



30 January 2019

Cleansing Prospectus

OpenDNA Limited (**Company**) has today lodged with ASIC a Prospectus under s708A(11) of the Corporations Act 2001.

The purpose of the Prospectus is not to raise capital, but to facilitate secondary trading of listed options in the Company on the ASX.

For and on behalf of the directors of

OpenDNA Limited

Grant Pestell
Non-Executive Chairman



OPENDNA™

OPENDNA LIMITED

ACN 613 410 398

PROSPECTUS

For the offer of 10,000 New Options at an issue price of \$0.01, exercisable at \$0.05 on or before 31 October 2021, to raise up to \$100 before costs of the issue (**Offer**).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to facilitate secondary trading of New Options issued by the Company prior to the Closing Date. The Offer is only made to persons nominated by the Company.

ASX Code: OPN

IMPORTANT NOTICE

This Prospectus provides important information to assist prospective investors to decide whether or not to invest in the Company. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

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IMPORTANT NOTICE

Prospectus

This Prospectus is dated 30 January 2019 and was lodged with ASIC on that date. No responsibility for the contents of this Prospectus is taken by ASIC nor ASX.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of the Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Options the subject of this Prospectus.

In preparing this Prospectus regard has been had to the fact the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as a prospectus for an initial public offering. In making statements in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the risk factors that could affect the performance of the Company. Please refer to Section 4 for further information.

Any investment in New Options should be regarded as speculative.

Overseas Shareholders

The Offer is only available to those persons who are personally invited by the Company to accept it. Applications for New Options offered pursuant to this Prospectus can only be made on an original Application Form.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. 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 such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

For more information, refer to Section 1.8.

Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those

acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Key Dates

Lodgement of the Prospectus with ASIC and ASX	30 January 2019
Opening Date of Offer	30 January 2019
Closing Date of Offer	5.00pm (WST) on 31 January 2019

CORPORATE DIRECTORY

Directors
Mr Grant Pestell (Non-Executive Chairman)
Mr Jay Shah (Non-Executive Director)
Mr Evan Cross (Non-Executive Director)
Mr Warren Barry (Executive Director)

Secretary
Mr Peter Torre

Registered Office
Unit B9, 1st Floor
431 Roberts Road
Subiaco WA 6008

Email: investors@opendna.ai

Website: <http://opendna.ai/>

Auditors*
HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Solicitors to the Offer
Murcia Pestell Hillard

Suite 183
Level 6, 580 Hay Street
Perth WA 6000

Tel: +61 8 9221 0033
Fax: +61 8 9221 0133

Share Registrar*
Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Terrace
Perth WA 6000

ASX Code
OPN

*For information purposes only. This person has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

SECTION 1 — DETAILS OF THE OFFER

1.1 Background

On 12 September 2018, the Company announced its intention to undertake a placement whereby the Company would issue 71,428,571 Shares to sophisticated and professional investors at \$0.035 per Share, together with 35,714,286 free attaching New Options (on a 1 for 2 basis), with each New Option having an exercise price of \$0.05 and an expiry date of 31 October 2021 (**Placement**). The Placement was subsequently undertaken in two tranches as follows:

- **Tranche 1:** 11,428,571 Shares (**Tranche 1 Shares**) and 5,714,307 New Options (**Tranche 1 Options**) were issued on 28 September 2018 using the Company's Listing Rule 7.1 and 7.1A capacity (with the Tranche 1 Options being issued under the Company's Listing Rule 7.1 capacity). The issue of the Tranche 1 Shares and Tranche 1 Options was subsequently ratified by the Company's Shareholders at the Company's AGM; and
- **Tranche 2:** 60,000,000 Shares (**Tranche 2 Shares**) and 30,000,000 New Options (**Tranche 2 Options**) were issued on 12 December 2018 following receipt of the required Shareholder approvals at the Company's AGM.

Further, the Company issued the following additional New Options with the ratification/approval (as appropriate) of the Company's Shareholders at the Company's AGM:

- (a) 1,500,000 New Options were issued to the Company's Chief Financial Officer, Richard Jarvis, in connection with the Company's cash preservation strategy (as announced by the Company on 31 July 2018);
- (b) 20,000,000 New Options were issued to Triple C Consulting Pty Ltd in connection with its role as lead manager to the Placement and in consideration for the provision of ongoing corporate advisory services; and
- (c) 3,500,000 New Options were issued to Storm Enterprises Pty Ltd in consideration for services provided to the Company,

(collectively, **Adviser Options**).

The issue of the Adviser Options was in each case ratified/approved (as appropriate) by the Company's Shareholders at the Company's AGM.

The Tranche 1 Shares, Tranche 1 Options, Tranche 2 Shares, Tranche 2 Options and Adviser Options were in each case issued without disclosure under Chapter 6D of the Corporations Act.

Generally, section 707(3) of the Corporations Act requires that an entity issues a prospectus in order for a person to whom securities in that entity were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue.

The Company has issued a "cleansing notice" pursuant to section 708A(5) of the Corporations Act in respect of the Tranche 1 Shares and the Tranche 2 Shares, which provides an exemption from the requirement in section 707(3) of the Corporations Act. A "cleansing notice" is not able to be issued in respect of the Tranche 1 Options, Tranche 2 Options or Adviser Options since they are not in a class of securities which was quoted at all times in the 3 months before the date on which those relevant options were issued.

Section 708A(11) of the Corporations Act provides a further exemption from the requirement in section 707(3) where:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The main purpose of this Prospectus and the Offer made under it is to comply with section 708A(11) of the Corporations Act so that the Tranche 1 Options, Tranche 2 Options and Adviser Options can be offered for sale within 12 months of their issue.

Accordingly, the Company intends on applying for Official Quotation of the Tranche 1 Options, the Tranche 2 Options and the Adviser Options concurrent with the application for Official Quotation of the New Options offered under this Prospectus.

1.2 Securities offered for issue

Under this Prospectus, the Company is offering for subscription up to 10,000 New Options at an issue price of \$0.01 to raise up to \$100 before costs of the issue. The Offer is only extended to specific unrelated persons identified by the Board and is not open to the general public.

The rights and liabilities of the New Options offered under this Prospectus, and of the Shares into which the New Options will convert if validly exercised, are the same as those which apply to the Tranche 1 Options, Tranche 2 Options and Adviser Options and are summarised at Section 3.1 and 3.2, respectively.

1.3 Minimum subscription

There is no minimum subscription in respect of the Offer.

1.4 Applications

Applications for New Options under the Offer must only be made by investors at the specific invitation of the Company, and must be made using the Application Form.

By completing the Application Form, you 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 this Prospectus.

Application Forms must be accompanied by a personal cheque or a bank draft, payable in Australian Dollars, for an amount equal to the number of New Options for which the Applicant wishes to apply for, multiplied by the issue price of \$0.01 per New Option. Cheques or bank drafts should be made payable to “**OpenDNA Limited**” and crossed “Not Negotiable”. No brokerage or

stamp duty is payable by Applicants. The amount payable on application will not vary during the period of the Offer.

Applicants should ensure that cleared funds are available at the time the Application Form is lodged, as dishonoured cheques will result in the Application Form being rejected.

Application monies will be held in trust in a subscription account until the allotment of New Options under the Offer has taken place or the application monies are returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

Detailed instructions on how to complete the Application Form are set out on the reverse of the form.

Completed Application Forms and accompanying cheques or bank drafts should be delivered or posted as follows:

If by post:	If by hand delivery:
Unit B9, 1 st Floor 431 Roberts Road Subiaco WA 6008	Unit B9, 1 st Floor 431 Roberts Road Subiaco WA 6008

Alternatively, if you are paying by BPAY[®], you do not need to mail or deliver the Application Form. Please refer to your personalised instructions on your Application Form.

The Board will determine the allottees of all the New Options offered under the Offer in its sole discretion. The Board reserves the right to reject any application or to allocate any Applicant fewer New Options than the number applied for. Where the number of New Options issued under the Offer is less than the number applied for, or where no issue is made to an Applicant, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

The Board reserves the right to withdraw all or part of the Offer and this Prospectus at any time, subject to applicable laws, in which case application monies will be refunded without any interest to the Applicant in accordance with applicable law.

1.5 Underwriter

The Offer is not underwritten.

1.6 ASX listing

Application for Official Quotation by ASX of the New Options offered pursuant to this Prospectus (in addition to the Tranche 1 Options, the Tranche 2 Options and the Adviser Options) will be made within 7 days after the date of this Prospectus.

If the New Options 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 ASIC, the Company will not issue any New Options pursuant to the Offer and will repay all application monies in relation to the New Options within the time prescribed under the Corporations Act, without interest.

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

1.7 Issue

The issue of New Options offered under the Offer will take place as soon as practicable after the Closing Date.

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

1.8 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.

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 New Options 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.

1.9 Enquiries

Any queries regarding the Offer should be directed to Peter Torre at investors@opendna.ai.

SECTION 2 — USE OF FUNDS AND EFFECT OF THE OFFER

2.1 Use of funds

As set out in Section 1.1, this Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to facilitate secondary trading of the Tranche 1 Options, the Tranche 2 Options and the Adviser Options, rather than to raise funds.

Under the Offer, an amount of \$100 will be raised before costs of the issue (assuming the Offer is fully subscribed). All of the funds raised from the Offer will be applied towards the expenses of the Offer.

2.2 Effect of the Offer on the Company's capital structure

Up to 10,000 New Options will be issued under the Offer. The Company's capital structure upon completion of the Offer is summarised below.

Shares	Number¹
Shares currently on issue	206,874,140
Shares to be issued pursuant to the Offer	Nil
Total Shares on completion of the Offer¹	206,874,140
Performance Shares	Number¹
Class A Performance Shares	1,200,000
Class B Performance Shares	1,200,000
Class C Performance Shares	1,100,000
Class A Performance Shares expiring 8 September 2022	600,000
Class B Performance Shares expiring 8 September 2022	600,000
Class C Performance Shares expiring 8 September 2022	550,000
Tranche 1 Performance Shares	15,238,095
Tranche 2 Performance Shares	15,238,096
New Performance Shares to be issued pursuant to the Offer	Nil
Total Performance Shares on completion of the Offer¹	35,726,191
Options	Number¹
Unlisted Options exercisable at \$0.30 expiring 9 September 2019	4,500,000
Unlisted Options exercisable at \$0.35 expiring 30 June 2021	3,000,000
Unlisted Options exercisable at \$0.40 expiring 30 June 2023	3,000,000
Unlisted Options exercisable at \$0.30 expiring 11 November 2020	2,000,000
Unlisted Options exercisable at \$0.30 expiring 18 January 2020	1,800,000
Unlisted Options exercisable at \$0.35 expiring 18 January 2021	600,000
Unlisted Options exercisable at \$0.40 expiring 18 January 2022	600,000
Unlisted New Options already on issue	60,714,307
New Options to be issued pursuant to the Offer	10,000
Total Options on completion of the Offer^{1,2}	76,224,307

Notes:

1. Assumes no Options currently on issue are exercised, or Performance Shares currently on issue vest, before completion of the Offer. The Company notes that the vesting conditions attaching to the Performance Shares have not been satisfied as at the date of this Prospectus. For clarity, those conditions are as follows:
 - 1,800,000 Class A Performance Shares will convert into Shares upon the Company achieving 20 million users (at least half of which are directly revenue generative), or \$875,000 in revenue over any period of three consecutive months (equating to annualised revenue of \$3.5 million).
 - 1,800,000 Class B Performance Shares will convert into Shares upon the Company achieving 30 million users (at least half of which are directly revenue generative), or \$1,875,000 in revenue over any period of three consecutive months (equating to annualised revenue of \$7.5 million).
 - 1,650,000 Class C Performance Shares will convert into Shares upon the Company achieving 50 million users (at least half of which are directly revenue generative), or \$3,000,000 in revenue over any period of three consecutive months (equating to annualised revenue of \$12 million).
 - 15,238,095 Tranche 1 Performance Shares will convert into Shares upon the businesses of CHOOSE Digital and RooLife first achieving aggregate revenue of \$1.8 million in a rolling 12-month period (as confirmed by audited financial statements).
 - 15,238,096 Tranche 2 Performance Shares will convert into Shares upon the businesses of CHOOSE Digital and RooLife first achieving aggregate revenue of \$3 million in a rolling 12-month period (as confirmed by audited financial statements).

Whilst there is currently no certainty as to whether those vesting conditions will be satisfied, if they are satisfied, the number of Shares on issue will increase by up to 35,476,191 Shares.

2. Assumes that the Offer is fully subscribed.

2.3 Effect of the Offer on the Company's financial position

After paying for the expenses of the Offer of approximately \$17,500, there will be no proceeds from the Offer. The expense of the Offer (to the extent that they exceed the amount raised under the Offer) will be met from the Company's existing cash reserves.

The Board does not consider that the Offer will have a material effect on the Company's financial position. The effect of the Offer on the Company's financial position, assuming that the Offer is fully subscribed, will be receipt of funds of \$100 less expenses of the Offer of approximately \$17,500.

SECTION 3 — RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

3.1 Rights and liabilities attaching to New Options

The terms of the New Options, including those offered under this Prospectus, are as follows:

(a) **Entitlement**

The New Options entitle the holder to subscribe for one Share upon exercise of each New Option.

(b) **Exercise Price and Expiry Date**

The New Options have an exercise price of \$0.05 (**Exercise Price**) and an expiry date of 5.00pm (WST) on 31 October 2021 (**Expiry Date**).

(c) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date. If a New Option is not exercised before the Expiry Date it will automatically lapse (and thereafter be incapable of exercise).

(d) **Notice of Exercise**

The New Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised.

(e) **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 by the Company as cleared funds of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(f) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(g) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(h) **Timing of issue of Shares**

Within 15 business days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the New Options;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and

(v) apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for bonus issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the New Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(k) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a New Option.

(l) **Adjustment for reorganization**

If there is any reconstruction of the issued share capital of the Company, the rights of the New Options may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) **Quotation of New Options**

The Company will apply for quotation of the New Options (in addition to the Tranche 1 Options, the Tranche 2 Options and the Adviser Options) on ASX.

(n) **Options transferable**

If the Options are not listed options, then they are transferable provided that the transfer of the New Options complies with section 707(3) of the Corporations Act. Should the New Options become listed options in accordance with paragraph (m) above then the New Options will be transferable in accordance with relevant market rules.

3.2 Rights and liabilities attaching to Shares (on conversion of New Options)

If validly exercised, the New Options will convert into 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, potential investors should seek independent legal advice.

Full details of the rights attaching to the Shares are set out in the Company's Constitution, a copy of which can be inspected at the Company's registered office.

(a) **Voting**

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has;

- (i) one vote for every fully paid Share held by him or her; and
- (ii) a fraction of one vote for each partly paid up Share held by him or her.

A poll may be demanded by the chairman of the meeting, by at least five Shareholders entitled to vote on the particular resolution present in person, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of the Shares held by all Shareholders who have the right to vote on the resolution.

(b) **Dividends**

The Directors may determine that dividends are payable on Shares. Shareholders will be entitled to dividends as a result of ownership of Shares in accordance with the Constitution.

(c) **Further issues of securities**

Subject to the Corporations Act and the Listing Rules, the Directors may allot, grant options over, or otherwise dispose of Shares in the Company at the times and on the terms the Directors think fit but the Company shall not issue any Share with a voting right more advantageous than that available to any Share previously issued by the Company. A Share may be issued with other preferential or special rights.

(d) **Transfer of Shares**

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares (other than a market transfer) where the Company is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Company must not prevent, delay or interfere with the generation of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASX Settlement Operating Rules.

(e) **Meetings and notice**

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

(f) **Liquidation rights**

A liquidator may, with the authority of a special resolution of Shareholders:

- (i) distribute among the Shareholders the whole or any part of the remaining property of the Company; and
- (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.

The liquidator may vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder can be compelled to accept any shares or other securities in respect of which there is any liability.

(g) **Alteration and reduction of capital**

The Company may, by resolution, alter its capital in any manner permitted by law and, subject to the Corporations Act, the Company may by special resolution reduce its capital.

(h) **Indemnities**

Subject to the Corporations Act, the Company must indemnify each past and present officer against liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(i) **Shareholder liability**

The Shares, being fully paid shares, are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) **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 Listing Rules.

(k) **Alteration to the 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.

(l) **Listing Rules**

Despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Similarly, nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

SECTION 4 — INVESTMENT RISKS

4.1 Introduction

This Section 4 identifies the areas the Directors regard as the main risks associated with an investment in the Company. There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the main risk factors which the Directors consider potential investors need to be aware of.

4.2 Company specific risks

(a) Capital requirements

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity means, or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on the Company's business and financial condition.

The Company's ability to borrow money will be subject to the availability of debt at the time the Company wishes to borrow money and the cost of borrowing.

(b) Exchange rates

The income and expenditure of the Company can and often will be accounted for in Chinese, United States and other currencies, exposing the Company to the fluctuations and volatility of the rate of exchange between these currencies and the Australian Dollar as determined in international markets.

(c) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management, each of whom has knowledge and experience of the Company's products and services that cannot be replicated by others in the short term. The CEO and management may, subject to the relevant periods of notice specified in their employment agreements with the Company, terminate their employment relationship with the Company at any time and the loss of any member of the senior management team could harm the Company's business.

The Company will need to hire new technical and sales personnel as the business grows. Competition for such personnel is intense and any shortage of availability of the required skills could impair the development of the Company's business and the rate of such development. Such shortage could also cause wage inflation, which may impact on the Company's financial position and financial performance.

(d) Limited history

The Company is still in its early stages and has limited operating history and historical financial performance. No assurance can be given that the Company will achieve commercial viability through its products or services (or otherwise). The Company's market involves

rapidly evolving products and technological change. Products, services and technologies developed by competitors may render the Company's products and services obsolete or non-competitive.

(e) **Regulatory risk**

The Directors anticipate that the Company will continue to have operations in a number of overseas jurisdictions and will be exposed to a range of different legal and regulatory regimes. This will give rise to risks relating to labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, and other issues. Possible sovereign risks include, without limitation, changes in legislation, a shift in political attitude, changes in economic and social conditions, political instability, the imposition of operating restrictions, government participation, changes to taxation rates and/or concessions, exchange control, licensing, duties or imposts, repatriation of income, or return of capital. Any of these factors may, in the future, adversely affect the financial performance and financial position of the Company.

(f) **Litigation risk**

The Company is subject to litigation risks. All industries, including the artificial intelligence and technology industries, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of litigation processes, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

(g) **Taxation risk**

Any change in laws and regulations applicable to the taxation of income, intercompany transactions, withholding taxes, levies and other transactional taxes affecting the Company in the countries it operates in or in which it is listed, or any change in the current interpretation or any disputes with tax authorities or any changes to the Company's income mix, may adversely affect its tax status and increase its tax payable, which would have a negative effect on financial results.

(h) **Employment law risk**

From time to time, the Company may receive claims from former employees for a variety of labour related matters which may or may not have merit. Should any such claims arise, the Company will defend them on a case-by-case basis. As with any litigation the outcome of any claim will not be known until heard by the court. Any claim which is not able to be successfully defended may result in a loss to the Company.

(i) **Technology and intellectual property**

The Company's intellectual property includes its software development and proprietary artificial intelligence algorithms, knowledge base of business operations (including user, industry and market behaviours), customer records and the experience of its management team and workforce. The Company maintains strict security and monitoring of its software code and customer records, including protection and restriction on physical access. However, there is a risk that the Company's security measures may be breached.

Third parties may make unauthorised use of intellectual property relevant to the Company's business to the detriment of the Company, its operations and business. Any unauthorised use, access or copying of the Company's intellectual property could impact adversely on the Company's financial position and financial performance.

4.3 General risks

(a) Securities investments

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares and New Options trade may be above or below the price as at the date of this Prospectus, and may fluctuate in response to a number of factors. Further, the stock market has experienced price and volume fluctuations. There can be no guarantee trading prices will not be subject to fluctuation. These factors may materially affect the market price of the Shares and New Options, regardless of the Company's operational performance.

(b) Share market conditions

The market price of the Company's Shares and New Options may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Economic risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in any of the areas in which the Company operates, the rate of growth of gross domestic product, interest rates and the rate of inflation.

(d) Policies and legislation

Any material adverse changes in government policies or legislation of Australia, China or any other country in which the Company has economic interests may affect the viability and profitability of the Company.

(e) Investment speculative

The above risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by prospective 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 New Options offered under this Prospectus. Therefore, the New Options to be issued pursuant to this Prospectus carry no guarantee for the payment of dividends, returns of capital or their market value. Prospective investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for New Options pursuant to this Prospectus.

SECTION 5 — ADDITIONAL INFORMATION

5.1 Continuous disclosure obligations

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically, as a listed company, the Company is subject to the Listing Rules, which require continuous disclosure to the market of any information possessed by the Company, which a reasonable person would expect to have a material effect on the price or value of its securities.

5.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are continuously quoted securities of a body, or options to acquire such securities.

The New Options to be issued under this Prospectus are options to acquire Shares in the Company (i.e. a class of shares that were continuously quoted securities at all times in the 3 months before the issue of this Prospectus).

Therefore, in preparing this Prospectus, regard has been had to the fact the Company is a disclosing entity for the purposes of the Corporations Act and matters may reasonably be expected to be known to investors and professional advisers whom investors may consult. It must be read in the context of, and having regard to, the Company's continuous disclosure obligations and publicly available information regarding the Company and its business.

ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

5.3 Information available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor invited to participate in this Offer, should they so request during the application period under this Prospectus. Alternatively, they can be downloaded from ASX's website at www.asx.com.au:

- (a) the Annual Report for the Company for the period ending 30 June 2018, being the most recent financial report for a financial year of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Report of the Company for the period ending 30 June 2018 and before the issue of this Prospectus:

Date	Description of ASX announcement
31 July 2018	Appendix 4C and Quarterly Update
29 August 2018	Preliminary Final Report

10 September 2018	Trading Halt
12 September 2018	OPN Signs Binding Acquisition Agreement and \$2.5m Placement
12 September 2018	ODA: Divestiture and China Mobile Debt Updates
20 September 2018	Corporate Governance Statement
20 September 2018	Appendix 4G
20 September 2018	Full Year Stat Accounts and Annual Report to Shareholders
28 September 2018	Completion of Tranche 1 of Placement and Appendix 3B
1 October 2018	Notice under Section 708A(5)(e) of the Corporations Act 2001
23 October 2018	Notice of Annual General Meeting
31 October 2018	Appendix 4C – quarterly
2 November 2018	Forthcoming Release of Restricted Securities
19 November 2018	Appendix 3B
23 November 2018	Results of Meeting
26 November 2018	Investor Presentation
12 December 2018	Change of Director's Interest Notice x2
12 December 2018	Completion of Tranche 2 Placement and Appendix 3B
17 December 2018	Notice Under Sec 708A(5)(e) of the Corporations Act 2001
21 December 2018	Completion of Acquisition and Board and Management Changes
24 December 2018	Appendix 3B
24 December 2018	Initial Director's Interest Notice
24 December 2018	Change of Director's Interest Notice
27 December 2018	Notice Under Sec 708A(5)(e) of the Corporations Act 2001
21 January 2019	Appendix 3B
21 January 2019	Change of Director's Interest Notice

5.4 Interests of Directors

(a) Directors' holdings

At the date of this Prospectus the relevant interests of each of the Directors in the Shares and Options of the Company are as follows:

Directors	Ordinary Shares	Listed Options	Vested unlisted Options ¹	Unvested unlisted Options	Performance Shares ²
Grant Pestell	5,163,736	Nil	8,500,000	Nil	Nil
Jay Shah	32,338,332	Nil	Nil	Nil	Nil
Evan Cross	971,969	Nil	3,000,000	Nil	Nil
Warren Barry	7,619,047 ³	Nil	Nil	Nil	15,238,095

Notes:

1. Mr Pestell holds or has a relevant interest in 2,000,000 vested unlisted Options exercisable at \$0.30 each on or before 9 September 2019, 1,500,000 vested unlisted Options exercisable at \$0.35 each on or before 30 June 2021, 1,500,000 vested unlisted Options exercisable at \$0.40 each on before 30 June 2023 and 3,500,000 vested unlisted Options exercisable at \$0.05 on or before 31 October 2021.

Mr Cross holds 1,200,000 vested unlisted Options exercisable at \$0.30 each on or before 9 September 2019, 900,000 vested unlisted Options exercisable at \$0.35 each on or before 30 June 2021 and 900,000 vested unlisted Options exercisable at \$0.40 each on or before 30 June 2023.

2. Mr Barry holds 7,619,047 Tranche 1 Performance Shares and 7,619,048 Tranche 2 Performance Shares, the terms of which are set out at note 1 of Section 2.2 above.
3. Escrowed to 20 December 2019.

(b) Remuneration of Directors

The Company currently has a single Executive Director, Mr Warren Barry. Fees and payments to the Executive Director reflect the demands which are made on, and the responsibilities of, the Executive Director. The Executive Director's remuneration is reviewed at least annually by the Board. The base remuneration is presently \$246,375 per annum (inclusive of superannuation) for the Executive Director.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by Shareholders. The maximum currently stands at \$350,000 per annum and was approved by Shareholders prior to the Initial Public Offering of the Company in 2016. The level of fees for Non-Executive Directors is presently set at \$45,000 plus superannuation per annum and \$65,000 plus superannuation per annum for the Non-Executive Chairman. Details of remuneration provided to Directors and their associated entities during the past two financial years are as follows:

Financial year ended 30 June 2018

Director	Fees / Salaries \$	Superannuation \$	Shares / Share options \$	Long Service Leave \$	Other non-monetary remuneration \$	Total \$
Grant Pestell	27,083	2,573	55,926	-	-	85,582
Jay Shah	210,659	-	-	-	152,210	362,869
Evan Cross	18,750	1,781	33,556	-	-	54,087
Lonnie Sciambi ¹	22,500	-	-	-	-	22,500

Notes:

1. Lonnie Sciambi resigned as a Director on 30 November 2017.

Financial year ended 30 June 2017

Director	Fees / Salaries \$	Superannuation \$	Shares / Share options \$	Long Service Leave \$	Other non-monetary remuneration \$	Total \$
Grant Pestell	43,333	4,117	218,464	-	-	265,914
Jay Shah	245,994	-	-	-	40,645	286,639
Evan Cross	30,000	2,850	131,078	-	-	163,928
Lonnie Sciambi	30,000	-	-	-	131,078	161,078

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

5.5 Interests of named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other 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, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Murcia Pestell Hillard has acted as solicitors to the Company in relation to the Rights Issue. For their professional services on this Prospectus, the Company will pay approximately \$12,500 (excluding GST).

5.6 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.

5.7 Consents

Each of the parties referred to in this Section 5.7:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 5.7; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes 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 5.7.

Murcia Pestell Hillard has consented to being named in this Prospectus as the solicitors to the Company in this Prospectus, and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

5.8 Expenses of the Offer

The expenses of the Offer are estimated to be \$17,500. These expenses are payable by the Company.

5.9 CHESS

The Company participates in CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Options.

If you are broker sponsored, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of New Options issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Share Registrar and will contain the number of New Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

5.10 Electronic Prospectus

Subject to compliance with certain specified conditions, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a compliant prospectus lodged with ASIC, and the publication of notes referring to an electronic prospectus or electronic application form.

If you have received this Prospectus as an Electronic Prospectus please ensure you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at investors@opendna.ai and the Company will send to you, free of charge, either a hard copy or a further electronic copy of the Prospectus or both.

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. New Options will not be issued except upon receipt of a valid Application Form, attached to this Prospectus.

5.11 Privacy

The Company will collect the information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer that Applicant's security holding in the Company.

By submitting an Application Form, the Applicant agrees the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

5.12 Enquiries regarding this Prospectus

Enquiries regarding this Prospectus should be directed to the Company Secretary by telephone on (08) 6444 1702.

SECTION 6 — DEFINED TERMS

\$ or Dollar means Australian dollars.

Adviser Options has the meaning given in Section 1.1.

AGM means the Company's Annual General Meeting held on 23 November 2018.

Applicant means a person who applies for New Options pursuant to the Offer using an Application Form.

Application Form means the application form attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd ACN 613 410 398.

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement as amended from time to time.

Board means the board of Directors as constituted from time to time.

CHES means ASX Clearing House Electronic Sub-register System.

CHOOSE Digital means CHOOSE Digital Pty Ltd (ACN 627 887 996), a wholly owned subsidiary of the Company.

Closing Date means the closing date for receipt by the Company of completed Application Forms, being 5.00pm on 31 January 2019, subject to the right of the Company to vary that date (in accordance with the Listing Rules).

Company means OpenDNA Limited (ACN 613 410 398).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Electronic Prospectus means the electronic version of this Prospectus.

Exercise Date has the meaning given in Section 3.1(e).

Exercise Price has the meaning given in Section 3.1(b).

Expiry Date has the meaning given in Section 3.1(b).

Listing Rules means the official listing rules of ASX.

New Option means an option to subscribe for a Share on the terms and conditions set out in Section 3.1.

Notice of Exercise has the meaning given in Section 3.1(d).

Offer means the offer of New Options under this Prospectus, as described in Section 1.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means 30 January 2019.

Option means an option to acquire one Share.

Optionholders means the holder of a New Option.

Placement has the meaning given in Section 1.1.

Prospectus means this prospectus and includes the Electronic Prospectus (where applicable).

RooLife means RooLife Limited (ACN 626 705 299), a wholly owned subsidiary of the Company.

Section means a section of this Prospectus.

Shareholder means the holder of one or more Shares.

Share means a fully paid ordinary share in the capital of the Company.

Tranche 1 Options, Tranche 1 Shares, Tranche 2 Options and Tranche 2 Shares each have the meaning given to them in Section 1.1.