is four years from the date of issue and otherwise on the terms and conditions set out in Section 12.3 below.
3. These Options are exercisable at $0.20 on or before the date that is three years from the date of issue and otherwise on the terms and conditions set out in Section 12.5 below.

Partly Paid Shares¹

<table>
<thead>
<tr>
<th>Partly Paid Shares</th>
<th>Number (Minimum Subscription)</th>
<th>Number (Maximum Subscription)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partly paid shares</td>
<td>720,000</td>
<td>720,000</td>
</tr>
<tr>
<td>Partly paid shares issued pursuant to the Offer</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Total Shares on issue after completion of the Offer</strong></td>
<td>720,000</td>
<td>720,000</td>
</tr>
</tbody>
</table>
Notes

1. The partly paid shares on issue were previously issued as employee incentives to two employees of the Company. No amount has been paid on these partly paid shares as at the date of this Prospectus. The total amount that remains unpaid is currently $0.33. Under the terms of the partly paid shares, the Company has the right to make a call on the partly paid shares, and the holder has 12 months to pay the call. The Company has given notice to the three holders on or about 5 July 2018. The terms of the partly paid shares are outlined in Section12.4 below.

5.17 Substantial Shareholders

Those Shareholders (and their associates) holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out in the respective tables below.

As at the date of the Prospectus

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares</th>
<th>Options</th>
<th>% (undiluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyber Security Investment Partners Pty Ltd¹</td>
<td>12,254,904</td>
<td>Nil</td>
<td>14.75%</td>
</tr>
<tr>
<td>Daniel Chun Leung Lai</td>
<td>7,284,252</td>
<td>1,800,000²</td>
<td>8.76%</td>
</tr>
<tr>
<td>Possum Hill Pty Ltd³</td>
<td>7,284,252</td>
<td>1,080,000²</td>
<td>8.76%</td>
</tr>
<tr>
<td>Bruce Talbot as Trustee for the Talbot Family Trust Account</td>
<td>7,826,436</td>
<td>1,080,000²</td>
<td>9.42%</td>
</tr>
<tr>
<td>The Trust Company (Australia) Limited</td>
<td>4,500,000</td>
<td>Nil</td>
<td>5.41%</td>
</tr>
</tbody>
</table>

Notes:

1. Cyber Security Investment Partners Pty Ltd has given the Company notice of its intention to distribute these Shares to its shareholders prior to the date the Company commences trading on ASX, such that it will not be a substantial holder as at the date of listing on ASX.
2. These Options are exercisable at $0.12 each and expire on or before 1 February 2021. These Options held by each Director vest in three equal tranches on each anniversary date of their date of their issue and are not exercisable until those vesting conditions are satisfied.
3. This entity is controlled by Phillip Dean, an employee of the Company.

On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer and full over-subscription):

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares</th>
<th>Options¹</th>
<th>% (undiluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel Chun Leung Lai</td>
<td>7,284,252</td>
<td>1,800,000</td>
<td>5.47%</td>
</tr>
<tr>
<td>Possum Hill Pty Ltd</td>
<td>7,284,252</td>
<td>1,080,000</td>
<td>5.47%</td>
</tr>
<tr>
<td>Bruce Talbot as Trustee for the Talbot Family Trust Account</td>
<td>7,826,436</td>
<td>1,080,000</td>
<td>5.88%</td>
</tr>
</tbody>
</table>

Notes:

1. These Options are exercisable at $0.12 each and expire on or before 1 February 2021. These Options held by each Director vest in three equal tranches on each anniversary date of their date of their issue and are not exercisable until those vesting conditions are satisfied.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.
5.18 **Restricted Securities**

Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

The Company confirms its ‘free float’ (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company) at the time of admission to the Official List of ASX will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.

5.19 **Dividend Policy**

The Board anticipates that significant expenditure will be incurred in the development of the business. These activities are expected to dominate at least, the first two-year periods following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

5.20 **Additional Information**

Prospective investors are referred to and encouraged to read in its entirety the Intellectual Property Report set out in Section 7.
6. **RISK FACTORS**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and in the Investment Overview, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company and its business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section and in the Investment Overview, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 **Risks specific to the Company**

(a) **Capability risks**

The provision of services to government agencies relies heavily on having the capability to service the government client and address their needs. The Company has developed its reputation and been appointed to various government panels as a result of displaying that it has the capability to service the relevant needs. Capability risk relates to the ability of the Company to adequately address the following key issues:

(i) **Resource/skills risk:** Skilled resources are difficult to find. archTIS is addressing the skills shortage issue by establishing a development office in Prague. The required skills may not always be available in Prague however the Company is establishing systems to support a global workforce, and remove the constraint to particular geographies.

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(ii) **Technology refresh cycle outstrips the Company’s ability to upgrade and or update:** The Company’s trusted information sharing solution will quickly move beyond the initial release versions of the Kojensi and DataKloak products, as typically the timeframes for introduction of new capabilities can be in months rather than years. This affects hardware and software and can also include software partners ceasing (sunsetting) components that may form part of the archTIS products.

(iii) **Partner risks**

(A) **Partner understanding:** there is a risk that the Company’s partners do not understand the potential
opportunity that the Company’s trusted information sharing/secure information sharing offerings can afford them, although key partners with whom the Company is currently engaged do have a good understanding of the problem and the archTIS solution.

(B) **Partner demands and lack of skills**: there is a risk that the Company’s partners will demand inclusion of their particular product or service, and/or lack complementary skills required to deliver joint solutions.

(C) **Partners commitment**: poor commitment from partners to contribute services for no fee and lack of commitment of partners to sell the Kojensi and DataKloak products.

(iv) **Lack of compliance framework for clients**: while there are standards for the accreditation of secure software for the government, there is no defined assurance framework for cloud trusted information sharing capabilities in the broader commercial sector.

(v) **Cloud deployment**: there is a risk that the Company’s technology is unable to be deployed as a cloud solution that meets client requirements which would result in a decrease in the potential market for the Company’s technology.

(vi) **Commercial Liability**: the sensitive nature of target client information (including privacy data), may expose archTIS to commercial liability for technical failure or compromise of the information.

Upon the commencement of sales and the provision of services to commercial/non-government clients, these same risks will be relevant to developing and building the trust of commercial clients to use the Company’s products. Anything that diminishes the capability of the client to develop the trust of its clients and deliver its services would likely have a negative effect on the Company’s business and its prospects.

(b) **Sales and timing risks**

The secure content and collaboration market is still evolving in response to market need. While market demand is growing, available secured sharing information solutions are very limited, focussed on solutions that use basic security but are not accredited for higher levels such as PROTECTED (the government equivalent of ‘commercial-in-confidence’), which is what governments require.

For government customers, the sales cycle can be lengthy however offering a ‘per user per month’ service that comes out of operational rather than capital budgets is expected to significantly reduce government sales cycles.

It is for this reason that archTIS wishes to move into the commercial market where decision cycles are far shorter.
(c) **Competition**

The markets in which the Company will operate are particularly competitive, in particular due to the lucrative nature of the contracts and contacts available within the various verticals in which the Company will operate. While the Company will try to manage this risk with a targeted marketing strategy, competition may arise from a number of sources including companies with greater capital resources.

The Company’s performance could be adversely affected if existing or new competitors reduce the Company’s market share through technology development, marketing and increased product or technology offerings or through price reduction for alternatives.

(d) **Research and development**

The Company’s products (summarised in this Prospectus) and its potential products are subject to continued research and development. In particular, Kojensi and DataKloak products have not yet been completed for commercial sale and use. Kojensi, the Company’s core product, has been under formal development since January 2017. The internal product release occurred in December 2017 and the beta release to clients (for review and evaluation) is expected to take place in October 2018. Formal release of the Kojensi product to the market is reasonably expected to occur in February 2019.

There is no guarantee that the Company will be able to achieve its desired outcomes from research and development or beta testing, either to enhance its existing products, adapt them to new and emerging technologies or to complete the development of the new products (such as Kojensi) in the timeframe necessary for the introduction into new markets contemplated by the Company. Failure to successfully undertake and complete such research and ongoing development, anticipate market and technology trends and technical problems or estimate research costs or timeframes accurately may adversely affect the Company’s results and viability.

Further, even if the Company successfully completes its contemplated research and ongoing development of its products successfully, there is no guarantee that its new products will be adopted into the new markets, or that its enhanced existing products will result in increased sales in its current markets, which may have a negative effect on the Company’s revenues. The incorrect pricing of the Company’s products and services may negatively impact market applicability and/or client perception of the Company. Further, due to the emerging nature of the concepts and client needs, the market (and potential clients) may not be in a position to understand, evaluate and consume the Company’s offerings. This is equally true of the broader market and industry, which may expose the Company to unfair influence through discrediting and inaccurate competitor claims.

(e) **Changes to Federal Government R&D Incentive arrangements**

ArchTIS has been eligible for R&D tax incentives. If the Company was no longer eligible for R&D tax incentives this would impact on ArchTIS’ anticipated costs for development.
Technology risk

Technology markets, by their very nature, are a continually evolving marketplace. To succeed, the Company will need to research, develop, design, manufacture, assemble and bring to market new enhancements to its existing products as well as new products that are suitable for existing markets and new markets that might not yet exist. The Company cannot guarantee that it will be able to engage in research or develop its existing (and new) products to meet the changing needs of its markets and the new and emerging technologies.

Further, there is a risk that the Company cannot sufficiently develop the specialist skills required to see the solution to fruition in a timely manner. At the same time, products and technologies developed by others may render the Company’s products and systems obsolete or non-competitive which could materially adversely affect the business, operating results and financial prospects.

In these circumstances the Company would be required to commit resources to developing or acquiring and then deploying new technologies for use in operations and to ensure competitive positioning of its services.

There is also the risk that the Company will not be able to develop new products in the timeframes expected by the market.

Production costs risk

The Company does not envisage significant production cost risk as the component software is all subject to existing licensing arrangements. The Company’s products have been architected to facilitate product substitution should a software supplier refuse to further license its commercial off-the-shelf products to the Company.

Intellectual Property risk

A substantial part of the Company’s commercial success will depend on its ability to maintain, establish, and protect its intellectual property, maintain trade secret protection and operate without infringing the proprietary rights of third parties. The Company currently has one granted Australian Innovation Patent and one international PCT patent application lodged (refer to the Intellectual Property Report set out in Section 7 for further detail). There is a risk that the pending application will not be granted. There is a further risk that the claims of each patent application, as filed, may change in scope during examination by the patent offices.

Further, if and where a patent is granted, there can be no guarantee that such patent is valid or enforceable or that the patent will be granted in other jurisdictions. Please refer to the Intellectual Property Report in Section 7 for more details.

The commercial value of these intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company’s competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company’s
intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations. Please refer to the Intellectual Property Report in Section 7 for more details.

Additionally, the Company will rely heavily on the ‘first mover’ advantage gained by being the developers of the Technology.

(i) Uncertainty of future profitability

The success of the Company’s operations relies on the ability to attract more commercial users of the Technology and its products. An inability to attract new clients and users will affect the Company’s earning ability.

While the Company has been successful in attracting clients in the government sector in Australia, this will not necessarily translate into successful utilisation in other verticals and countries. Furthermore, the Company’s profitability will be impacted by its ability to successfully execute its commercialisation and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of any future profits are uncertain. Moreover, the level of profitability cannot be predicted.

(j) Termination provisions in existing contracts or engagements

Like all companies, archTIS has the risk that key personnel may depart. archTIS seeks to manage this risk through appropriate time based incentives in key contracts, as well as through knowledge transfer from key individuals. However, the risk of loss of expertise remains, should key staff such as those identified at Section 11.4 elect to leave.

6.2 Industry specific

(a) User experience risk

The Company’s business model is primarily based on securing recurring revenue arising from technology users and customers. Notwithstanding major efforts placed on the user interface and user experience, a poor
user experience may not necessarily be anticipated and may affect growth of customer numbers and repeat purchases or ongoing contracts with the Company for use of its services. Factors which may contribute to poor customer experience include:

(i) ease of setting up and commencing use of the products offered;
(ii) simplicity and reliability of customer usage; and
(iii) quality of services provided.

Poor user experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company’s products. If any of these occur, it may adversely impact the Company’s revenues.

Beta testing will provide further data from client experiences and any changes will be included in the final product.

archTIS is addressing this risk through deliberate and strong focus on usability and user experience. Feedback to date from prospective customers is that the user interface exceeds that available for other less secure service offerings.

(b) Scalability

Scalability is key given archTIS’s ambitions to address the market globally. While the Company believes that Kojensi and its service architecture have been built for scalability, there is no guarantee that it will be able to scale up sufficiently to meet future demands and requirements of customers, in its current form.

(c) Information technology risk

Technology projects involve risks as regards technologies, vendors and employees, and in the actual development and deployment of the solution. Whilst the Company has employed and engaged subject-matter experts, employs skilled personnel using standard security approaches, there are risks that delivery will fail to meet client expectations or deadlines, that solutions become obsolete, the unforeseen occurs, or platforms are compromised resulting in a negative impact on the Company’s reputation and performance.

Where the client is unhappy with the Company’s technology choice for the cloud platform, this may have a negative effect on the profitability of the Company. Further, clients may have concerns that the Company’s products and services do not satisfy their specific compliance requirements.

(d) Reliance on third party providers

Whilst the Company is dependent upon multiple third parties in developing its products, and on its products being able to operate on and with a range of systems, platforms and devices, it is unable to control third party developers of such systems.
Changes to such external platforms, systems or devices may adversely impact on the functionality of the Company’s products and could make customers less likely to use the Company’s products, which may have a detrimental impact on the Company’s financial performance.

Similarly, the Company’s products assume customers are able to access the internet and cellular networks. If third party providers were to raise the cost of these networks or restrict the ability of customers to access these networks, and thus to use the Company’s products, this would be likely to detrimentally affect the Company’s financial performance.

(e) **Third party tools and platforms**

The use of third party tools and software is common practice in the information technology industry, however the Company is exposed to risks associated with their use.

While archTIS employs sound industry practices to minimise such risks, if the third-party tools used by the Company are subject to cyber-attacks by hackers, its products and software may be affected and the Company may lose customers, which would have a negative effect on the Company’s revenues and profit.

(f) **Equipment risk**

With information technology equipment there is always a risk of failure. Given that in many cases such equipment will not be owned by archTIS, such risk may not be able to be managed by archTIS, beyond normal industry practice in terms of service agreements, and standard backup and recovery protocols.

(g) **Infringement of third party intellectual property rights**

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of trademarks or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, intellectual property litigation is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management’s and technical personnel’s time.

In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further using its branding, trademarks or commercialising its products. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defense of any lawsuit or failure to obtain any of these licenses could prevent archTIS from commercialising available products and could cause it to incur substantial expenditure.

archTIS has not had any third party intellectual property claims to date.
(h) **Brand and reputational risks**

The Company has established branding of its ‘Kojensi’ product that has been approved by IP Australia. The Company believes that global branding is critical for the long-term success of its business. Negative commentary or a complaint regardless of accuracy via social media, media in general and or word of mouth may have a damaging impact on the ability of the Company to reach its potential and may not necessarily be based on accurate data or real experience. Further, the Company’s existing brand and reputation may not be appropriate to the products and services that the Company is developing. This may impact client engagement and procurement of archiTIS products and services.

Currently, work is underway for specific naming and branding of the cloud and appliance products. This will be done across Australia and relevant geographies.

Claims by third parties of rights to the Company’s names and brands could cause the Company to incur costs or be required to pay damages or lose rights to their use. While not anticipated, if this were to occur it could adversely impact the operating results and potential of the Company.

(i) **Future capital requirements**

Depending on the Company’s ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. The Company’s capital requirements depend on numerous factors. There is no certainty regarding the ability of the Company to raise sufficient funds to meet its needs into the future. The Company’s future capital requirements depend on a number of factors including the Company’s ability to generate income from its operations. The Company may need to raise additional capital from equity or debt sources due to unforeseen circumstances. There can be no assurance that the Company will be able to raise such capital on favorable terms or at all. If adequate funds are not available on acceptable terms the Company may not be able to develop its business and this may have an adverse impact on the Company’s operations.

(j) **Exchange rate movement**

Once it is servicing overseas customers the Company could be exposed to exchange rate movements. Accordingly, movements in exchange rates may have an impact on the Company’s financial position and performance.

(k) **Regulatory risk and compliance**

As with any technology product offering, the Company may be exposed to the regulatory environment of a particular jurisdiction. Any adverse regulation may restrict the ability to operate its products in a particular jurisdiction. Similarly, any change in regulation may restrict the Company’s ability to operate its business in the jurisdictions in which it currently operates.
The Company is required to comply with the laws governing privacy, taxation and consumer trade practices in each jurisdiction in which it operates. The Company may be subject to other laws in jurisdictions in which it plans to operate and the applicable laws may change from time to time.

These laws and applicable regulations give rise to risks and compliance costs for the Company. Non-compliance with such regulations, changes in the interpretation of current regulations, loss or failure to secure renewal of an accreditation, or the introduction of new laws or regulations may lead to fines imposed on the Company by the relevant regulatory authority or Governmental body, revocation of permits or licenses, or damage to the Company’s reputation and may have a material adverse effect on the Company’s costs, business model and competitive environment and therefore could materially adversely affect the Company’s future financial performance and position.

(l) Insurance

The Company seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in their industry sector. Any increase in the cost of the insurance policies of the Company or the industry in which they operate could adversely affect the Company’s business, financial condition and operational results. The Company’s insurance coverage may also be inadequate to cover losses it sustains. Uninsured loss or a loss in excess of the Company’s insured limits could adversely affect the Company’s business, financial condition and operational results.

(m) Contractual disputes

The Company's business model is dependent in part on contractual agreements with third parties that have an interaction with the Company's target market. The Company is aware that there are associated risks when dealing with third parties including but not limited to insolvency, fraud and management failure. Should a third party contract fail, there is the potential for negative financial and brand damage for the Company.

6.3 General risks

(a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company’s activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company’s quoted securities regardless of the Company’s operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) introduction of tax reform or other new legislation;
(iii) interest rates and inflation rates;
(iv) changes in investor sentiment toward particular market sectors;
(v) the demand for, and supply of, capital; and
(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Litigation

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.

As at the date of this Prospectus, the Company is not aware of any pending litigation.

6.4 Investment risk

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.
7. INTELLECTUAL PROPERTY REPORT

[commences on following page]
16 July 2018

Dear Sirs

Intellectual Property Report
Our Ref: G118177

Griffith Hack was engaged to prepare this report (“Report”) by archTIS Limited ACN 123 098 671 (“archTIS”) formerly known as BSTTech Consulting Pty Ltd (BSTTech), for inclusion in a prospectus to be lodged by archTIS at the Australian Securities and Investment Commission. This Report contains high level information on the intellectual property assets of archTIS, focusing on its registered rights including patents and trade marks.

The Report contains an explanation of the relevant intellectual property rights and notes the status of such assets belonging to archTIS as at the date of this Report. The Report is correct to the best of our knowledge as at the date of the Report, subject to the limitations and qualifications set out in Annexure A.

1. BACKGROUND

1.1 Griffith Hack

GH PTM Pty Ltd (“Griffith Hack”) is a part of Xenith IP Group Limited. Griffith Hack has extensive experience protecting and defending intellectual property rights and commercialising products and services. Griffith Hack provides a comprehensive intellectual property service through its patent and trade mark attorney practices, law firm, consultancy arm and through its partnership with a major international renewal service.

Griffith Hack has worked with archTIS since November 2017, primarily to prepare provisional patent application no. 2018901714.
1.2 archTIS

archTIS provides consulting and solutions services for secure information sharing and inter-organisational collaboration. Its key products are:

a. Kojensi Gov;

b. Kojensi App;

c. Kojensi Cloud;

d. Kojensi Field; and

e. DataKloak.

2. MEANING OF INTELLECTUAL PROPERTY

The term “intellectual property” refers to the collection of registrable and non-registrable rights, including rights in patents, designs, trade marks, plant varieties, copyright, confidential information and trade secrets. Intellectual property shares many of the characteristics associated with real and personal property. For example, intellectual property is an asset, and as such it can be bought, sold, valued, licensed, exchanged, or gratuitously given away like any other form of property. Further, the intellectual property owner has the right to prevent the unauthorised use or sale of the property.

3. PATENTS: GENERAL INFORMATION

3.1 Patent Rights

Patent rights constitute an important component of intellectual property. Patents cover inventions and provide a monopoly in exchange for an inventor’s full disclosure of his or her invention to the public. A standard patent provides protection for novel (new), inventive (non-obvious) and useful inventions for a limited period, typically twenty (20) years (subject to the payment of renewal fees). Australian Innovation Patents provide protection for novel (new), innovative and useful inventions for the shorter period of up to eight (8) years (subject to the payment of renewal fees).

Patents may be granted in respect of new or improved products and methods in almost all areas of current scientific, commercial and industrial activities. As there is no such thing as a worldwide patent, patents must be obtained in every country where protection is required. In many countries the test for patentability is different from that in Australia.

Commercialisation of patented products and processes may require any party other than the patent owner wishing to use such developments to obtain a licence, subject to payment of royalties.
3.2 Inventorship and Ownership

Typically, a patent for an invention may only be granted to the inventor(s), or to a person who has entitlement to the invention by way of assignment or other means from the inventor(s).

3.3 Process for Obtaining Patent Protection

In Australia the process of protecting patent rights begins with the submission of a patent application comprising a patent specification describing the invention. In Australia, this is usually in the form of an Australian provisional patent application. This filing establishes a so-called “priority date”.

A fundamental requirement of the patent system is that the invention is novel and inventive (or novel and innovative for an innovation patent) at the time of filing, relative to what was publicly known or used prior to the priority date. Accordingly, it is imperative that the specification contains a full disclosure of the invention. A patent specification generally consists of a description of the invention and so-called “claim(s)”, which define the scope of the invention. The description also typically provides background information, such as a description of existing products, manufacturing or testing methods or processes and related problems, which enables an Examiner and others to assess the application for inventiveness.

A provisional patent application is not examined for novelty or inventiveness, and does not provide enforceable rights. Instead, a provisional patent application reserves a priority date for the information contained within the application, for twelve (12) months. An applicant must file a complete (i.e. non-provisional) patent application within a year of filing the provisional patent application in order for that complete patent application to take the priority date of the provisional patent application. The complete patent application may be in the form of an Australian patent application, one or more patent applications filed directly in overseas countries or regions, and/or a patent application filed under the Patent Cooperation Treaty (sometimes referred to as an “International Patent Application”).

National or regional patent applications progress under the jurisprudence and legislation of each country or region. In Australia, once a standard patent application is filed, the applicant has five (5) years in which to request examination of the patent application. Commonly, however, the Australian Patent Office will direct an applicant to request examination of the patent application prior to the expiry of this five (5) year period. In such cases, the applicant must request examination of the application with two (2) months.

Examination by the Australian Patent Office comprises an examination of the art to which the invention pertains as it existed at the priority date of the application. A
vigorous standard of examination applies to the patent application that is the subject of this report. Examination generally involves a “search” to locate prior publications (“prior art”) dated before the priority date of the patent application. Whether the invention is new and inventive (patentable) is then assessed against the prior art that has been located in the search and any other prior art that the Patent Office may have been made aware of. If a patent application is found to meet the requirements for patentability, it will progress to acceptance and then to grant.

3.4 **Granted Standard Patents: Validity, exploitation and enforcement**

Grant of a standard patent provides a prima facie indication of validity or enforceability, but does not guarantee that the patent is valid or enforceable. Neither Griffith Hack nor the Australian Patent Office is able to provide an assurance that a pending patent application will be granted or will be held valid and enforceable following grant (e.g. in re-examination or litigation).

Notwithstanding the issue regarding guaranteed enforceability, once a patent has been granted and throughout the lifetime of a patent, the proprietor has the exclusive rights to use the patented technology. This means that they can decide to exclusively use it for their own benefit (for instance, by means of application in their own products) and prevent others from using it. Alternatively, they can allow others to use it under the terms of a license agreement. The terms of the license agreement generally define the limited scope of the use of the patent and the consideration to be paid for the use of it.

In Australia, the remedies for unauthorised use (patent infringement) available to the patent owner include an injunction, which effectively stops further infringement of the patent, damages or account of profits, and costs.

3.5 **Innovation Patents**

Australian innovation patents are granted automatically after filing. IP Australia undertakes a formalities examination of the innovation patent application but no examination of novelty or innovative step is undertaken before grant. Typically, innovation patents are granted within a few months of filing.

An innovation patent cannot be enforced until it has been certified. Examination can be requested at any time during the life of the innovation patent. During examination, IP Australia examine the innovation patent to assess whether its claims meet the requirements of novelty and innovative step. IP Australia certifies the innovation patent when it considers it meets the requirements for novelty and innovative step.
4. TRADE MARKS: GENERAL INFORMATION

4.1 Overview

A trade mark can be a word, phrase, letter, number, sound, smell, shape, logo, picture, aspect of packaging or a combination of these. A trade mark is a sign used by traders to distinguish their goods/services from those of other traders.

Only trade marks which are capable of distinguishing goods and/or services from other traders are registrable. As a result, it can be difficult to register a trade mark that is descriptive or that denotes the kind, quality, intended purpose or value of goods and/or services, or if it conflicts with an earlier mark.

A trade mark identifies a business as the source of the goods and/or services and as a result enables them to distinguish the goods and/or services from those of other traders. This can lead to brand loyalty as the public will associate a certain quality or image with the goods and/or services bearing the trade mark which can provide a competitive edge to grow the business.

Brand loyalty is important as a trade mark remains valid as long as it is actively used in relation to the goods and/or services for which it is registered.

4.2 Registration

The registration of a trade mark is effective for ten years and can be renewed for further ten (10) year periods, subject to payment of renewal fees. The registration of a trade mark grants the registered owner the exclusive right to use and authorise the use of the trade mark. It also enables the registered owner to prevent or take action against the unauthorised use of the mark by a third party.

4.3 International Protection

In relation to international protection, there is no form of world trade mark. Each individual country has enacted an active trade mark legislation and separate rights must be claimed in each country by the filing of an application. Separate searches must also be conducted in each country to determine the availability of a trade mark for use or registration. There are, however, two exceptions to this general rule.

The first exception is the European Community, which has established a community trade mark system that operates in parallel to the national trade mark registration systems of the 27 countries of the European Community. A single trade mark application can be filed covering all 27 countries of the European Community.

The second exception is the International Registration system established by the Madrid Protocol. This system allows for an International Registration to be claimed on
the basis of an existing Australian registration. The International Registration does not in itself grant any rights in countries that are members of the International Registration system. Acquiring an International Registration does permit for the designation or filing of a trade mark in each country. The advantage of a designation from an International Registration as opposed to the direct filing is that a designation occurs by means of a notification from the Australian Trade Marks Office; this avoids incurring the cost of appointing an attorney in each country and results in a significant cost savings.

4.4 Common Law Trade Marks

There is also value in unregistered or common law trade marks. These are trade marks that are in use in the marketplace but which have not been registered. If such marks have been used for a significant period of time, the owner could rely on reputation in the mark to prevent unauthorised use of trade mark by a third party. Extensive, long-term use of a common law trade mark may also enable it to be registered as a trade mark.

5. CURRENT PATENT FAMILIES OF archTIS

5.1 Patent Portfolio

As set out in the following table, archTIS currently owns 2 active patents in Australia and owns 2 expired innovation patents. Each of these are detailed in sections 5.2 to 5.4 of this Report.

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Country</th>
<th>Official No.</th>
<th>Type</th>
<th>Status</th>
<th>Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A system and method for securely accessing data</td>
<td>AU</td>
<td>2018901714</td>
<td>Australian Provisional Patent Application</td>
<td>Filed</td>
<td>16.05.2019</td>
</tr>
<tr>
<td>3</td>
<td>4D Architecture for MLS and accreditation assessment</td>
<td>AU</td>
<td>2008100930</td>
<td>Australian Innovation Patent</td>
<td>Expired</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Multi-Level Security Environment USI</td>
<td>AU</td>
<td>2008100929</td>
<td>Australian Innovation Patent</td>
<td>Expired</td>
<td></td>
</tr>
</tbody>
</table>
5.2 **Australian Provisional Patent Application No. 2018901714**

5.2.1 **History & Status**

Provisional patent application No. 2018901714 (714 Patent Application) was filed on 16 May 2018.

The 714 Patent Application was prepared by Griffith Hack. Griffith Hack is the address for service.

5.2.2 **Ownership and Inventorship**

The inventors of the 714 Patent Application are Phillip Dean, Daniel Lai and Bruce Talbot.

We are instructed that the invention of the 714 Patent Application occurred in around 2003. Upon the registration of BSTTech on 12 December 2006, Bruce Talbot (one of the initial directors of BSTTech) assigned his rights in the invention the subject of this provisional patent application to BSTTech. Phillip Dean and Daniel Lai also each assigned their respective rights in the invention the subject of the 714 Patent Application.

After the creation of the invention that is the subject of this provisional patent application BSTTech became archTIS (see Attachment 1).

Inventors Dean, Lai and Talbot have executed a Confirmatory Deed of Assignment, confirming the assignment of ownership of the 714 Patent Application to archTIS (see Attachment 2).

Based on the information we have been provided we are satisfied that unencumbered ownership and entitlement with respect to the invention that is the subject of the 714 Patent Application is held by archTIS.

5.2.3 **Content**

The 714 Patent Application is directed to a system and method for securely accessing data, and currently includes claims defining:

- a secure gateway; and
- a method for controlling user interaction with one or more databases.

5.2.4 **Further future patent applications**

The 714 Patent Application will expire on 16 May 2019. If archTIS wishes to seek protection for the invention in Australia or internationally it may file
international, regional or national patent applications claiming priority from the 714 Patent Application.

5.3 Australian Innovation Patent No. 2016100403

5.3.1 History & Status

Australian innovation patent 2016100403 (403 Innovation Patent) was filed on 13 April 2016. It was granted on 12 May 2016.

Annuity fees have been paid up to 13 April 2019. This innovation patent may be renewed until the expiry date of 13 April 2024.

A request for examination has not been filed. Examination may be requested at any time during the life of the innovation patent.

5.3.2 Ownership and Inventorship

We are instructed that the inventors of the 403 Innovation Patent are Phillip Dean, Daniel Lai and Bruce Talbot.

After the creation of the invention that is the subject of this innovation patent BSTTech became archTIS (see Attachment 1).

The 403 Innovation Patent currently stands in the name of BSTTech. The change of name of the company may be recorded at IP Australia to record archTIS as patentee.

The inventors have executed a Confirmatory Deed of Assignment (Attachment 2), confirming assignment of ownership of the 403 Innovation Patent to archTIS.

Based on the information we have been provided we are satisfied that unencumbered ownership and entitlement with respect to the invention that is the subject of the 403 Innovation Patent is held by archTIS.

5.3.3 Content

The 403 Innovation Patent is directed to a universal access console for access policy and attribute management. The innovation patent includes three claims.
5.4 Australian Innovation Patent Nos. 2008100930 and 2008100929

5.3.1 History & Status

Both Australian innovation patents 2008100930 and 2008100929 were filed on 22 September 2008.

Both innovation patents have now expired, having come to the end of their eight (8) year term.

6. TRADE MARKS

6.1 Trade mark Portfolio

The table below lists the four (4) Australian trade mark applications currently registered in the name of BSTTech.

<table>
<thead>
<tr>
<th>Item</th>
<th>Trade mark</th>
<th>Country</th>
<th>Official No.</th>
<th>Status</th>
<th>Type of Mark</th>
<th>Class</th>
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<tbody>
<tr>
<td>1.</td>
<td>ShareSpace</td>
<td>AU</td>
<td>1871986</td>
<td>Under Examination</td>
<td>Word, Device</td>
<td>38</td>
</tr>
<tr>
<td>2.</td>
<td>DataKloak</td>
<td>AU</td>
<td>1914786</td>
<td>Filed</td>
<td>Word</td>
<td>9, 35, 38, 42</td>
</tr>
<tr>
<td>3.</td>
<td>Kojensi</td>
<td>AU</td>
<td>1914787</td>
<td>Filed</td>
<td>Word</td>
<td>9, 35, 42</td>
</tr>
<tr>
<td>4.</td>
<td>archTIS</td>
<td>AU</td>
<td>1653422</td>
<td>Registered</td>
<td>Word, Device</td>
<td>9, 42</td>
</tr>
</tbody>
</table>
6.2 **Australian Trade Mark Application No. 1871986**

6.2.1 **History & Status**

Trade Mark Application No. 1871986 was filed on 8 September 2017. The trade mark is under examination. An Examiner’s Report was issued on 3 January 2018.

We understand the trade mark was filed by BSTTech.

On 3 January 2018 archTIS received a First Examination Report advising that the application does not meet the requirements of the Act. On the basis of this report archTIS is not pursuing this application any further. Applications have subsequently been lodged for DATAKLOAK and KOJENSI as below.

6.2.2 **Ownership**

BSTTech is the registered owner of the trade mark.

After filing, BSTTech became archTIS.

We recommend that the change of name of the company be recorded at IP Australia to record archTIS (and not BSTTech) as owner.

6.2.3 **Protection**

This trade mark application is a word, device mark.

6.3 **Australian Trade Mark Application No. 1914786**

6.3.1 **History & Status**

This trade mark was filed on 21 March 2018. The trade mark is waiting to be examined.

We understand the trade mark was filed by BSTTech.

6.3.2 **Ownership**

BSTTech is the registered owner of the trade mark.

The change of name of the company may be recorded at IP Australia to record archTIS (and not BSTTech) as owner.
6.3.3 Protection

This trade mark application is a word mark for the word “DataKloak”.

6.4 Australian Trade Mark Application No. 1914787

6.4.1 History & Status

This trade mark was filed on 21 March 2018. The trade mark is waiting to be examined.

6.4.2 Ownership

BSTTech is the registered owner of the trade mark.

After filing, BSTTech became archTIS.

The change of name of the company may be recorded at IP Australia to record archTIS (and not BSTTech) as owner.

6.4.3 Protection

This trade mark application is a word mark for the word “Kojensi”.

6.5 Australian Trade Mark Registration No. 1653422

6.5.1 History & Status

This trade mark was filed on 20 October 2014 and was registered on 27 August 2015.

6.5.2 Ownership

BSTTech is the registered owner of the trade mark.

After filing, BSTTech became archTIS.

The change of name of the company may be recorded at IP Australia to record archTIS (and not BSTTech) as owner.

6.5.3 Protection

This trade mark application is a word, device mark.
7. OTHER INTELLECTUAL PROPERTY

7.1 Intellectual property rights in the Kojensi Products

Kojensi are software products providing an online secure content and collaboration service which manages the interaction of individuals with data. archTIS currently advertises four separate products relating to the overall Kojensi product. The software underlying each of these products is protected by copyright.

Our understanding is that the Kojensi products were designed by Bruce Talbot, Daniel Lai and Philip Dean, as well as by a team of archTIS employees and contractors. As directors of archTIS, Talbot, Lai and Dean each owed duties to the company, which includes assigning any copyright they created whilst a director to the company. Furthermore, the confirmatory deed of assignment which they each executed confirms that any copyright in the inventions described in the four patents belonging to archTIS, which were owned by the directors, were assigned to archTIS.

Griffith Hack has been instructed that the key employees and contractors involved in the development of the current Kojensi products (in addition to the above-mentioned directors) are: Brendan Durkin, Debbie Tucek, Martin Tucek, Markl Uretsky and Klaus Villaca. Under the terms of the employment agreements or contractor agreements executed by these individuals, they each assigned any intellectual property rights they generated whilst engaged by archTIS to archTIS.

For additional certainty, confirmatory deeds of assignment have been prepared for each of these individuals, confirming that they have actually assigned all relevant intellectual property rights which relate to the Kojensi products to archTIS. Copies of the confirmatory deeds for Martin Tucek, Brendan Durkin and Klaus Villaca are attached (see Attachment 3). As at the date of this Report we are instructed that confirmatory deeds are in the process of being executed by Debbie Tucek and Markl Uretsky, copies of which will be provided on receipt.

7.2 Domain name

The domain, www.archtis.com currently promotes archTIS. Based on a WHOIS search it appears that this domain is currently registered via GoDaddy and expires on 2 July 2021.

8. FURTHER ISSUES

8.1 Patent Enforceability and Infringement

Once a standard patent has been granted the owner may initiate infringement proceedings against an alleged infringer of the patent. Patent infringement proceedings cannot be initiated on the basis of a pending application.
An innovation patent cannot be enforced until it has been certified. Examination can be requested at any time during the life of the innovation patent. During examination, IP Australia examine the innovation patent to assess whether its claims meet the requirements of novelty and innovative step. IP Australia certifies the innovation patent when it considers it meets the requirements for novelty and innovative step.

Having a patent application is not a defence to infringement of a patent owned by another party. Hence, it is still possible that the intellectual property rights or common law rights of another party may be infringed by making or selling the invention disclosed in archTIS’s Australian Provisional Patent Application and Innovation Patent.

As at the date of the report we are not aware of intellectual property rights or common law rights that are being infringed by archTIS. However, we have not conducted a search in order to attempt to identify rights of any other parties.

As at the date of this report we are also not aware of an application referred to in this report being the subject of any opposition or litigation.

8.2 Validity of Patent Applications

The ultimate validity of the claims of patent can be challenged:

a. during examination;

b. in opposition proceedings once the application has been examined and found allowable;

c. in court during revocation proceedings brought by a third party; or

d. during infringement proceedings initiated against an alleged infringer by the patentee.

If a patent/application survives any and all such challenges then the validity of the claims of patent is strengthened.

8.3 Entitlement to claimed priority date

In Australia, for subject matter contained in a non-provisional patent application to be entitled to the priority date established by a corresponding priority patent application or provisional patent application there must be a “real and reasonably clear disclosure” of the subject matter in the priority application. Similar provisions apply in other jurisdictions. Subject matter disclosed in a non-provisional patent application that is not contained in a corresponding priority application is generally only entitled to the filing date of the non-provisional application as a priority date.
8.4 Renewal fees

archTIS Limited recognises that renewal fees must be paid in order to maintain its patents. At the time of preparing this Report, no renewal fees are currently overdue.

Yours sincerely

[Signature]

Adrian Sneary
Principal
Adrian.Sneary@griffithhack.com
Annexure A

Limitations of the Report

Please note the following limitations on our review:

a. we have had regard to instructions received via telephone and email from time to time;

b. we have relied on our instructor to identify inventors, including any employees or contractors of archTIS who may have made a material contribution to the Kojensi or Data Kloak products and have not conducted independent investigations;

c. we have relied on information received whilst on a site visit on 11 January 2018; and

d. we express no opinion as to the laws of any jurisdiction other than the laws of an Australian jurisdiction which are in effect as at the date of this Report.

Assumptions underlying the Report

We have assumed the following in relation to the material we received to prepare the Report otherwise specifically stated:

a. the authenticity of all signatures and duty stamps, imprints or markings;

b. the completeness and conformity to the original instruments of all copies provided to us;

c. that all contracts, agreements or arrangements we reviewed were within the capacity and powers of and were validly authorised, executed and delivered by and are binding on each party to them;

-d. that the information on any public register which has been searched and the results of those searches which have been received are accurate and correct;

e. that we were not required to search public registers other than those set out in this Report;

f. that the responses to any questions which have been put to directors, officers, employees, advisers and agents of archTIS have been true and accurate in all respects and have not contained any material omissions; and

-g. that there were no documents other than those which were disclosed to us which related to the issues which we examined unless otherwise noted.
Certificate of Registration on Change of Name and Conversion to a Public Company

This is to certify that

BSTTECH CONSULTING PTY LTD
Australian Company Number 123 098 671
did on the sixth day of April 2018 change its name and on the sixth day of April 2018 converted to a public company.

The new name of the company is

ARCHTIS LIMITED
Australian Company Number 123 098 671

The company is limited by shares.

The company is registered under the Corporations Act 2001 and is taken to be registered in the Australian Capital Territory and the date of commencement of registration is the twelfth day of December, 2006.

Issued by the Australian Securities and Investments Commission on this sixth day of April, 2018.

James Shipton
Chair
Bruce Alexander Talbot
Phillip Jonathan Dean
Daniel Chun Leung Lai

and

archTIS Limited ACN 123 098 671

CONFIRMATORY DEED OF ASSIGNMENT
THIS DEED is made on the date it is signed by the last of the Assignors.

BETWEEN

Bruce Alexander Talbot of 22 Julius Street, Pearce ACT 2607
Phillip Jonathan Dean of 321 The Forest Road, Bungendore NSW 2621
Daniel Chun Leung Lai of 3 Newton Street, Hackett ACT 2602
(each an “Assignor”)

AND

archTIS Limited ACN 123 098 671 (formerly BSTTech Consulting Pty Ltd) of Level 3, 10 National Circuit, Barton, ACT 2600 (“Assignee”)

BACKGROUND

A. Each Assignor was (and some of the Assignors continue to be) a director of the Assignee. Each Assignor was involved in the creation or invention of the Intellectual Property Rights and is identified as an applicant or inventor of the Patents.

B. At the time of first filing of the patents identified in items 1 -3 of the Schedule, the Assignee was known as “BSTTech Consulting Pty Ltd”.

C. Upon each Assignor commencing their directorship of the Assignee, each Assignor assigned any right, title or interest in any Intellectual Property Rights they had to the Assignee, with effect from the date of creation of the Intellectual Property Rights.

D. The parties have agreed to enter into this deed to confirm the assignment of the Intellectual Property Rights to the Assignee.

AGREED TERMS

1 Definitions

In this deed:

Effective Date means the first date of creation of the inventions, which is the subject of the Patents, or the first date an Assignor received entitlement to those rights.

Intellectual Property Rights means all intellectual, industrial and other proprietary rights in and related to the inventions described in the Patents, including, without limitation:

a. patents, patent applications, patent utility models, copyright, eligible layout rights and registered or unregistered designs;

b. all inventions, discoveries, trade secrets and know-how;
c. all other rights resulting from intellectual activity in the industrial, scientific, literary and artistic fields whether industrial or commercial;

d. all letters patent, deeds of grant, certificates or documents of title for anything referred to in paragraphs (a), (b) or (c) of this definition, including the right to apply for any such rights; and

e. all enhancements, modifications or developments to anything referred to in paragraphs (a) – (d).

**Patents** means:

a. any patent applications and patents referred to in items 1 to 4 of the Schedule;

b. any and all rights in any granted patents arising out of the patents and patent applications of (a) above; and

c. any foreign counterparts, divisionals, renewals, continuations, revalidations and additions of or to any patents or patent applications referred to in paragraphs (a) or (b) above, as well as any extensions of term, supplementary protection certificates or any similar form of protection, in any jurisdiction in the world.

2 **Assignment**

Each Assignor confirms the assignment to the Assignee of all right, title and interest in and to the Intellectual Property Rights, with effect on and from the Effective Date, including:

a. the right to apply anywhere in the world for and obtain registered intellectual property rights in respect of the Intellectual Property Rights, including patents and designs;

b. the right to be registered as an owner of the Patents;

c. all benefits arising from any patent applied for or granted in relation to the Intellectual Property Rights;

d. any existing or future copyright, if any, in relation to all aspects of the Intellectual Property Rights, or any rights analogous to copyright;

e. the right to sue for past infringement and the right to enjoy for its sole benefit the reward of such action, including any damages or account of profits, and to claim any equitable or other remedies at law; and

f. any other intellectual property rights of the respective Assignor in the Patents.

3 **Consideration**

The Assignors each acknowledge the receipt and sufficiency of good and valuable consideration from the Assignee.

4 **Further assurances**

4.1 The Assignors each agree, at the Assignee's cost, to do all things and execute and deliver all deeds, instruments, transfers or other documents as may be necessary
or desirable to give full effect to the provisions of this deed and the transactions contemplated by it, including all things necessary or desirable:

a. for the making of patent applications and their grant; and
b. to assist with the enforcement and validity of the Patents, including in any infringement, opposition, revocation proceedings or the like.

4.2 The Assignors each agree not to challenge or assist any third parties to challenge the validity or ownership of the Intellectual Property Rights.

5 Representations

5.1 Each party represents and warrants to each other party that:

a. it has full power and authority and legal right to execute this deed and perform its obligations under this deed;

b. this deed has been duly executed on its behalf; and

c. this deed constitutes legal and valid obligations binding upon it in accordance with its terms.

6 Miscellaneous

6.1 Amendments and supplements to this deed must be in writing and executed by all parties.

6.2 A term or part of a term of this deed that is illegal or unenforceable may be severed from this deed and the remaining terms or parts of the term of this deed continue in force.

6.3 This deed may be executed in counterparts. All executed counterparts constitute one document.

6.4 This deed contains the entire understanding between the parties as to its subject matter. All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this deed are merged in and superseded by this deed and are of no effect.

6.5 This deed is governed by the laws of New South Wales, Australia and each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.
Executed as a deed.

Signed sealed and delivered by
Bruce Alexander Talbot
in the presence of

[Signature]
Signature of witness

[Signature]
Signature of Bruce Alexander Talbot

Phillip Dean
Name of witness (print)

31.5.18
Date

Signed sealed and delivered by
Phillip Jonathan Dean
in the presence of

[Signature]
Signature of witness

[Signature]
Signature of Phillip Jonathan Dean

Daniel Lai
Name of witness (print)

31.5.18
Date

Signed sealed and delivered by
Daniel Chun Leung Lai
in the presence of

[Signature]
Signature of witness

[Signature]
Signature of Daniel Chun Leung Lai

Phillip Dean
Name of witness (print)

31.5.18
Date

5
Executed as a deed in accordance with s 127 of the Corporations Act 2001 (Cth) by archTIS Limited ACN 123 098 671

Signature of director

Signature of director / secretary

Name of director (print)

Name of director / secretary (print)

Date: 31.5.18
## Schedule

<table>
<thead>
<tr>
<th>No.</th>
<th>Patent Application Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016100403</td>
<td>A Universal Access Console for Access Policy and Attribute Management</td>
</tr>
<tr>
<td>2</td>
<td>2008100930</td>
<td>4D Architecture for MLS and Accreditation Assessment</td>
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<tr>
<td>3</td>
<td>2008100929</td>
<td>Multi-Level Security Environment usei</td>
</tr>
<tr>
<td>4</td>
<td>2018901714</td>
<td>A system and method for securely accessing data</td>
</tr>
</tbody>
</table>
CONFIRMATORY DEED OF ASSIGNMENT

THIS Deed is made on the date on which it is signed by the Employee.

BETWEEN Martin Tucek of 4 Paquita Street, Forde, ACT ("Employee")

AND archTIS Limited (ACN 123 098 671) (formerly BSTTech Consulting Pty Ltd) of Level 3, 10 National Circuit, Barton, ACT 2600 ("archTIS")

BACKGROUND

A. The Employee was involved in the development of the Product.

B. Pursuant to the Employee’s terms of employment with archTIS dated 31 January 2013, the Employee agreed to assign to archTIS any right, title or interest in any Intellectual Property Rights created by the Employee.

C. The Employee has agreed to enter into this deed to confirm the assignment of Intellectual Property Rights to archTIS.

AGREED TERMS

1 Definitions

In this deed:

Effective Date means the date of creation of the Intellectual Property Rights.

Intellectual Property Rights means all intellectual, industrial and other proprietary rights in connection with, or in relation to the Product, including without limitation:

a. registered or unregistered designs, patents, patent applications, patent utility models, copyrights, registered or unregistered trade marks and service marks, plant breeder’s rights, rights in relation to semi-conductors and circuit layouts, trade names, brand names, indications of source or appellations of origin, and commercial names and designations;

b. all inventions, discoveries, trade secrets, know-how and confidential information;

c. all other rights resulting from intellectual activity in the industrial, scientific, literary and artistic fields whether industrial or commercial;

d. all letters patent, deeds of grant, certificates or documents of title for anything referred to in paragraphs a, b or c of this definition, including the right to apply for any such rights, and all media in which anything referred to in those paragraphs is stored or embodied;

e. all enhancements, modifications or developments to anything referred to in paragraphs a- d; and
f. rights of action against any third party in connection with the rights included in paragraphs a-e.

Product means the products named, as at the date of this deed: Kojensi, Kojensi Gov, Kojensi Cloud, Kojensi Field and DataKloak.

2 Confirmation of assignment

With effect on and from the Effective Date, in return for valuable consideration, the receipt and sufficiency of which is acknowledged, the Employee confirms the assignment to archTIS of all right, title and interest in and to the Intellectual Property Rights, including:

a. the right to apply anywhere in the world for and obtain registered intellectual property rights in respect of the Intellectual Property Rights, including patents and designs;

b. any registered or unregistered designs, design rights or similar rights and all benefits arising from such rights;

c. all benefits arising from any patent applied for or granted in relation to the Intellectual Property Rights;

d. any other intellectual property rights of the Employee in the Product, including copyright; and

e. the right to sue for past infringement and the right to enjoy for its sole benefit the reward of such action, including any damages or account of profits, and to claim any equitable or other remedies at law.

3 Further assurances

The parties each agree to do all things and execute and deliver all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this deed and the transactions contemplated by it, including all things necessary for the making of patent and design applications and their grant, and all things necessary to assist with the enforcement and validity of patents, patent applications, designs and design applications, including in any infringement, opposition, revocation proceedings or the like.

4 Miscellaneous

4.1 Amendments and supplements to this deed must be in writing and executed by all parties.

4.2 This deed may be executed in counterparts. All executed counterparts constitute one document.

4.3 The Employee acknowledges and agrees that archTIS may assign, license or transfer any and all of its right, title and interest under this deed.

4.4 This deed is governed by the laws of the ACT, Australia and each party irrevocably submits to the non-exclusive jurisdiction of the courts of the ACT.
Executed as a deed

Signed sealed and delivered by
Martin Tucek
in the presence of

Signature of witness

Signature of Martin Tucek

CHRISTOPHER PEARON
Name of witness (print)

Date: 06 JUL 18

Date: 06/07/2018

Executed by archTIS Limited
(ACN 123 098 671) in accordance with section 127(1) Corporations Act 2001

Signature of Director

Signature of Director/Secretary

Name

Name

Date:

Date:
Executed as a deed

Signed sealed and delivered by
Martin Tucek
in the presence of

Signature of witness

Signature of Martin Tucek

Name of witness (print)

Date:............................. Date:.............................

Executed by archTIS Limited (ACN 123 098 671) in accordance with section 127(1) Corporations Act 2001

Signature of Director
Daniel Lai

Name

Date:...10 July 2018............... Date:...10 July 2018 ............
CONFIRMATORY DEED OF ASSIGNMENT

THIS Deed is made on the date on which it is signed by the Employee.

BETWEEN Brendan Durkin of 31 Calder Crescent Holder ACT ("Employee")

AND archTIS Limited (ACN 123 098 671) (formerly BSTTech Consulting Pty Ltd) of Level 3, 10 National Circuit, Barton, ACT 2600 ("archTIS")

BACKGROUND

A. The Employee was involved in the development of the Product.

B. Pursuant to the Employee's terms of employment with archTIS dated 14 June 2016, the Employee agreed to assign to archTIS any right, title or interest in any Intellectual Property Rights created by the Employee.

C. The Employee has agreed to enter into this deed to confirm the assignment of Intellectual Property Rights to archTIS.

AGREED TERMS

1 Definitions

In this deed:

Effective Date means the date of creation of the Intellectual Property Rights.

Intellectual Property Rights means all intellectual, industrial and other proprietary rights in connection with, or in relation to the Product, including without limitation:

a. registered or unregistered designs, patents, patent applications, patent utility models, copyrights, registered or unregistered trade marks and service marks, plant breeder's rights, rights in relation to semi-conductors and circuit layouts, trade names, brand names, indications of source or appellations of origin, and commercial names and designations;

b. all inventions, discoveries, trade secrets, know-how and confidential information;

c. all other rights resulting from intellectual activity in the industrial, scientific, literary and artistic fields whether industrial or commercial;

d. all letters patent, deeds of grant, certificates or documents of title for anything referred to in paragraphs a, b or c of this definition, including the right to apply for any such rights, and all media in which anything referred to in those paragraphs is stored or embodied;

e. all enhancements, modifications or developments to anything referred to in paragraphs a-d; and
f. rights of action against any third party in connection with the rights included in paragraphs a-e.

Product means the products named, as at the date of this deed: Kojensi, Kojensi Gov, Kojensi Cloud, Kojensi Field and DataKloak.

2 Confirmation of assignment

With effect on and from the Effective Date, in return for valuable consideration, the receipt and sufficiency of which is acknowledged, the Employee confirms the assignment to archTIS of all right, title and interest in and to the Intellectual Property Rights, including:

a. the right to apply anywhere in the world for and obtain registered intellectual property rights in respect of the Intellectual Property Rights, including patents and designs;

b. any registered or unregistered designs, design rights or similar rights and all benefits arising from such rights;

c. all benefits arising from any patent applied for or granted in relation to the Intellectual Property Rights;

d. any other intellectual property rights of the Employee in the Product, including copyright; and

e. the right to sue for past infringement and the right to enjoy for its sole benefit the reward of such action, including any damages or account of profits, and to claim any equitable or other remedies at law.

3 Further assurances

The parties each agree to do all things and execute and deliver all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this deed and the transactions contemplated by it, including all things necessary for the making of patent and design applications and their grant, and all things necessary to assist with the enforcement and validity of patents, patent applications, designs and design applications, including in any infringement, opposition, revocation proceedings or the like.

4 Miscellaneous

4.1 Amendments and supplements to this deed must be in writing and executed by all parties.

4.2 This deed may be executed in counterparts. All executed counterparts constitute one document.

4.3 The Employee acknowledges and agrees that archTIS may assign, license or transfer any and all of its right, title and interest under this deed.

4.4 This deed is governed by the laws of the ACT, Australia and each party irrevocably submits to the non-exclusive jurisdiction of the courts of the ACT.
Executed as a deed

Signed sealed and delivered by
Brendan Durkin
in the presence of

Signature of witness

Signature of Brendan Durkin

Name of witness (print)

Date: 06/07/2018

Date: 6 July 18

Executed by archTIS Limited
(ACN 123 098 671) in accordance
with section 127(1) Corporations
Act 2001

Signature of Director

Signature of Director/Secretary

Name

Name

Date:

Date:
Executed as a deed

Signed sealed and delivered by
Brendan Durkin
in the presence of

................................................
Signature of witness  Signature of Brendan Durkin
................................................
Name of witness (print)

Date:....................................  Date:....................................

Executed by archTIS Limited
(ACN 123 098 671) in accordance
with section 127(1) Corporations
Act 2001

................................................
Signature of Director  Signature of Director/Secretary

Daniel Lai..........................  Bruce Talbot..........................
Name                      Name

Date:........10 July 2018............  Date:........10 July 2018............
CONFIRMATORY DEED OF ASSIGNMENT

THIS Deed is made on the date on which it is signed by the Employee.

BETWEEN

Klaus Villaca of 50 Moonlight Avenue Harrison ACT ("Employee")

AND

archTIS Limited (ACN 123 098 671) (formerly BSTTech Consulting Pty Ltd) of Level 3, 10 National Circuit, Barton, ACT 2600 ("archTIS")

BACKGROUND

A. The Employee was involved in the development of the Product.
B. Pursuant to the Employee’s terms of employment with archTIS dated 20 March 2018 the Employee agreed to assign to archTIS any right, title or interest in any Intellectual Property Rights created by the Employee.
C. The Employee has agreed to enter into this deed to confirm the assignment of Intellectual Property Rights to archTIS.

AGREED TERMS

1 Definitions
In this deed:

Effective Date means the date of creation of the Intellectual Property Rights.

Intellectual Property Rights means all intellectual, industrial and other proprietary rights in connection with, or in relation to the Product, including without limitation:

a. registered or unregistered designs, patents, patent applications, patent utility models, copyrights, registered or unregistered trade marks and service marks, plant breeder's rights, rights in relation to semi-conductors and circuit layouts, trade names, brand names, indications of source or appellations of origin, and commercial names and designations;

b. all inventions, discoveries, trade secrets, know-how and confidential information;

c. all other rights resulting from intellectual activity in the industrial, scientific, literary and artistic fields whether industrial or commercial;

d. all letters patent, deeds of grant, certificates or documents of title for anything referred to in paragraphs a, b or c of this definition, including the right to apply for any such rights, and all media in which anything referred to in those paragraphs is stored or embodied;

e. all enhancements, modifications or developments to anything referred to in paragraphs a- d; and

f. rights of action against any third party in connection with the rights included in paragraphs a- e.
Product means the products named, as at the date of this deed: Kojensi, Kojensi Gov, Kojensi Cloud, Kojensi Field and DataKloak.

2 Confirmation of assignment

With effect on and from the Effective Date, in return for valuable consideration, the receipt and sufficiency of which is acknowledged, the Employee confirms the assignment to archTIS of all right, title and interest in and to the Intellectual Property Rights, including:

a. the right to apply anywhere in the world for and obtain registered intellectual property rights in respect of the Intellectual Property Rights, including patents and designs;

b. any registered or unregistered designs, design rights or similar rights and all benefits arising from such rights;

c. all benefits arising from any patent applied for or granted in relation to the Intellectual Property Rights;

d. any other intellectual property rights of the Employee in the Product, including copyright; and

e. the right to sue for past infringement and the right to enjoy for its sole benefit the reward of such action, including any damages or account of profits, and to claim any equitable or other remedies at law.

3 Further assurances

The parties each agree to do all things and execute and deliver all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this deed and the transactions contemplated by it, including all things necessary for the making of patent and design applications and their grant, and all things necessary to assist with the enforcement and validity of patents, patent applications, designs and design applications, including in any infringement, opposition, revocation proceedings or the like.

4 Miscellaneous

4.1 Amendments and supplements to this deed must be in writing and executed by all parties.

4.2 This deed may be executed in counterparts. All executed counterparts constitute one document.

4.3 The Employee acknowledges and agrees that archTIS may assign, license or transfer any and all of its right, title and interest under this deed.

4.4 This deed is governed by the laws of the ACT, Australia and each party irrevocably submits to the non-exclusive jurisdiction of the courts of the ACT.
Executed as a deed

Signed sealed and delivered by
Klaus Villaca
in the presence of

........................................  ........................................
Signature of witness  Signature of Klaus Villaca

Phillip Dean
Name of witness (print)

Date: 6-7-18  Date: 6-7-18

Executed by archTIS Limited
(ACN 123 098 671) in accordance
with section 127(1) Corporations
Act 2001

........................................  ........................................
Signature of Director  Signature of Director/Secretary

........................................  ........................................
Name  Name

Date:  ........................................  Date:  ........................................
Executed as a deed

Signed sealed and delivered by
Klaus Villaca

in the presence of

Signature of witness
Signature of Klaus Villaca

Name of witness (print)

Date:........................................ Date:........................................

Executed by archTIS Limited
(ACN 123 098 671) in accordance
with section 127(1) Corporations
Act 2001

Signature of Director
Signature of Director/Secretary

Daniel Lai...................................... Bruce Talbot.................................

Name
Name

Date:...10 July 2018.................... Date:.....10 July 2018.............
8. **FINANCIAL INFORMATION**

8.1 **Introduction**

This Section 8 contains financial information on archTIS for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016.

The information set forth in this Section 8 should be read together with:

(a) the risk factors described in Section 6;
(b) the use of funds described in Section 4;
(c) the Investigating Accountant’s Limited Assurance Report in Section 9; and
(d) other information contained in this Prospectus.

8.2 **This Financial Section of the Prospectus sets out the following:**

The Historical Financial Information, comprising:

(a) the Audited Statements of Profit or Loss and Other Comprehensive Income of the Company for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016;

(b) the Audited Statements of Cash Flows of the Company for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016;

(c) the Audited Statement of Financial Position of the Company as at 31 December 2017; and

(d) the Pro Forma Financial Information, comprising the Pro Forma Statement of Financial Position at 31 December 2017, assuming the completion of the transactions summarised in Sections 8.5 and 8.6.

8.3 **Basis of preparation**

The Pro Forma Financial Information has been reviewed by RSM Corporate Australia Pty Ltd. A copy of RSM Corporate Australia Pty Ltd’s Investigating Accountant’s Limited Assurance Report is set out in Section 9 of this Prospectus.

The Financial Information has been prepared and presented in accordance with the accounting policies set out in Section 8.8.

The Historical Financial Information of the Company has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles described in Section 8.7, and the Company’s adopted accounting policies.

The Historical Financial Information for the Company has been extracted from the Company’s financial statements for the financial years ended 30 June 2017 and 30 June 2016, and the half year ended 31 December 2017, which were audited by RSM Australia Pty Ltd (“RSM Australia”) and on which an unqualified audit opinion was issued for each financial year and half year.
The Financial Information has been solely prepared for inclusion in this Prospectus and is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

**Historical Statement of Profit or Loss and Other Comprehensive Income**

Set out below is the Company's historical Audited Statement of Profit or Loss and Other Comprehensive Income for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016.

<table>
<thead>
<tr>
<th></th>
<th>Audited Period ended 31-Dec-17</th>
<th>Audited Period ended 31-Dec-16</th>
<th>Audited Year ended 30-Jun-17</th>
<th>Audited Year ended 30-Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rendering of services</td>
<td>131,743</td>
<td>990,217</td>
<td>1,440,774</td>
<td>3,635,850</td>
</tr>
<tr>
<td>Sale of goods</td>
<td>-</td>
<td>48,345</td>
<td>75,187</td>
<td>543,817</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>131,743</td>
<td>1,038,562</td>
<td>1,515,961</td>
<td>4,179,667</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>-</td>
<td>(57,224)</td>
<td>(51,885)</td>
<td>(438,293)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>131,743</td>
<td>981,338</td>
<td>1,464,076</td>
<td>3,741,374</td>
</tr>
<tr>
<td>Income from research and development claim</td>
<td>-</td>
<td>26,601</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other operating income</td>
<td>5,616</td>
<td>5,417</td>
<td>10,833</td>
<td>2,738</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>(1,205,423)</td>
<td>(1,309,864)</td>
<td>(2,347,519)</td>
<td>(2,823,903)</td>
</tr>
<tr>
<td>Contractors and sub-contractors</td>
<td>(186,387)</td>
<td>(221,542)</td>
<td>(877,927)</td>
<td>(756,258)</td>
</tr>
<tr>
<td>Superannuation</td>
<td>(93,862)</td>
<td>(117,714)</td>
<td>(211,577)</td>
<td>(270,306)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>(29,139)</td>
<td>(29,282)</td>
<td>(63,627)</td>
<td>(77,518)</td>
</tr>
<tr>
<td>Consultancy fees</td>
<td>(249,349)</td>
<td>(22,173)</td>
<td>(120,198)</td>
<td>(121,289)</td>
</tr>
<tr>
<td>Advertising expense</td>
<td>(4,374)</td>
<td>(50)</td>
<td>(1,072)</td>
<td>(8,729)</td>
</tr>
<tr>
<td>Accountancy expense</td>
<td>(20,219)</td>
<td>(19,759)</td>
<td>(39,778)</td>
<td>(71,674)</td>
</tr>
<tr>
<td>Lease expense</td>
<td>(71,117)</td>
<td>(92,072)</td>
<td>(183,209)</td>
<td>(166,562)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(171,592)</td>
<td>(160,652)</td>
<td>(375,328)</td>
<td>(384,954)</td>
</tr>
<tr>
<td>Development - capitalised</td>
<td>988,293</td>
<td>175,689</td>
<td>1,534,121</td>
<td>1,512,006</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(905,810)</td>
<td>(784,063)</td>
<td>(1,211,205)</td>
<td>574,925</td>
</tr>
<tr>
<td>Finance income</td>
<td>3,729</td>
<td>1,630</td>
<td>2,609</td>
<td>3,567</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(23,642)</td>
<td>(16,354)</td>
<td>(38,385)</td>
<td>(26,525)</td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax from continuing operations</strong></td>
<td>(925,723)</td>
<td>(798,787)</td>
<td>(1,246,981)</td>
<td>551,967</td>
</tr>
<tr>
<td>Income tax benefit/(expense)</td>
<td>(8,481)</td>
<td>(1,234)</td>
<td>782,122</td>
<td>477,443</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the year from continuing operations</strong></td>
<td>(934,204)</td>
<td>(800,021)</td>
<td>(464,859)</td>
<td>1,029,410</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the year</strong></td>
<td>(934,204)</td>
<td>(800,021)</td>
<td>(464,859)</td>
<td>1,029,410</td>
</tr>
</tbody>
</table>

Investors should note that past results are not a guarantee of future performance.
## Historical Statement of Cash Flows

Set out below is the Company’s historical Audited Statement of Cash Flows for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016.

<table>
<thead>
<tr>
<th>Period ended</th>
<th>Audited</th>
<th>Audited</th>
<th>Audited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-Dec-17</td>
<td>$361,585</td>
<td>$2,032,215</td>
<td>$2,332,201</td>
<td>$4,628,702</td>
</tr>
<tr>
<td>31-Dec-16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-Jun-17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-Jun-16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Cash flows from operating activities**

- Receipts from customers: $2,032,215, $2,332,201, $4,628,702
- Payments to suppliers and employees: $2,704,621, $3,968,999, $4,968,181
- Receipts from R&D Tax Incentive: $793,230
- Interest received: $3,729, $1,630, $2,609
- Interest paid: $20,141, $14,055, $33,577
- Income tax paid: $547,536, $175,218

**Net cash used in operating activities**

- (1,631,258), (684,831), (1,120,230), (183,116)

**Cash flows from investing activities**

- Purchase of property, plant and equipment: $(4,812), $(7,158), $(59,994), $(38,704)

**Net cash used in investing activities**

- (4,812), (7,158), (59,994), (38,704)

**Cash flows from financing activities**

- Proceeds from issue of shares: $3,939,969, $556,904, $743,503, $40,000
- Proceeds from secured bank loans: - $300,000, $300,000, -

**Net cash from financing activities**

- $3,939,969, $856,904, $1,043,503, $40,000

**Net increase/(decrease) in cash and cash equivalents**

- $2,303,899, $164,915, $(136,721), $(181,820)

**Cash and cash equivalents at the beginning of the period/year**

- $(153,137), $(16,416), $(16,416), 165,404

**Cash and cash equivalents at the end of the period/year**

- $2,150,762, $148,499, $(153,137), $(16,416)

Investors should note that past results are not a guarantee of future performance.
Pro Forma Statement of Financial Position

The Pro Forma Statement of Financial Position as at 31 December 2017, set out below, has been prepared to illustrate the completion of the subsequent events and pro forma transactions set out in Sections 8.5 and 8.6 as if they had occurred on 31 December 2017.

<table>
<thead>
<tr>
<th>Notes</th>
<th>Audited As at 31-Dec-17</th>
<th>Pro Forma Transactions Minimum</th>
<th>Unaudited Pro Forma Minimum</th>
<th>Pro Forma Transactions Maximum</th>
<th>Unaudited Pro Forma Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8.9</td>
<td>2,094,604</td>
<td>6,233,978</td>
<td>8,328,582</td>
<td>8,073,978</td>
</tr>
<tr>
<td>Short term investments</td>
<td></td>
<td>56,158</td>
<td>-</td>
<td>56,158</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td>103,786</td>
<td>-</td>
<td>103,786</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td>67,917</td>
<td>-</td>
<td>67,917</td>
<td>-</td>
</tr>
<tr>
<td>Tax assets</td>
<td></td>
<td>264,548</td>
<td>-</td>
<td>264,548</td>
<td>-</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>2,587,013</td>
<td>6,233,978</td>
<td>8,820,991</td>
<td>8,073,978</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td>146,186</td>
<td>-</td>
<td>146,186</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>8.10</td>
<td>2,256,769</td>
<td>93,000</td>
<td>2,349,769</td>
<td>93,000</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td>74,970</td>
<td>-</td>
<td>74,970</td>
<td>-</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>2,477,925</td>
<td>93,000</td>
<td>2,570,925</td>
<td>93,000</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>5,064,938</td>
<td>6,326,978</td>
<td>11,391,916</td>
<td>8,166,978</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td>308,669</td>
<td>-</td>
<td>308,669</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td></td>
<td>309,213</td>
<td>-</td>
<td>309,213</td>
<td>-</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>240,563</td>
<td>-</td>
<td>240,563</td>
<td>-</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>858,445</td>
<td>-</td>
<td>858,445</td>
<td>-</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td>97,267</td>
<td>-</td>
<td>97,267</td>
<td>-</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>955,712</td>
<td>-</td>
<td>955,712</td>
<td>-</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td></td>
<td>97,267</td>
<td>-</td>
<td>97,267</td>
<td>-</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>955,712</td>
<td>-</td>
<td>955,712</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>4,109,226</td>
<td>6,326,978</td>
<td>10,436,204</td>
<td>8,166,978</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>8.11</td>
<td>5,173,972</td>
<td>8,776,880</td>
<td>13,950,852</td>
<td>10,644,880</td>
</tr>
<tr>
<td>Reserves</td>
<td>8.12</td>
<td>517,968</td>
<td>718,930</td>
<td>1,236,898</td>
<td>718,930</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>8.13</td>
<td>(1,582,714)</td>
<td>(3,168,832)</td>
<td>(4,751,546)</td>
<td>(3,196,832)</td>
</tr>
<tr>
<td>Total Equity</td>
<td></td>
<td>4,109,226</td>
<td>6,326,978</td>
<td>10,436,204</td>
<td>8,166,978</td>
</tr>
</tbody>
</table>

The Pro Forma Statement of Financial Position represents the Audited Statement of Financial Position of the Company as at 31 December 2017, and adjusted for the subsequent events and pro forma transactions outlined in Sections 8.5 and 8.6 relating to the Offer pursuant to this Prospectus and other transactions.

The historical Audited Statement of Financial Position of the Company at 31 December 2017 has been extracted from the audited financial statements of the Company for the half year ended 31 December 2017. The Pro Forma Statement of Financial Position should be read in conjunction with the notes to the financial information.
8.4 Introduction

The financial information consists of the Company’s statements of financial performance and cash flows for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016, together with a pro forma statement of financial position as at 31 December 2017, reflecting the Directors’ pro forma adjustments.

The Pro Forma Statement of Financial Position has been prepared by adjusting the Audited Statement of Financial Position to reflect the financial effects of the following subsequent events which have occurred in the period since 31 December 2017 and the date of this Prospectus:

8.5 Subsequent events

(a) the issue of 74,375 shares at $0.32 per share in January 2018 to raise $23,800 as part of a capital raising undertaken between November 2017 and January 2018 to raise $3.1 million, less capital raising costs of $119,640 paid in June 2018;

(b) the issue of 2,500,000 options (on a pre-split basis) to Directors of the Company in February 2018;

(c) a capital raising to raise $2,010,000 in pre-IPO funding (before expenses of the capital raising) undertaken in April/May 2018;

(d) cash costs of $120,600 paid to Jindalee Partners Pty Ltd (“Jindalee”) and the issue of 400,000 options (on a pre-split basis) issued to Jindalee in relation to the capital raising undertaken in April/May 2018 above;

(e) a share and option split of 3 shares and options for every 1 share and option on issue undertaken on 22 May 2018;

(f) capitalised expenses subsequent to 31 December 2017 of $93,000;

(g) material expenses incurred subsequent to 31 December 2017 of $2,666,582.

8.6 Pro forma adjustments

The following pro forma transactions are to reflect the financial effects of the following transactions as if they had occurred at 31 December 2017:

(a) the issue of a minimum of 40,000,000 Shares at an issue price of $0.20 per Share to raise $8,000,000, before costs pursuant to the Offer, and a maximum of 50,000,000 Shares at $0.20 per Share to raise $10,000,000, before costs pursuant to the Offer;

(b) expected cash costs of undertaking the Offer of $528,000 recognised through equity and $272,000 in expenses recognised through profit or loss (minimum raise), and cash costs of undertaking the Offer of $660,000 recognised through equity and $300,000 in expenses recognised through the profit or loss (maximum raise); and

(c) the issue of 5,000,000 options to CPS Capital under the Lead Manager Mandate, being a cost of the Offer recognised through equity.
8.7 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. At 31 December 2017 the company was a for-profit, private sector entity which was not publicly accountable. In April 2018 the company changed its status to a public company limited by shares. Therefore, the financial statements are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB-RDRs). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

8.8 Significant accounting policies

(a) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.
Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including building and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.
The depreciation rates used for each class of depreciable assets are:

<table>
<thead>
<tr>
<th>Class of Fixed Asset</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease improvements</td>
<td>Over the term of the lease</td>
</tr>
<tr>
<td>Office, furniture &amp; equipment</td>
<td>2 - 4 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>2 - 3 years</td>
</tr>
</tbody>
</table>

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount
and the maturity amount calculated using the effective interest method. The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) **Financial assets at fair value through profit or loss**

Financial assets are classified as "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) **Financial liabilities**

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(e) **Impairment of assets**
At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(f) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(g) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to
employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company’s obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery of the service as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement by the company in those goods.

Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax.

(k) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business.
Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(l) **Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(n) **Share based payment transactions**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.
### 8.9 Cash and cash equivalents

<table>
<thead>
<tr>
<th>Note</th>
<th>Audited 31-Dec-17</th>
<th>Unaudited Pro Forma Minimum</th>
<th>Unaudited Pro Forma Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>2,094,604</td>
<td>8,328,582</td>
<td>10,168,582</td>
</tr>
</tbody>
</table>

Cash as at 31 December 2017

Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:

- **Share placement undertaken in January 2018**: 8.5(a), 8.11
  - $23,800
  - $23,800

- **Less costs of the share placement**: 8.5(a), 8.11
  - $(119,640)
  - $(119,640)

- **Capital raising undertaken in April/May 2018**: 8.5(c), 8.11
  - $2,010,000
  - $2,010,000

- **Less cash costs of the capital raising**: 8.5(d), 8.11
  - $(120,600)
  - $(120,600)

- **Capitalised expenses subsequent to 31 December 2017**: 8.5(f), 8.10
  - $(93,000)
  - $(93,000)

- **Material expenses incurred subsequent to 31 December 2017**: 8.5(g), 8.13
  - $(2,666,582)
  - $(2,666,582)

- **Proceeds from the Offer pursuant to this Prospectus**: 8.6(a), 8.11
  - $8,000,000
  - $10,000,000

- **Less costs of undertaking the Offer (recognised through equity)**: 8.6(b), 8.11
  - $(528,000)
  - $(660,000)

- **Less costs of undertaking the Offer (expensed)**: 8.6(b), 8.13
  - $(272,000)
  - $(300,000)

**Pro Forma Balance**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$8,328,582</td>
<td>$10,168,582</td>
</tr>
</tbody>
</table>

### 8.10 Intangible assets

<table>
<thead>
<tr>
<th>Note</th>
<th>Audited 31-Dec-17</th>
<th>Unaudited Pro Forma Minimum</th>
<th>Unaudited Pro Forma Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>2,256,769</td>
<td>2,349,769</td>
<td>2,349,769</td>
</tr>
</tbody>
</table>

Intangible assets at 31 December 2017

Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:

- **Capitalised expenditure subsequent to 31 December 2017**: 8.5(f), 8.9
  - $93,000
  - $93,000

**Pro Forma Balance**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,349,769</td>
<td>$2,349,769</td>
</tr>
</tbody>
</table>

Intangible assets comprise capitalised development costs relating to the development of new techniques to provide enhanced secure content management capability in relation to the Company's Kojensi products. As development costs are still a work in progress, no amortisation has been recorded.

### 8.11 Issued capital

<table>
<thead>
<tr>
<th>Note</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of ordinary shares $</td>
<td>Number of ordinary shares $</td>
</tr>
<tr>
<td></td>
<td>23,844,619</td>
<td>5,173,972</td>
</tr>
<tr>
<td></td>
<td>23,844,619</td>
<td>5,173,972</td>
</tr>
</tbody>
</table>

Issued capital at 31 December 2017

Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:

- **Share placement undertaken in January 2018**: 8.5(a), 8.9
  - 74,375
  - 74,375

- **Less costs of the share placement**: 8.5(a), 8.9
  - $(119,640)
  - $(119,640)

- **Capital raising undertaken in April/May 2018**: 8.5(c), 8.9
  - 4,020,000
  - 4,020,000

- **Less cash costs of the capital raising**: 8.5(d), 8.9
  - $(120,600)
  - $(120,600)

- **Options issued to Jindalee in relation to the capital raising undertaken in April/May 2018**: 8.5(d), 8.12
  - $(118,680)
  - $(118,680)

- **Share split undertaken on 22 May 2018**: 8.5(e)
  - 83,816,982
  - 83,816,982

- **Proceeds from the Offer pursuant to this Prospectus**: 8.6(a), 8.9
  - 40,000,000
  - 50,000,000

- **Less costs of undertaking the Offer**: 8.6(b), 8.9
  - $(528,000)
  - $(660,000)

- **Less costs of undertaking the Offer (options issued to CPS Capital)**: 8.6(c), 8.12
  - $(370,000)
  - $(370,000)

**Pro Forma Balance**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>123,816,982</td>
<td>133,816,982</td>
</tr>
<tr>
<td></td>
<td>6,848,852</td>
<td>15,818,852</td>
</tr>
</tbody>
</table>
## 8.12 Share-based payments reserve

<table>
<thead>
<tr>
<th>Note</th>
<th>Minimum Number of options</th>
<th>$</th>
<th>Maximum Number of options</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Share-based payments reserve at 31 December 2017 (pre split basis)

1,429,960 517,968 1,429,960 517,968

**Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:**

- **Issue of options to Directors in February 2018 (pre split basis)**
  - 8.5(b), 8.13
  - 2,500,000 230,250 2,500,000 230,250

- **Options issued to Jindalee in relation to the private placement undertaken in April/May 2018 (pre split basis)**
  - 8.5(d), 8.11
  - 400,000 118,680 400,000 118,680

- **Options split undertaken on 22 May 2018**
  - 12,989,880 866,898 12,989,880 866,898

- **Options issued to CPS Capital under the Lead Manager Mandate**
  - 8.6(c), 8.11
  - 5,000,000 370,000 5,000,000 370,000

**Pro Forma Balance**

17,989,880 1,236,898 17,989,880 1,236,898

The fair value of the options issued during the half-year ended 31 December 2017 was estimated at $200,194 and was recorded as a share issue cost. The fair value of the options was estimated at the grant date based on the Binomial option pricing model, using the following assumptions:

**Assumption**
- Risk-free rate: 2.63%
- Expected dividend yield: 0.0%
- Expiry date: 10-Oct-22
- Expected volatility: 70.0%
- Exercise price: $0.102
- Fair value per option issued: $0.140
- Number of options on issue (post split basis): 4,289,880

The fair value of the options issued to Directors in February 2018 was estimated at $230,250. The fair value of the options was estimated at the grant date based on the Binomial option pricing model, using the following assumptions:

**Assumption**
- Risk-free rate: 2.65%
- Expected dividend yield: 0%
- Expiry date: 01-Feb-21
- Expected volatility: 70%
- Exercise price: $0.120
- Fair value per option issued: $0.0307
- Number of options on issue (post split basis): 7,500,000

The fair value of the options issued to Jindalee Partners Pty Ltd in May 2018 was estimated at $118,680 and was recorded as a share issue cost in relation to the private share placement undertaken in April/May 2018. The fair value of the options was estimated at the grant date based on the Binomial option pricing model, using the following assumptions:

**Assumption**
- Risk-free rate: 2.65%
- Expected dividend yield: 0%
- Expiry date: 01-Jul-23
- Expected volatility: 70%
- Exercise price: $0.2000
- Fair value per option issued: $0.0989
- Number of options on issue (post split basis): 1,200,000

The fair value of the options to be issued to CPS Capital was estimated at $370,000 and was recorded as a cost of the Offer, recognised through equity. The fair value of the options was estimated at the grant date based on the Binomial option pricing model, using the following assumptions:

**Assumption**
- Risk-free rate: 2.18%
- Expected dividend yield: 0%
- Expiry date: 4 years
- Expected volatility: 70%
- Exercise price: $0.240
- Fair value per option issued: $0.074
- Number of options on issue (post split basis): 5,000,000
8.13 Accumulated losses

<table>
<thead>
<tr>
<th>Note</th>
<th>Accumulated losses at 31 December 2017</th>
<th>Audited $</th>
<th>Unaudited Pro Forma Minimum $</th>
<th>Unaudited Pro Forma Maximum $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(1,582,714)</td>
<td>(4,751,546)</td>
<td>(4,779,546)</td>
</tr>
<tr>
<td>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</td>
<td></td>
<td>(1,582,714)</td>
<td>(1,582,714)</td>
<td></td>
</tr>
<tr>
<td>Cost of options issued to Directors in February 2018 8.5(b), 8.12</td>
<td>(230,250)</td>
<td>(230,250)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material expenses incurred subsequent to 31 December 2017 8.5(g), 8.9</td>
<td>(2,666,582)</td>
<td>(2,666,582)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of undertaking the Offer (expensed) 8.6(b), 8.9</td>
<td>(272,000)</td>
<td>(300,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro Forma Balance</td>
<td></td>
<td>(4,751,546)</td>
<td>(4,779,546)</td>
<td></td>
</tr>
</tbody>
</table>

8.14 Related party disclosure

(a) The Directors of the Company at the Prospectus Date are:
(i) Stephen Smith
(ii) Daniel Lai
(iii) Bruce Talbot
(iv) Leanne Graham
(v) Wayne Zekulich

(b) Directors’ holdings of shares, directors’ remuneration and other directors’ interests are set out in Section 5 of this Prospectus.

(c) There have been no related party transactions other than the directors’ transactions set out in Section 5 and those relating to material contracts set out in Section 11 of this Prospectus.

8.15 Commitments and contingent liabilities

The Company has no commitments or contingent liabilities as at the date of the Prospectus.
Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report on archTIS Limited Historical and Pro Forma Historical Financial Information

Introduction

We have been engaged by archTIS Limited ("archTIS" or the "Company") to report on the historical and pro forma historical financial information of archTIS for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016, for inclusion in the prospectus ("Prospectus") dated on or about 19 July 2018 in connection with the Company’s proposed initial public offering and listing on the Australian Securities Exchange ("ASX").

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Sections 8.5 and 8.6 of the Prospectus, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to this Prospectus, nor the risks associated with an investment in shares in the Company.

The Pro Forma Historical Financial Information includes the following pro forma adjustments:

- the issue of 74,375 shares at $0.32 per share in January 2018 to raise $23,800 as part of a capital raising undertaken between November 2017 and January 2018 to raise $3.1 million, less capital raising costs of $119,640 paid in June 2018;
- the issue of 2,500,000 options (on a pre-split basis) to Directors of the Company in February 2018;
- a capital raising to raise $2,010,000 in pre-IPO funding (before expenses of the capital raising) undertaken in April/May 2018;
- cash costs of $120,600 paid to Jindalee Partners Pty Ltd ("Jindalee") and the issue of 400,000 options (on a pre-split basis) issued to Jindalee in relation to the capital raising undertaken in April/May 2018 above;
▪ a share and option split of 3 shares and options for every 1 share and option on issue undertaken on 22 May 2018;

▪ capitalised expenses subsequent to 31 December 2017 of $93,000;

▪ material expenses incurred subsequent to 31 December 2017 of $2,666,582;

▪ the issue of a minimum of 40,000,000 Shares at an issue price of $0.20 per Share to raise $8,000,000, before costs pursuant to the Offer, and a maximum of 50,000,000 Shares at $0.20 per Share to raise $10,000,000, before costs pursuant to the Offer;

▪ expected cash costs of undertaking the Offer of $528,000 recognised through equity and $272,000 in expenses recognised through profit or loss (minimum raise), and cash costs of undertaking the Offer of $660,000 recognised through equity and $300,000 in expenses recognised through the profit or loss (maximum raise); and

▪ the issue of 5,000,000 options to CPS Capital under the Lead Manager Mandate, being a cost of the Offer recognised through equity.

Scope

Historical financial information

You have requested RSM Corporate Australia Pty Ltd (“RSM”) to review the following historical financial information of the Company included in Section 8 of the Prospectus, and comprising:

▪ the Audited Statements of Profit or Loss and Other Comprehensive Income of the Company for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016;

▪ the Audited Statements of Cash Flows of the Company for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016; and

▪ the Audited Statement of Financial Position of the Company as at 31 December 2017 (together the “Historical Financial Information”).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement requirements described in the Notes of Section 8 and the Company’s adopted accounting policies.

The Historical Financial Information for the Company has been extracted from the Company’s financial statements for the year ended 30 June 2017 and the half year ended 31 December 2017, which were audited by RSM Australia Pty Ltd (“RSM Australia”) and on which an unqualified audit opinion was issued for each financial period.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro forma historical financial information

You have requested RSM to review the pro forma historical statement of financial position as at 31 December 2017, referred to as “the Pro Forma Historical Financial Information”.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the subsequent events and pro forma adjustments described in Sections 8.5 and 8.6 of the Prospectus. The stated basis of preparation is the recognition and measurement requirements of Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Sections 8.5 and 8.6 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information.
Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position or financial performance.

**Directors’ responsibility**

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

**Our responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- a consistency check of the application of the stated basis of preparation, to the Historical and Pro Forma Historical Financial Information;
- a review of the Company’s work papers, accounting records and other documents;
- enquiry of directors, management personnel and advisors;
- consideration of subsequent events and pro forma adjustments described in Sections 8.5 and 8.6 of the Prospectus; and
- performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusions**

**Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as set out in Section 8 of the Prospectus, and comprising:

- the Audited Statements of Profit or Loss and Other Comprehensive Income of the Company for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016;
- the Audited Statements of Cash Flows of the Company for the financial years ended 30 June 2017 and 30 June 2016 and the half years ended 31 December 2017 and 31 December 2016; and
- the Audited Statement of Financial Position of the Company as at 31 December 2017

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Sections 8.7 and 8.8 of the Prospectus.

**Pro Forma Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 8 of the Prospectus, and comprising the Pro Forma Statement of Financial Position at 31 December 2017, assuming the completion of the subsequent events and pro
forma adjustments summarised in Sections 8.5 and 8.6 of the Prospectus, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Section 8.7 of the Prospectus.

**Restriction on Use**

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

**Responsibility**

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

**Disclosure of Interest**

RSM Corporate Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this assurance report for which normal professional fees will be received.

Yours faithfully

[RSM Corporate Australia Pty Ltd]

Glyn Yates
Director
10. **BOARD, MANAGEMENT AND CORPORATE GOVERNANCE**

10.1 **Directors and key personnel**

Detailed biographies of the Directors are contained in Section 5.12 of this Prospectus.

In addition to the Directors, the Company relies on other key management personnel to perform important tasks for the Company. Summaries of these key employees are set out below:

**Martin Tuček - Executive Product Development (MCompSc, MBA)**

Martin was appointed Product Manager in 2013 and in 2014 General Manager Operations of the Company. Since 2017, Martin has taken over full responsibility for product development and management. Martin’s responsibility is to manage the Company’s product lifecycle from strategic planning through to daily operational development and deployment.

Martin has 20 years combined experience in both product management and software development lifecycles. Martin has proven experience in all stages of the product management lifecycle from concept validation and market introduction through to product maturity. His experiences in product management span domestic and international commercial markets and the ‘5 Eyes’ national security community (Australia, US, UK, Canada and New Zealand).

Prior to joining archTIS, Martin was the Product Manager for Raytheon Australia, where he was responsible for product planning and execution throughout the product lifecycle, including: gathering and prioritising product and customer requirements, defining the product vision, and working closely with engineering, business development, marketing and support teams to ensure revenue and customer satisfaction goals were met.

**Deborah Tuček – Executive Product Requirements, Learning, Marketing and Capability Development (PhD Education, MA, PGDipA, BA)**

Deborah was appointed Learning and Capability Manager of the Company in 2014, and in 2016 added marketing to her responsibilities. She is responsible for internal and external training product and service development and delivery, as well as market education activities in conjunction with the sales and marketing team. Deborah’s area of responsibility also oversees the capture and management of the Company’s intellectual property.

Deborah has 12 years’ experience in developing and delivering training services and standardised courses both online and face-to-face in the commercial and academic sectors. Prior to joining the Company, Deborah was a lecturer and researcher for the University of New South Wales where she was responsible for delivering a range of workshops and online courses related to education and communication. She also undertook human factor research as a member of an international aviation industry-university research team.

**Matthew Kluken – Senior Account Executive – Government (B. Comp Stud, Adv Dip, Mgt)**

Matthew was appointed Senior Account Executive focussed on Public Sector in early 2018. He is responsible for business development, focused on government (Federal and State) and industry partners supporting government.
Matthew has 25 years’ experience in the ICT Industry in both Sales, Marketing, Technical and Customer Experience, and brings a strong customer value focus to his role at archTIS. His primary focus is building archTIS’s presence with Federal and State Government, as well as building their partner eco-system supporting this market, both within Australia and internationally.

Prior to joining archTIS, Matthew worked for large multinational technology and advisory companies, including senior sales roles within Gartner and NetApp, as well as technical, marketing and customer experience roles at CA Technologies, Oracle and other Australian ICT companies.

**Greg Ginnivan – Senior Account Executive – Commercial (B.A, MBA, Key Account Management AGSM)**

Greg was appointed Senior Account executive focussed on the Commercial Sector in May 2018. He is responsible for business development and sales in the Commercial Sector, including Partners who are strategically engaged in archTIS’ targeted sectors.

Greg is an IT Executive with over twenty years of high-value sales and international business development experience across large corporations such as Telstra, Qantas, CA, NetApp and Hitachi Data Systems, as well as start-up companies in APAC,

Prior to joining archTIS Greg worked with clients such as Commonwealth Bank of Australia, Reserve Bank of Australia, Australian Broadcasting Corporation as well as Federal and State government organisations, Greg brings invaluable skills for the development of high-performance cross-cultural teams which ultimately result in sustainable and profitable global sales.

**Phillip Dean – Commercial Manager and HR Manager**

Phillip is one of the three founders of archTIS. He is responsible for Commercial and Human Resources Management.

Phillip’s career spans 35 years in government and in the information technology industry. This experience includes many years working as a supplier to the Department of Defence, as well as within the Department, and as a Ministerial staffer.

### 10.2 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company’s needs.

To the extent applicable, our Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations).

In light of the Company’s size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company’s activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.
The Company’s main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company’s full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company’s website (www.archTIS.com).

10.3 **Board of Directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

(a) maintain and increase Shareholder value;

(b) ensure a prudential and ethical basis for the Company’s conduct and activities; and

(c) ensure compliance with the Company’s legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(a) developing initiatives for profit and asset growth;

(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;

(c) acting on behalf of, and being accountable to, the Shareholders; and

(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors’ participation in the Board discussions on a fully-informed basis.

10.4 **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in a general meeting. However, subject thereto:

(a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and

(b) the composition of the Board has been structured so as to provide the Company with an adequate mix of Directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

As at the date of this Prospectus, the Board consists of five Directors of whom three are independent. The Board considers the current balance of skills and expertise is appropriate for the Company for its current planned level of activity.

To assist the Board in evaluating the appropriateness of the Board’s mix of qualifications, experience and expertise, the Board will maintain a Board Skills Matrix.
The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board’s possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new Directors to participate fully and actively in Board decision-making at the earliest opportunity and enable new Directors to gain an understanding of the Company’s policies and procedures.

10.5 Identification and management of risk

The Board’s collective experience will enable accurate identification of the principal risks that may affect the Company’s business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

10.6 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

10.7 Independent professional advice

Subject to the Chairman’s approval (not to be unreasonably withheld), the Directors, at the Company’s expense, may obtain independent professional advice on issues arising in the course of their duties.

10.8 Remuneration arrangements

The remuneration of an Executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors’ remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors’ time, commitment and responsibility. The Board is also
responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

10.9 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

10.10 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

10.11 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company’s operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company’s internal financial control system and risk management systems and the external audit function.

10.12 Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

10.13 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company’s departures from the Recommendations will also be announced prior to admission to the official list of the ASX.
11. MATERIAL CONTRACTS

Set out below is a brief summary of contracts between the Company and third parties which the Directors have identified as being material to the Company or of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract it would be necessary to review it in full and these summaries should be read with this in mind.

11.1 Lead Manager Mandate with CPS Capital

On 12 July 2018, the Company entered into a mandate letter with CPS Capital Group Pty Ltd (ABN 73 088 055 636) (AFSL 294848) (CPS Capital) (the Lead Manager), pursuant to which CPS Capital has agreed to act as lead manager to the Offer (Lead Manager Mandate). The material terms of the Lead Manager Mandate are as follows:

(a) **Term**: The Lead Manager Mandate commenced on the 12 July 2018 and will continue for a period of six (6) months, unless extended for another six (6) months at the discretion of the Company.

(b) **Remuneration**: The Company has agreed to pay the Lead Manager the following fees and issue the following Options:

   (i) **Management Fee**: A cash management fee equal to 2% (plus GST) of the total funds raised under the Offer;

   (ii) **Placing Fee**: A placing fee in cash of 4% (plus GST) for funds raised under the Offer. The Company has agreed that if requested by the Lead Manager, this placing fee can be paid in Shares at an issue price of $0.20 per Share in lieu of a cash placing fee dependent upon specific requests from various brokers used to raise funds under the Offer;

   (iii) **Broker Options**: Subject to the Company being admitted to the official list of ASX, the Lead Manager (or its nominee) will subscribe for 5,000,000 Options at a cost of $0.0001 per Option, exercisable at $0.24 per Option and expiring on or before the date that is four (4) years from the date that the Company is admitted to the official list of the ASX; and

   (iv) **Corporate Advisory Fee**: Subject to the Company being admitted to the official list of ASX, the Lead Manager will be paid a monthly corporate advisory fee in cash of $5,000 (plus GST).

(c) **Expenses**: The Lead Manager will be reimbursed for all expenses, excluding travel expenses, subject to receiving prior written approval from the Company.

(d) **Travel Expenses**: The Lead Manager shall be entitled to be reimbursed for reasonable travel expenses in performing its duties under the Lead Manager Mandate. Hotel accommodation shall not exceed $500 per day and other per diem expenses are limited to $450.
(e) **(Termination):** The Company has agreed that the Lead Manager Mandate may be terminated in the following circumstances:

(i) **(Termination by the Lead Manager):** The Lead Manager may terminate the Lead Manager Mandate with fourteen (14) days’ written notice to that effect:

(A) if the Company commits or allows to be committed a material breach of any of the terms or conditions under the Lead Manager Mandate; or

(B) if any warranty or representation given or made by the Company is not complied with or proves to be untrue in any respect; or

(C) immediately by notice in writing if:

(I) the Company becomes insolvent, has a receiver, administrative receiver or manager or administrator appointed over the whole of or any of their assets, enters into any composition with creditors generally or has an order made or resolution passed for it to be wound up; or

(II) a court makes an administration order with respect to the Company or any composition in satisfaction of its debts or scheme of arrangement of the affairs of the Company.

(ii) **(Termination by the Company):** The Company may terminate the Lead Manager Mandate by providing seven (7) days’ written notice. In the event of such notice being given, any outstanding expenses will be immediately payable to the Lead Manager.

The Lead Manager Mandate otherwise contains terms and conditions including provisions for warranties, indemnity and confidential information considered standard for an agreement of this nature.

11.2 **Marketing and Communications Mandate – NFIC Services**

On 16 July 2018, the Company entered into a mandate letter with NFIC Services Pty Ltd (ACN 611 299 800) **(NFIC)** pursuant to which the Company engaged NFIC to act as a Strategic Communications Advisor to the Company both before and after the Company is listed on the Official List of the ASX **(NFIC Mandate)**. The material terms of the NFIC Mandate are as follows:

(a) **(Term):** The NFIC commenced on 16 July 2018 and will continue for a period of six (6) months, unless extended for a further six (6) months at the discretion of the Company.

(b) **(Remuneration):** The Company has agreed to pay NFIC a monthly cash fee of $5,000 (plus GST).

(c) **(Expenses):** Reimbursements of expenditures incurred in performing the services under the NFIC mandate will only be made with if prior written approval has been given to NFIC by the Chief Executive Officer of the Company.
(d) **Termination by NFIC**: NFIC may terminate the NFIC Mandate in the following circumstances:

(i) by providing fourteen (14) days' notice in writing to that effect in the event that:

   (A) the Company commits or allows to be committed a material breach of any of the terms of conditions of the NFIC Mandate; or

   (B) any warranty or representation given or made by the Company is not complied with or proves to be untrue in any respect; or

(ii) immediately by notice in writing to that effect if:

   (A) the Company becomes insolvent, goes into administration or enters into a scheme or arrangement with its creditors or a court makes an order to that effect.

(e) **Termination by the Company**: The NFIC Mandate may be terminated by the Company by providing seven (7) days' written notice.

(f) **Termination Fees**: In the event that the NFIC Mandate is terminated by either party, the minimum amount owed by the Company to NFIC of $30,000 (plus GST) will become payable.

The NFIC Mandate otherwise contains terms and conditions including provisions for warranties, indemnity and confidential information considered standard for an agreement of this nature.

11.3 **Jindalee Partners Mandate**

On 8 March 2018, the Company entered into mandate letter with Jindalee Partners Pty Ltd (ACN 609 851 587) (AFSL 488739) (Jindalee) pursuant to which the Company engaged Jindalee to act as corporate advisor to the Company in relation to managing pre-IPO capital raising and assisting the Company in moving towards a listing on the ASX (Jindalee Mandate). The material terms of the Jindalee Mandate are as follows:

(a) **Capital Raising Option Success Fee**: The Company has issued to Jindalee (or its nominee) 1,200,000 Options exercisable at $0.10 per option and expiring on the date that is five (5) years after the date of issue in consideration for services performed under the Jindalee Mandate.

(b) **Monthly Retainer**: The Company has agreed to pay Jindalee a monthly retainer of $7,500 from the date of execution of the Jindalee Mandate for a minimum of 6 months and automatically continuing until termination of the Jindalee Mandate.

(c) **Termination**: The Jindalee Mandate may be terminated by:

(i) the provision of at least 30 days’ written notice to terminate the Jindalee Mandate; or
with immediate effect if either Party fails to perform any material obligation under the Jindalee Mandate and does not remedy that breach within 14 days of being required to do so by written demand.

(d) **Termination Fees**: Upon termination of the Jindalee Mandate without cause by the Company, a termination fee of $45,000 becomes immediately payable less any monthly retainer fees received by Jindalee up until the date of termination.

(e) **Expenses**: Jindalee will be reimbursed for all out-of-pocket expenses incurred in the performance of its services under the Jindalee Mandate, with prior approval required for amounts exceeding $500.

11.4 **Employment Agreements – Martin Tuček, Deborah Tuček, Matthew Kluken and Greg Ginnivan**

The Company has entered into employment agreements on the following terms:

(a) **Positions**: The employment agreements are for the following positions:

(i) commencing on 18 March 2013, Martin Tuček was engaged as the Product Manager and is now the Product Development Executive on a full-time basis;

(ii) commencing on 18 March 2013, Deborah Tuček was engaged as the Learning and Capability Manager on a part-time basis and is now the Executive of Product Requirements, Learning, Marketing and Capability Development on a full-time basis;

(iii) commencing on 1 March 2018, Matthew Kluken has been engaged as the Senior Account Executive for Government on a full-time basis; and

(iv) commencing 12 April 2018, Greg Ginnivan has been engaged as a Senior Executive on a full-time basis.

(b) **Remuneration**: The Company will pay the employees the following salaries:

(i) $200,000 (plus superannuation) to Martin Tuček per annum;

(ii) $200,000 (plus superannuation) to Deborah Tuček per annum;

(iii) $175,000 (plus superannuation) to Matthew Kluken per annum; and

(v) $220,000 (plus superannuation) to Greg Ginnivan per annum.

(c) **Expenses**: Each employee will be provided with a Company credit card for business expenses and expenses related to contracts. Prior approval is required from a supervisor or company director for business expenses in excess of $100.

(d) **Termination**: The employment agreements may be terminated either the Company or the employees by:

(i) the provision of four weeks’ notice; or
(ii) the Company providing written notice of summary dismissal for serious misconduct:

(e) (Confidential Information): The employment agreements require that clients' confidential information is not used or disclosed to any person or any information of a confidential nature is disclosed in relation to the Company business or its associated companies except with the Company's authorisation, or in the proper course of the employees duties on behalf of the Company or if obligated under legislation. Confidential information includes the following:

(f) (Intellectual Property): The employment agreements provide that the Company owns all intellectual property developed in the course of their employment.

The agreements with the Employees otherwise contain restraint of trade, moral rights, termination and general clauses considered standard for agreements of this nature.
12. ADDITIONAL INFORMATION

12.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

12.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company’s registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder’s name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the
proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being
wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

12.3 Options

The Company currently has various Options on issue, outlined in Section 5.16 above. The exercise and expiry date of those Options is shown in Section 5.16. In addition to the expiry date and exercise price, the Options on issue and to be issued contain the following standard terms:

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(c) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(d) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

(e) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things
necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (e)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(f) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(g) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(h) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(i) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(j) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

12.4 Partly Paid Shares

As set out in Section 5.16 above, the Company currently has 720,000 partly paid shares on issue that were issued to employees or former employees. The terms of the partly paid shares are as follows:

(a) the partly paid shares have the same rights attaching to Shares summarised in Section 12.2 above other than as set out below;

(b) the partly paid shares have been paid to zero;
the Company must give 12 months’ notice of any call on the unpaid component of the partly paid shares; and

the Company’s recourse against the holder is limited to the issue price of the partly paid shares ($0.33), but the holder may elect to have the partly paid shares cancelled in full satisfaction of the debt owing.

On 5 July 2018, the Company gave notice to the three holders of the partly paid shares that it was making a call on the full outstanding amount owing on the Partly Paid Shares ($0.33). On 5 July 2018 and 10 July 2018 the holders holding a total of 480,000 partly paid shares provided written notice to the Company under which they notified the Company that they did not intend to pay the unpaid amount owing in respect of their partly paid shares and that the partly paid shares should be cancelled. The Company expects to seek Shareholder and legal approvals to cancel these forfeited partly paid shares as soon as possible.

12.5 Performance Rights and Options Plan

The key terms of the Performance Rights and Option Plan (Plan) are as follows:

(a) **Eligibility:** Participants in the Plan may be:

(i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);

(ii) a full or part time employee of any Group Company;

(iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or

(iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Awards under the Plan (**Eligible Participants**).

(b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).

(c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) **Issue price:** Unless the Awards are quoted on the ASX, Awards issued
under the Plan will be issued for no more than nominal cash consideration.

(e) **Vesting Conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (Vesting Conditions).

(f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (Relevant Person)), resolve to waive any of the Vesting Conditions applying to Awards due to:

(i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:

(A) a Relevant Person ceasing to be an Eligible Participant due to:

   (I) death or total or permanent disability of a Relevant Person; or
   
   (II) retirement or redundancy of a Relevant Person;

(B) a Relevant Person suffering severe financial hardship;

(C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant Offer made to and accepted by the Participant; or

(D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or

(E) a change of control occurring; or

(F) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(g) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:

(ii) an unauthorised dealing, or hedging of, the Award occurring;

(iii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Award;

(iv) in respect of unvested Awards only, an Eligible Participant
ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;

(v) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;

(vi) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

(vii) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award;

(viii) the expiry date of the Award.

(h) Shares: Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.

(i) Sale Restrictions: The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.

(j) No Participation Rights: There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.

(k) Change in exercise price of number of underlying securities: Unless specified in the offer of the Awards and subject to compliance with the ASX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

(l) Reorganisation: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(m) Trust: The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the
appointment of such a trustee.

12.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;
(b) any property acquired or proposed to be acquired by the Company in connection with:
   (i) its formation or promotion; or
   (ii) the Offer; or
(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or
(e) for services provided in connection with:
   (i) the formation or promotion of the Company; or
   (ii) the Offer.

12.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
(b) promoter of the Company; or
(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;
(e) any property acquired or proposed to be acquired by the Company in connection with:
   (i) its formation or promotion; or
   (ii) the Offer; or
(f) the Offer,
and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

Griffith Hack has prepared the Intellectual Property Report which is included in Section 7 of this Prospectus. The Company estimates it will pay Griffith Hack a total of $24,000 (excluding GST) for these services. The Company has paid fees of $18,000 during the 24 months preceding lodgement of this Prospectus with the ASIC in respect of the development of the patent application referred to in Section 7 of this Prospectus.

RSM Corporate Australia Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant’s Limited Assurance Report which is included in Section 9 of this Prospectus. The Company estimates it will pay RSM Corporate Australia Pty Ltd a total of $25,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Corporate Australia Pty Ltd has not received any fees from the Company for any other services.

RSM Australia Pty Ltd is acting as the Company’s auditor and has prepared the audited accounts outlined in Section 8 of this Prospectus. The Company estimates it will pay RSM Australia Pty Ltd a total of $25,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Australia Pty Ltd’s fees approximating $91,484 (excluding GST) for acting as the Company’s auditor.

CPS Capital Group Pty Ltd (AFSL 294848) is acting as lead manager and corporate advisor to the Company in relation to the Offer. Details of the fees payable to CPS Capital Group Pty Ltd are set out in Section 11.1 above. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital Group Pty Ltd has not received or is entitled to receive any fees in relation to the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin $130,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received $13,000 in fees for services provided to the Company.

12.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.
Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Griffith Hack has given its written consent to the inclusion of the Intellectual Property Report which is included in Section 7 of this Prospectus in the form and context in which the information and report is included. Griffith Hack has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Corporate Australia Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant’s Limited Assurance Report in Section 9 of this Prospectus in the form and context in which the information and report is included. RSM Corporate Australia Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Australia Pty Ltd has given its written consent to being named as the Company’s Auditor in this Prospectus. RSM Australia Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

CPS Capital Group Pty Ltd has given its written consent to being named as lead manager and corporate advisor to the Company in this Prospectus. CPS Capital Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic Registry Services has given its written consent to being named as the share registry to the Company in this Prospectus. Automic Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

### 12.9 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $800,000 for minimum subscription or $960,000 if all oversubscriptions are applied for and accepted and are expected to be applied towards the items set out in the table below:

<table>
<thead>
<tr>
<th>Item of Expenditure</th>
<th>Minimum Subscription ($)</th>
<th>Over-Subscription ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIC fees</td>
<td>3,206</td>
<td>3,206</td>
</tr>
<tr>
<td>ASX fees</td>
<td>88,500</td>
<td>100,000</td>
</tr>
<tr>
<td>Lead Manager Fees¹</td>
<td>480,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Legal Fees – Australia</td>
<td>130,000</td>
<td>130,000</td>
</tr>
<tr>
<td>Investigating Accountant’s Fees</td>
<td>50,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>
Broker commissions will only be paid out of the fees payable to the Lead Manager on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company (refer to Section 4.13 for further information). The amount calculated is based on 100% of applications being made in this manner. For those applications made directly to and accepted by the Company no broker commissions will be payable and the expenses of the Offer will be reduced and the additional funds will be put towards working capital.

12.10 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

12.11 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.archTIS.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

12.12 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.
12.13 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

12.14 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.
13. DIRECTORS’ AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

[Signature]

Stephen Smith
Director
For and on behalf of
archTIS Limited
14. **GLOSSARY**

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

**ABAC** means Attribute Based Access Control.

**Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors as constituted from time to time.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** means archTIS Limited (ACN 123 098 671).

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**Lead Manager** means CPS Capital Group Pty Ltd.

**Offer** means the offer of Shares pursuant to this Prospectus as set out in Section 4 of this Prospectus.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus.

**Section** means a section of this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.
WST means Western Standard Time as observed in Perth, Western Australia.