

The gateway for super fast networks and cloud infrastructure.

5G NETWORKS LIMITED
ABN 30 163 312 025
PROSPECTUS



“The best way to predict the future is to create it”

Key offer statistics

Offer of between 16,000,000 and 17,600,000 fully paid ordinary shares at an Offer Price of \$0.25 per share to raise between \$4,000,000 (before costs) and \$4,400,000 (before costs)

Lead Manager – First Guardian Capital Pty Ltd

This document is important. You should read it in its entirety. You should consult your stockbroker, accountant or other professional adviser before deciding whether to invest in Shares.

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Key dates for 2017

Lodgement of the original Prospectus with ASIC

Date of this Replacement Prospectus

Opening Date of Offer

Closing Date of Offer

Issue of new Shares

Expected despatch date of Holding Statements

Expected date for Shares to commence trading on ASX

Indicative timetable

| | |
|----------|--------------|
| Thursday | 14 September |
| Thursday | 28 September |
| Friday | 29 September |
| Thursday | 19 October |
| Tuesday | 24 October |
| Thursday | 26 October |
| Friday | 27 October |

Note: The above dates are indicative only. The Company reserves the right to alter this timetable including the Opening Date of Offer and the Closing Date of Offer. Applicants are advised to lodge their Application Forms as soon as possible after the Opening Date if they wish to invest in the Company.

IMPORTANT NOTICE

This Prospectus is an important document and requires your prompt attention. You should read it carefully. It is important that you consider the risk factors (see section 8) before deciding on your course of action as these could affect the Company's financial performance.

OFFER

The Offer contained in this Prospectus is an invitation to acquire Shares in the Company. The Offer is an offer of a minimum of 16,000,000 fully paid ordinary shares in the Company (Shares) at the Offer price of \$0.25 per Share to raise a minimum of \$4,000,000 and a maximum of 17,600,000 Shares to raise \$4,400,000 (in each case before costs).

LODGEMENT AND LISTING

This Replacement Prospectus (Prospectus) is dated 28 September 2017 and a copy of this Prospectus was lodged with ASIC on that date. It replaces the Prospectus dated 14 September 2017. The Company will within 7 days of the date of this Prospectus lodge an application with the ASX for admission of the Company to the official list of the ASX and quotation of all Shares (including Shares issued pursuant to this Prospectus) on the ASX. Neither ASX nor ASIC takes any responsibility for the contents of this Prospectus. The fact that the ASX may admit the Company to its official list is not to be taken in any way as an indication of the merits of the Company or the New Shares offered under this Prospectus.

REPLACEMENT PROSPECTUS

This Replacement Prospectus contains certain changes to the original prospectus lodged on 14 September 2017. In summary, some minor amendments were made to the Chairman's Letter, sections 3.1, 8.1 and 11.5 to make it clearer that 5G Networks had not yet acquired Enspire as at the date of this Prospectus and to clarify certain other matters. Further information was inserted in section 7.1 in relation to the Company Director Joseph Demase's experience, section 7.5 in relation to the Directors' interests and section 11.2 in relation to the Enspire Acquisition Agreement. Additionally, the table in section 9.7 has been updated to include the ongoing costs of the Company as a listed entity and the table in section 9.10 was replaced. The definition of "Company and 5G Networks" in section 13 has also been amended to make it clearer that 5G Networks had not yet acquired Enspire as at the date of this Prospectus.

MINIMUM SUBSCRIPTION AND LISTING CONDITIONS

No Shares will be issued under this Prospectus until:

- the minimum subscription of \$4,000,000 (Minimum Subscription) has been achieved; and
- ASX has granted permission for Shares to be quoted on its official list.

If the Minimum Subscription has not been achieved or ASX has not granted permission for Shares to be quoted on its

official list within 3 months after the date of this Prospectus, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practical in accordance with the requirements of the Corporations Act.

EXPIRY DATE

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Shares offered pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing the Applications received until after the Exposure Period.

The Exposure Period is the 7 day period from the date of this Prospectus and may be extended by ASIC by up to a further 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants. That examination may result in the identification of deficiencies in this Prospectus, in which case any Application received may need to be dealt with in accordance with section 724 of the Corporations Act.

JURISDICTION

This Prospectus and the enclosed Application Form (including any electronic prospectus) do 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. In particular, 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 such restrictions may constitute a violation of applicable securities laws.

The Shares have not been, and will not be, registered under the US Securities Act 1933 (US Securities Act) and may not be offered or sold in the United States of America, or to, or for the account or benefit of any person in the USA.

Please see section 6.11 for more details.

FORM OF PROSPECTUS

Persons who receive the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Persons who receive a copy of this Prospectus in its electronic form may obtain a paper copy of the Prospectus (including any supplementary document and the Application Form) free of charge by contacting the Company.

DEFINED TERMS AND GLOSSARY

Capitalised words and expressions used in this Prospectus are defined in the Glossary at section 13 of this Prospectus.

“Broadband connections will pave the way to technology breakthroughs and advancements, but we must first lay the infrastructure so everyone can benefit.”

- Klaus Schwab, Founder & Executive Chairman, World Economic Forum

FINANCIAL AMOUNTS

Financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this 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.

PRIVACY

The Company collects information about each Applicant provided on an Application for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company. By submitting an Application, each Applicant agrees that the Company may use the information provided by that Applicant on that Application for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

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

An Applicant has a right to gain access to the information that the Company and the Share Registry holds about that person subject to certain exemptions under law. Access requests must be made in writing to the Company.





5G networks is
leading the way
in fast adaptable
broadband for
Australian business.

CHAIRMAN'S LETTER

Dear Investor

On behalf of my fellow directors, I am pleased to provide you with an opportunity to become a shareholder in 5G Networks.

5G Networks is an innovative and new take on network infrastructure.

5G Networks provides the end-to-end control, responsiveness and upload and download speeds necessary to fully capture the value of cloud-based computing systems. Cloud based computing is providing business with a dramatic new way to succeed, and is experiencing significant growth. But without the network access 5G provides mid-market corporates cannot effectively access this cloud computing.

5G Networks enables business to take advantage of the cloud-based phenomenon today. The end-to-end service provided by 5G Networks will ensure security of data and service. The powerful symmetrical bandwidth will ensure that the advantages offered through the cloud are fully realized by 5G Network's users.

A highly skilled and experienced management team supports the 5G Networks business. The team has a proven track record in developing and managing highly successful network infrastructure projects that have shaped the telecommunications sector in Australia.

5G Networks plans to rapidly grow its network, customers and revenue. 5G Networks will grow organically by increasing its customer base and partners. In addition, 5G Networks' will seek growth through targeted acquisitions commencing with Enspire.

Enspire is capable of delivering the cloud solutions that mid market corporates require. 5G Networks itself currently has no customer base or revenue, but Enspire will bring both customers and revenue to the 5G Group. Enspire has been doing business in Australia since 1999 and is a proven performer as a provider and facilitator of cloud computing services. It has access to a privately owned data centre for use by private cloud clients. In addition, Enspire has proven credentials as a specialist in hybrid cloud integrations, developing bespoke cloud infrastructure solutions, both private and public, that address the needs of businesses in 5G Networks' target market.

The foundation provided by the Enspire business and the strong growth prospects associated with 5G Networks provide an ideal environment in which to raise equity capital to further accelerate that growth. Funds raised will be utilised to increase 5G Networks' capability, including establishment of effective coverage which is intended over time to apply across the Eastern seaboard of Australia.

5G Networks is supported by an impressive team of directors and executive management. This team has many years' experience in telecommunications, ICT, business management, corporate finance, corporate governance and marketing, both in Australia and internationally.

Under this Prospectus, 5G Networks is offering for subscription between 16 million shares at an issue price of 25 cents to raise \$4 million and 17.6 million shares at an issue price of 25 cents to raise \$4.4 million. \$800,000 will be used to complete the acquisition of Enspire. On listing the Company will have a market capitalisation of approximately \$11 million at the Offer Price.

Details of the offer and the operations and financial position of 5G Networks are set out in this Prospectus and I encourage you to read it carefully, including the risks set out in section 8.

On behalf of the Board of 5G Networks, I look forward to welcoming you as a shareholder in the Company.

Yours sincerely



Albert Cheok
Chairman

By offering a holistic platform from the start 5G Networks can arrive at the best design, using the latest technologies.

- Budde Report, 2017 - see Section 5



1 INVESTMENT HIGHLIGHTS

THE COMPANY

This section is a summary of key information contained in this Prospectus and is not intended to provide full information for investors intending to apply for Shares. This Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or their future value.

| TOPIC | SUMMARY | MORE INFORMATION |
|---|---|---|
| WHO IS THE ISSUER OF THIS PROSPECTUS? | 5G Networks Limited | Refer to section 3.1 |
| WHO IS THE COMPANY AND WHAT DOES IT DO? | <p>5G Networks Limited (Company or 5G Networks) is the holding company of the 5G Group (Group and 5G Group). The Group has 2 operating entities:</p> <ul style="list-style-type: none"> • 5G Network Operations Pty Ltd • Enspire Australia Pty Ltd <p>These 2 operating entities own and operate the Networks Business and the ICT Services Business</p> | Refer to section 3.1 |
| WHAT IS THE NETWORKS BUSINESS? | The Networks Business supplies high speed broadband access to mid-market corporate businesses | Refer to section 3.2 |
| WHAT IS THE ICT SERVICES BUSINESS? | The ICT Services Business supplies cloud, hosting support and network services to mid-market corporate businesses | Refer to section 3.3 |
| HOW DOES THE 5G GROUP GENERATE INCOME? | The 5G Group intends to generate revenue by supplying networks services and ICT services to its corporate | Refer to sections 3 and 4 |
| WHAT ARE THE COMPANY'S KEY STRENGTHS? | <p>The Company's key strengths include its;</p> <ul style="list-style-type: none"> • Proven capacity as a supplier of cloud applications; • Access to unique proven state of the art high speed network technology; • First mover advantage; • Bundled services of cloud computing, delivered with state of the art network in a highly available environment; • Super-fast installation; • Talented management team; • Existing customer base; • Identified customer lead demand for the 5G offering and; • strategic partner relationships | Refer to sections 3.2, 3.3, 4.5 and 4.8 |
| WHAT ARE THE COMPANY'S KEY BUSINESS STRATEGIES? | <p>The Company's key business strategies include:</p> <ul style="list-style-type: none"> • Growth and expansion of its broadband network; • Cross-selling networks services to its ICT service customer base; • Increasing its customer base: both networks and ICT services both organically and via acquisitions; • Focusing on the much under serviced and neglected mid-market business sector | Refer to sections 4.4 and 4.7 |

1 INVESTMENT HIGHLIGHTS

THE COMPANY / THE OFFER

| TOPIC | SUMMARY | MORE INFORMATION |
|--|---|--------------------------------|
| WHAT IS THE FINANCIAL POSITION OF THE GROUP? | <p>As at 30 June 2017 the Group has existing assets and revenue and post-IPO will be well capitalised to progress its growth strategies</p> <p>The financial information as at 30 June 2017 is based on the audited financial statements of companies comprising the Group</p> <p>Further financial information regarding the Group is set out in Section 9. The financial information is considered in the Investigating Accountant's Report included in section 10</p> <p>Applicants should note that past performance is not a reliable indicator of further performance</p> | Refer to sections 9 and 10 |
| WHAT IS THE OFFER? | The Company is offering Shares to the public at an issue price of \$0.25 each to raise between \$4,000,000 and \$4,400,000 before offer costs | Refer to section 6.1 |
| WHY IS THE OFFER BEING CONDUCTED? | <p>The principal purposes of the Offer are to:</p> <ul style="list-style-type: none"> • Provide funds for the purpose set out in section 6.5; • Provide the Company with access to equity capital markets for future funding needs; and • Enhance the public and financial profile of the Company to facilitate further growth of the Company's business | Refer to sections 6.1 and 6.5 |
| HOW WILL FUNDS RAISED UNDER THE OFFER BE USED? | <p>Funds raised under the Offer will be applied towards:</p> <ul style="list-style-type: none"> • Acquisition of Enspire; • Network rollout; • Expenses of the Offer; and • General working capital | Refer to section 6.5 |
| WHAT IS THE EFFECT OF THE OFFER ON THE CAPITAL STRUCTURE OF THE COMPANY? | Following the Offer, the Company's Share capital will be as set out in section 6.6 | Refer to section 6.6 |
| IS THERE A MINIMUM SUBSCRIPTION CONDITION? | The Offer is conditional on the minimum subscription of \$4,000,000 (Minimum Subscription) being received and ASX approving the Company's application for listing. See section 6.15. If the Minimum Subscription is not achieved or ASX approval is not given within 3 months of the date of this Prospectus (or any longer period as ASIC and ASX may permit) the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practical in accordance with the requirements of the Corporations Act | Refer to sections 6.4 and 6.15 |
| CAN THE OFFER BE WITHDRAWN? | The Company also reserves the right not to proceed with the Offer at any time before the issue of the Shares and no interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer | Refer to sections 6.4 and 6.15 |

1 INVESTMENT HIGHLIGHTS

KEY RISK FACTORS

Investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in detail in section 8. The risks include risks particular to the industry sectors in which the 5G Group operates and particular to its business strategy, as well as the general risks applicable to all investments in listed shares, which may affect the value of the Shares in the future. An investment in the Company should be considered speculative. This section summarises only some of the risks which apply to an investment in the Company and investors should refer to section 8 for more detailed information on risks.

| TOPIC | SUMMARY | MORE INFORMATION |
|---|--|----------------------------------|
| ARE THERE RISKS? | <p>Yes</p> <p>This summary should not be relied on. More detailed information is provided in section 8. It is strongly recommended that you read section 8 in full</p> <p>The risks described in section 8 include risks considered specific to the Company. These are set out in section 8.1 and summarised below. There are also risks which are considered general risks of investing in shares. These are set out in section 8.2</p> | Refer to section 8 |
| MARKET RISKS | The success of 5G Networks will depend on its ability to maintain existing customers, attract new customers, sell its network services to existing ICT service customers and to sell the combination of its ICT service and network services to new customers | Refer to section 8.1 |
| COMPETITION RISKS | 5G Networks faces competition for customers in respect of its network services and its cloud services | Refer to section 8.1.2 |
| LEGAL, REGULATORY AND POLICY CHANGES RISKS | 5G Networks' wireless applications utilise unlicensed spectrum and are subject to and must comply with a number of laws, regulations and government policies. If changes occur, which effect 5G Networks' access to unlicensed spectrum or changes occur to allow others to access the unlicensed spectrum, 5G Networks business could be adversely affected | Refer to sections 8.1.3 and 11.4 |
| RISKS OF COMPLIANCE WITH LAWS AND REGULATIONS | <p>Inadvertent breaches or non-compliance with the laws and regulations could have serious consequences for 5G Networks' business</p> <p>5G Networks will be required to hold a carrier licence and will not be able to conduct its network business if it does not obtain a carrier licence</p> | Refer to sections 8.1.4 and 11.4 |
| OPERATIONAL RISK | 5G Networks' business is exposed to operational risks including risks associated with the roll out of infrastructure, service outages, loss of customer data and increases in 5G Networks input costs | Refer to section 8.1.5 |
| RISKS ASSOCIATED WITH SUPPLIERS | A disruption in the supply of equipment or services to 5G Networks may have a negative impact on the business of 5G Networks until an alternative provider is able to supply | Refer to section 8.1.6 |

1 INVESTMENT HIGHLIGHTS

KEY RISK FACTORS / OTHER KEY OFFER DETAILS

| TOPIC | SUMMARY | MORE INFORMATION |
|---|--|-------------------------|
| TECHNOLOGY RISKS | 5G Networks' success will depend on its ability to stay ahead of technology and respond quickly to changes in technology in a cost effective way | Refer to section 8.1.7 |
| RISKS OF LOSS OF KEY PERSONNEL | 5G Networks' success will depend on its ability to attract, train and retain key individual staff members | Refer to section 8.1.8 |
| INTELLECTUAL PROPERTY RISKS | Considerable value exists in 5G Networks intellectual property. If competitors are able to reverse engineer these products, it will negatively affect 5G Networks business | Refer to section 8.1.9 |
| ACQUISITIONS RISKS | 5G Networks will consider making acquisitions and so it will be subject to the risks commonly encountered in making acquisitions | Refer to section 8.1.10 |
| IPO RISKS | 5G Networks will be subject to the risks inherent in undertaking an IPO | Refer to section 8.1.11 |
| HOW DO I APPLY FOR SHARES UNDER OFFER? | <p>All Application Forms must be completed in accordance with their instructions and must be accompanied by payment in Australian dollars for the full amount of the application at \$0.25 per Share</p> <p>Please visit www.5gnetworks.com.au to view the electronic prospectus and complete the Application form</p> <p>Payment may be made by Cheque or BPAY. Cheques must be made payable to "5G Networks Limited – Subscription Account" and should be crossed "Not Negotiable"</p> <p>Applications under the Offer must be for a minimum of 8,000 Shares (i.e. \$2,000)</p> | Refer to section 6.2 |
| WHAT RIGHTS AND LIABILITIES ARE ATTACHED TO THE SHARES BEING OFFERED? | The rights and liabilities attaching to the Shares are described in section 12.2 | Refer to section 12.2 |
| IS THE OFFER UNDERWRITTEN? | No | Refer to section 6.9 |

1 INVESTMENT HIGHLIGHTS

OTHER KEY OFFER DETAILS

| TOPIC | SUMMARY | MORE INFORMATION |
|--|---|-----------------------|
| WILL ANY CAPITAL RAISING FEES BE PAYABLE IN RESPECT OF THE OFFER? | 5G Networks must pay the Lead Manager a capital raising fee of 6% (plus GST) of the funds raised under the Offer | Refer to section 6.10 |
| WILL THE SHARES ISSUED UNDER THE OFFER BE QUOTED? | The Company will apply to ASX no later than 7 days from the date of this Prospectus for admission of the Company to the official list of ASX, and official quotation of the Shares offered under this Prospectus under the code 5GN | Refer to section 6.15 |
| WHEN WILL I KNOW IF MY APPLICATION IS SUCCESSFUL? | Holding statements confirming allocations under the Offer will be sent to successful applicants as required by ASX. Holding statements are expected to be issued to Shareholders on or about 26th October 2017 | Refer to section 6.15 |
| CAN I SPEAK TO A REPRESENTATIVE ABOUT THE OFFER? | Questions relating to the Offer and completion of Application Forms can be directed to: Link Market Services 1300 494 781 (within Australia) +61 1300 494 781 (outside Australia) or your financial advisor | Refer to section 6.21 |
| WHO ARE THE COMPANY'S DIRECTORS? | The Directors of the Company are: <ul style="list-style-type: none"> • Albert Cheok; • Joseph Demase; • Joseph Gangi | Refer to section 7.1 |
| WHO COMPRISES THE SENIOR MANAGEMENT TEAM OF THE COMPANY? | The Company's senior management team is comprised of: <ul style="list-style-type: none"> • Joseph Demase (MD) • Geoffrey Nicholas (CFO) • Garry White (National Sales Director) | Refer to section 7.2 |
| WHAT ARE THE SIGNIFICANT INTERESTS OF THE DIRECTORS? | The Directors hold shares in the Company and may participate in the ESOP and Performance Rights Plan. The Directors will also be paid directors fees | Refer to section 7 |
| IS THE COMPANY PARTY TO ANY RELATED PARTY ARRANGEMENTS? | The Company is party to a number of related party arrangements | Refer to Section 11.7 |

1 INVESTMENT HIGHLIGHTS

MISCELLANEOUS MATTERS

| TOPIC | SUMMARY | MORE INFORMATION |
|---|--|------------------------|
| WILL ANY SHARES BE SUBJECT TO ESCROW? | <p>None of the Shares issued under the Offer will be subject to escrow</p> <p>ASX may impose mandatory escrow on certain Shares to be held by Pre IPO Shareholders and the Enspire Vendors and others for periods of 12 to 24 months</p> <p>The Company will announce final escrow arrangements to ASX prior to quotation of Shares</p> | Refer to section 6.8 |
| WILL THE COMPANY PAY DIVIDENDS? | <p>The Board presently cannot provide a guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the time. However, it is the Board's plan to develop a dividend policy within its corporate governance framework</p> | Refer to section 6.20 |
| WHAT ARE THE TAX IMPLICATIONS OF INVESTING IN SHARES UNDER THE OFFER? | <p>The tax consequences of any investment in Shares will depend upon each individual applicant's particular tax circumstances. Investors should obtain their own advice before deciding to invest</p> | Refer to section 12.11 |
| WHERE TO FIND MORE INFORMATION? | <p>Questions relating to the Offer and the Application Form can be directed to the Link Market Services 1300 494 781 (within Australia) +61 1300 494 781 (outside Australia)</p> | Refer to section 6.21 |

2 THE MARKET OPPORTUNITY

2.1 GROWTH OF CLOUD SERVICES AND APPLICATIONS

Information technology has become a critical component of almost every business in Australia.

2.1 GROWTH OF CLOUD SERVICES AND APPLICATIONS

Information Communications Technology (ICT) has become a critical component for almost every business in Australia. Digital transformation and the broadened adoption of ICT has become one of the key agendas for Australian businesses. In 2015 the Australian Government set up the Office for Digital Transformation to help government departments and agencies undergo digital transformation and to have central oversight over the Government's ICT agenda as Australians are more mobile, more connected and more reliant on technology.

As ICT continues to rapidly evolve, the complexity and sophistication of ICT services and applications are also transforming. One of the key developments in supporting this evolution has been the introduction and adoption of cloud services and applications. Cloud services will serve to boost innovation and productivity across the digital economy. The number of businesses using cloud software is growing rapidly. The Australian Bureau of Statistics (ABS) have estimated that as at 30 June 2016 31% of businesses were using some kind of cloud software, up from 19% in 2014. In response to surveys ABS reported that over 50% of businesses saw cloud software as important to their business and that the use of cloud is now viewed as a fundamental aspect of business and organisational efficiency. As at 30 June 2016 the use of paid cloud computing services increased with each successive employment size range, from 25% for businesses with 0-4 persons employed to 60% for businesses with 200 or more persons employed.

The primary drivers for the growth in demand for cloud services are scalability, accessibility, its task-centric nature and its ability to offer economies of scale. Business applications (CRM, Accounting system, ERP) are required to be up and available 100 percent of the time. The implications of downtime or degraded network performance for businesses include loss of revenue, work inefficiencies, gaps in mission critical data and negative experiences for customers.

2.2 THE NETWORK ACCESS PROBLEM

As the corporate sector moves towards increasing take up of cloud services and applications, challenges such as network access and data speeds are emerging. Depending on location, these challenges are often exaggerated and costly. This is in part a result of Government policy not to extend the NBN fibre network to business premises. In the ICT industry this additional extension is known as the "last mile" connection problem. Without the last mile many businesses are dependent on substandard copper connections and inferior technology such as ADSL. Copper/ADSL solutions are sub-optimal, particularly in terms of access redundancy and back up, and in most cases preclude the businesses from effective use of cloud applications.

The mid-market corporate sector is one of the largest ICT spending segments in Australia. This sector is serviced by a range of network and cloud providers. However, very few companies service both the network and the cloud; that is offering a complete service. The mid-market corporate sector does not attract the attention of larger providers and as a



2 THE MARKET OPPORTUNITY

2.3 MARKET OPPORTUNITY IN CLOUD AND NETWORK

result many mid-market businesses have been forced to integrate elements of the solutions themselves, which creates a complex solution at a high cost, and often having to use a number of different suppliers.

2.3 MARKET OPPORTUNITY IN CLOUD AND NETWORK

At the moment many businesses in the mid-market corporate sector are forced to locate their ICT infrastructure onto their own premises, as there is a lack of available and viable network and cloud solutions in the market.

This situation has generated significant concerns and problems which include:

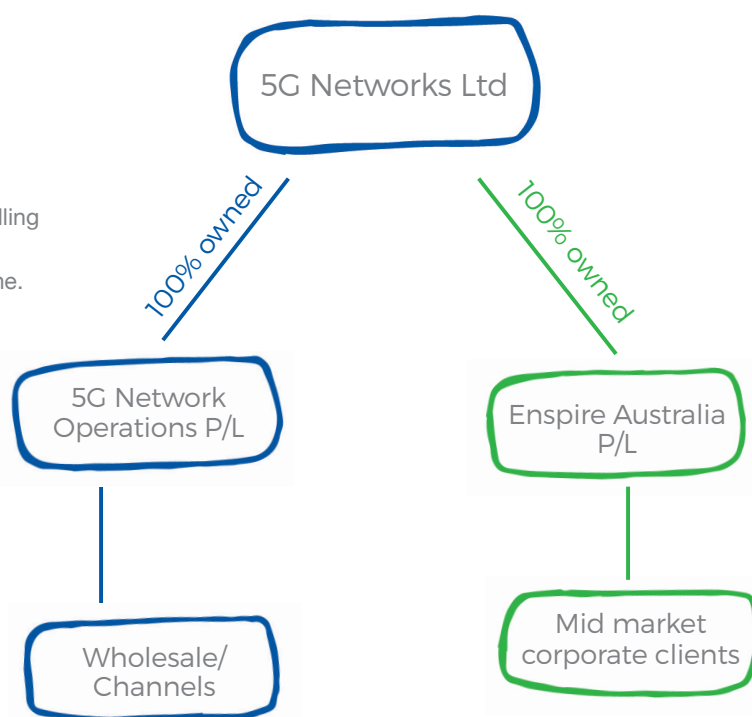
- the environment – security, cooling and power are key components. The corporates hosting the on premises hardware need to manage the environment in addition to the backup and recovery process required. A cloud solution eliminates the need for on premises hardware and removes these risks while saving space and resources;
- significant capital costs, licensing and maintenance fees. By moving to the cloud, businesses are able to convert these capital and recurrent costs to a single monthly subscription fee;
- full time technical staff which are required to maintain physical and virtual environments for the equipment. This multi-talented skill set is often hard to find and often expensive; and
- a risk of load/backup/and technical problems. Even with maintenance agreements supporting on premise hardware, businesses will still experience a period of downtime while the environment is being repaired. These downtime periods are costly and inefficient.

The supply of ICT services from the cloud offers a compelling solution to these problems. However, access to the cloud often requires high speed connection to the fibre backbone.

Difficulties with this include the facts that:

- Business grade fibre is limited and expensive outside of the CBD;
- The fibre backbone is adequate to support cloud solutions but many corporates cannot access the quality last mile services to connect to the backbone denying them access to the required speed;
- The speed to have fibre installations connected – these connections could take between 1 to 3 months to install. In addition to this copper offerings are limited in speed (10Mbps non symmetrical); and
- Copper quality is deteriorating as a result of the Telstra divestment – Telstra is removing PSTN and ISDN services across all exchanges and will turn off this voice network. This will force all corporates to move to VoIP.

5G Networks solves both the cloud hosting and network infrastructure problems highlighted above. As the network is rolled out it will deliver high speed quality wireless connections to the fibre backbone and provide a superior service through its cloud products, which have been well tested in the market and are trusted by the Company's existing customers.



3 THE COMPANY AND ITS BUSINESS

3.1 5G NETWORKS

“The SME market is the fastest growing and the most lucrative market for value-added telecommunications services for the carriers and service providers.” - Budde Report, 2017 - see Section 5

3.1 5G NETWORKS

5G Networks Limited (Company or 5G Networks) is a public company incorporated in Australia and following the Enspire acquisition will become the holding company of the 5G Group. The 5G Group will have 2 operating entities; 5G Network Operations Pty Ltd (Network Operations) and Enspire Australia Pty Ltd (Enspire). These 2 subsidiaries will operate the wholesale networks and cloud infrastructure businesses and, as the network is rolled out, will supply direct ICT and network services to mid-market corporate clients.

3.2 NETWORKS BUSINESS

5G Networks is currently establishing the networks business which will focus on last mile connection by deploying high-speed wireless broadband links. The network will deliver secure and symmetrical last mile network access to mid-market corporate customers. A core attribute of the network is high speed wireless capability to reach organisations which have been left stranded by the access strategies of larger infrastructure providers. These services add significant value through the availability of high speed internet services which can support needs for additional network capacity, speed and/or redundancy. The network can be seamlessly integrated in conjunction with existing fibre services.

The installation of a relatively small number of base stations around key Melbourne metropolitan areas will provide coverage for a substantial number of mid-market corporate businesses. The Australian Bureau of Statistics (ABS) have estimated that as at 30 June 2015 there were 253,557 mid-market corporate businesses in Australia. For these purposes mid-market is defined as businesses with between 5 and 199 employees. 5G Networks will only have to achieve a very small share of the supply of ICT services to this market to realize significant revenue and profitability growth.

The network roll out has commenced, lease sites are being negotiated, equipment ordered and the market planning and forecasting has been completed. Stage 1 of the network roll out is expected to be completed by mid-2019 at a cost of approximately \$1.4m. The initial roll out will target mid-market corporates with the first customers expected late 2017. See section 4.4. After completion of stage 1, 5G Networks will continue to expand and develop the network strategically throughout the east coast of Australia. Further stages of the network development will be subject of the 5G Network's future growth strategy.

The 5G Networks' wireless capability will operate within the 5GHz and 2.4 GHz spectrum utilising wireless point-to-multipoint technology. This is unlicensed spectrum that can be accessed by 5G Networks for a fraction of the cost of utilising licensed spectrum. Although the use of unlicensed spectrum will require 5G Networks to operate utilising low signal power, the technology adopted by 5G Networks will allow it to deliver high speed broadband services. The wireless point-to-multi-point technology will work in parallel with existing fibre services, offering redundancy and load balancing for clients who demand high availability for their cloud applications.

In conjunction with the network roll-out, 5G Networks will leverage the infrastructure and expertise of the Enspire platform team. It will offer wholesale private cloud solutions to the new customer base supplied with network access. 5G Networks will be able to utilise Enspire's existing customer base as a working demonstration and as a sales reference point for these new customers.

Customers in the 5G Networks coverage area will be able to access a symmetrical network service up to 350 mbps. Symmetrical service is critical to businesses' network access as they have the same amount of data going both ways,

3 THE COMPANY AND ITS BUSINESS

3.2 NETWORKS BUSINESS

as opposed to residential customers who mainly rely on downloads. Once the network is established in an area the service can be made available within days of the customer placing an order with 5G Networks, compared to fibre services that may take several months to implement. 5G Networks can offer its connection speeds of up to 350 mbps at competitive market prices.

A key 5G Networks strategy is integrating telecommunications access and ICT services. *“The real value lies in creating cross-linkages between technologies and between markets. This creates an opportunity for 5G Networks”* as stated in the Budde Report - see section 5.

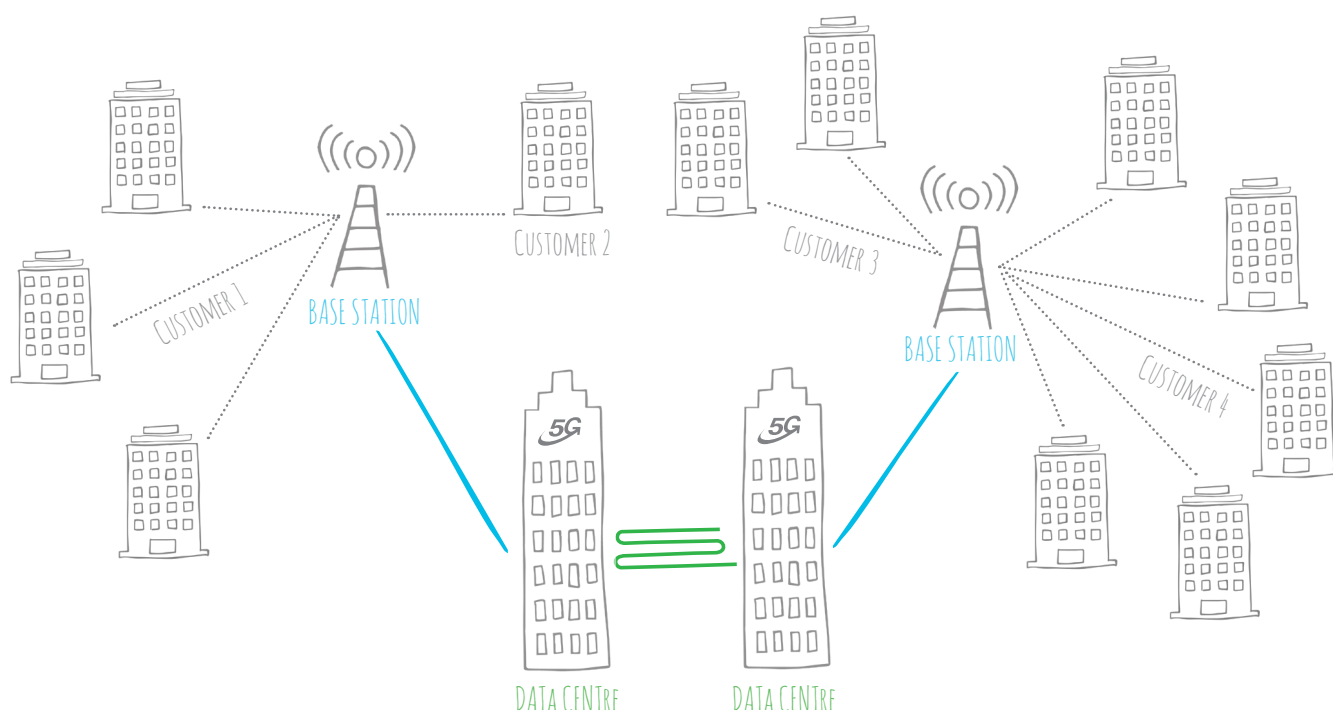
Australia is currently ranked 51st in the world for average internet speeds at an average of approximately 10.1Mbps. 5G Networks is offering speeds up to 34 times faster at 350 mbps. Customers who are reliant on a number of services including cloud services are demanding an increase in download and upload speeds. 5G Networks plans to accommodate the market demand by offering an advanced service with high speeds.

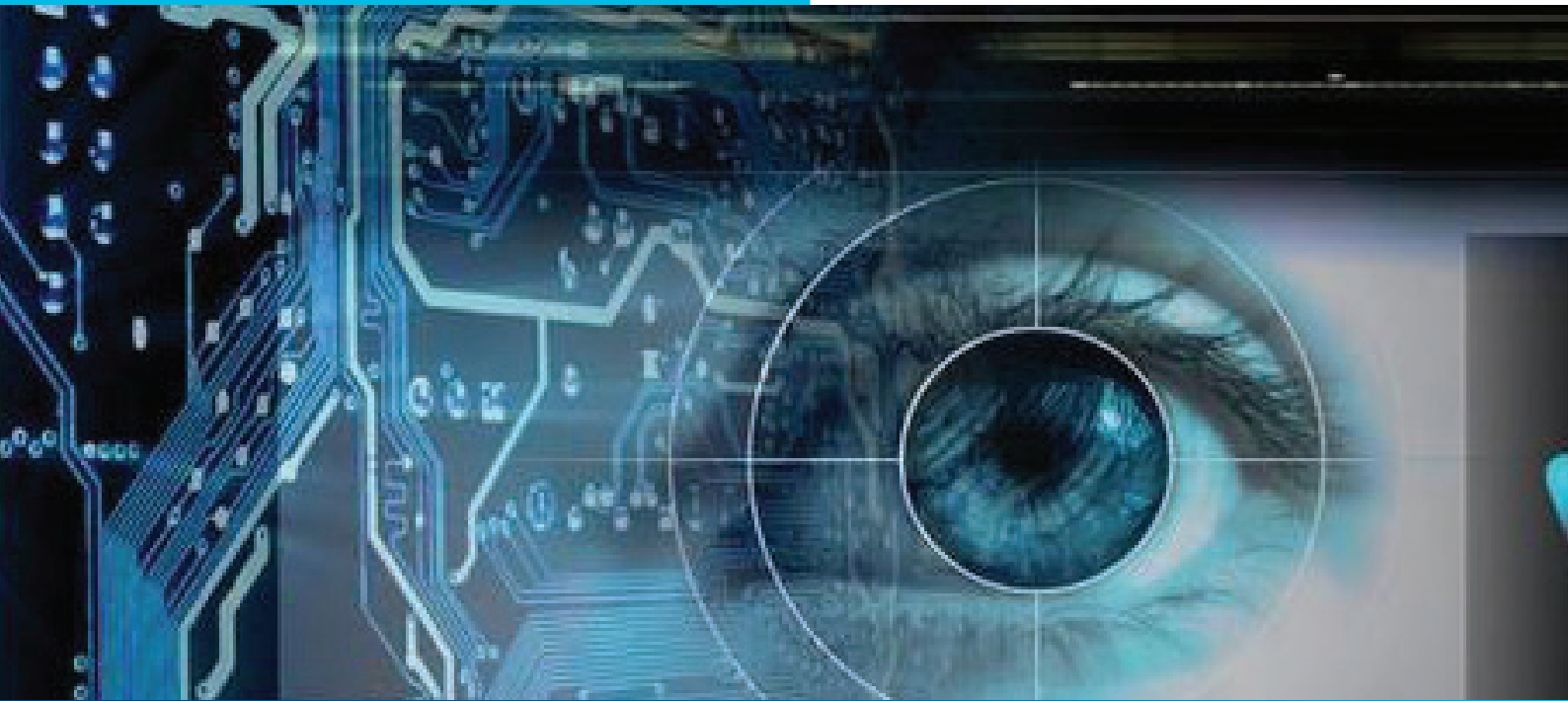
5G Network's plan to provide a solution to the problem associated with the last mile connection. This will eliminate the last mile charges and dependency that exist with other carriers due to lack of market options, and will provide 5G Networks with a significant price and service advantage. 5G Networks will focus its attention on the value add

of its services and comprehensive consulting on offer, differentiating itself from the market. As a result 5G Networks will be able to compete to attract business through its service offering, which is not commoditised, and will therefore compete on service rather than price.

5G Networks offers customers the opportunity to access bundled services and delivery systems, enabling them to engage in business transformation through the use of new and emerging broadband reliant technologies. Not only can mid-market businesses engage in cloud computing and external data centres but can do so knowing that these technologies come with the network performance necessary to make them more cost-efficient and valuable.

5G Networks will manage its growth by extending and developing its network coverage through building added infrastructure when sales demand requires the investment. 5G Networks can undertake its expansion rapidly. Businesses are migrating away from on-premises hardware and software applications which means there is a strong demand for quick and reliable services. 5G Networks can offer these benefits and facilitate the new demands of businesses through offering up to 350Mbps symmetrical (download and upload) speeds, and in the result customers will experience significantly faster, or seamless, user experience in business and other applications.





“The real value lies in creating cross-linkages between technologies and between markets.”

- Budde Report, 2017 - see section 5

3 THE COMPANY AND ITS BUSINESS

3.2 NETWORKS BUSINESS

The Networks Business service offerings will include:

INTEGRATED FIBRE AND WIRELESS SERVICE

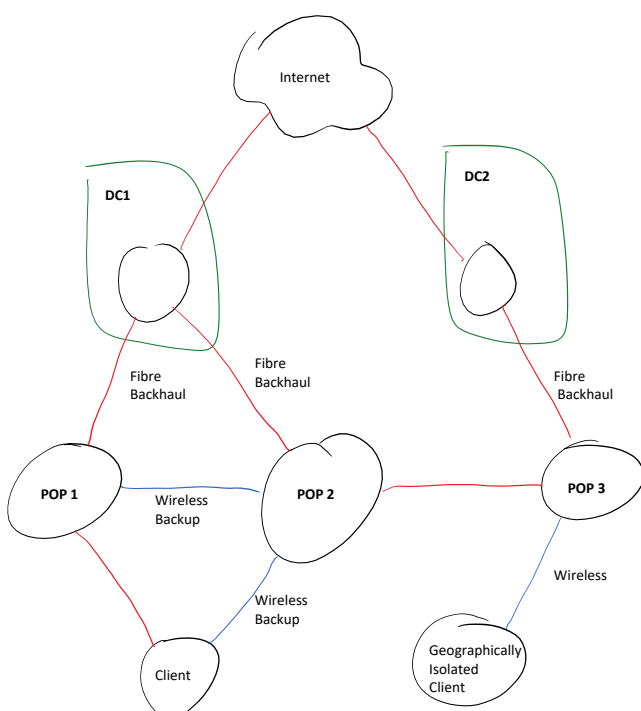
5G Networks combines two different broadband technologies:

1. fibre access technology from third-party carriers; and
2. 5G Network's own wireless network offering.

These two separate technologies combine to create a seamless, integrated platform that allows businesses to manage how data is channelled across both mediums, and to have redundant capacity in the event that one of the mediums fails.

This "Layer 2" service, allows clients to control their own data, voice and video services across the network. Businesses can prioritise important applications (such as access to the cloud, voice and video conferencing) over lower priority activities. Conversely customers can rely on 5G Network's fully managed and designed Multiprotocol Label Switching (MPLS) service which allows all shapes and sizes of data to be carried and seamlessly delivered across the network via the quickest and shortest path. In addition to speed, MPLS also ensures reliability, quality, restoration of speeds and security.

Below is an example of a typical end customer design solution:



CONNECT SIMPLY AND DIRECT TO CLOUD INFRASTRUCTURE

5G Networks service allows direct On-Net connectivity to its range of wholesale offerings including private cloud hosting, disaster recovery and backup, VOIP telephony and public cloud interconnectivity. All data is kept local to the environment and there is no need to traverse the internet to connect to critical data and applications. This means that efficiency and speeds are maximised.

HIGH SPEED UNLIMITED INTERNET ACCESS

Customers only pay a fixed monthly fee covering link and access, with no additional unbudgeted charges for internet access.

5G Network's competitiveness is underpinned by a lower cost of delivery compared to the other offerings. This is achieved by the rapid deployment of the 5G Network, 5G Networks' control of the last mile (which is the key factor in final price-setting) and the ability to use multiple suppliers on a competitive basis for gateway services.

VIRTUAL PRIVATE NETWORK

Where a business has two or more sites operating within the 5G Networks network coverage area, these sites can be fully interconnected on the 5G Networks, without reliance on any other carrier or additional security risks.

REDUNDANCY FOR EXISTING FIBRE SERVICES

5G Networks has the ability to offer a redundancy service over the wireless network, so if the main fibre service is broken, data will still operate with the high speed wireless service. High availability networks are critical to customers who have all their applications in the cloud or who rely heavily on internet access to operate their businesses. 4G mobile operators have used this strategy to great advantage over their competitors; however, this solution is becoming outdated with the increasingly high demand for data that is hitting physical constraints within the 4G mobile network. Products such as the Enterprise LTE (ELTE) service offered by some of the telecommunications providers, still rely on 4G mobile networks and are typically limited to average data speeds of around 30 Mbps.

3 THE COMPANY AND ITS BUSINESS

3.2 NETWORKS BUSINESS

QUICK INSTALL AND SERVICE BALANCING

5G Networks will offer a next day installation service within its coverage area. This will be used if a fibre service delivery was delayed or alternative access technologies are not available. A combination of a wireless and fibre link offering could be used to provide additional access speeds, or to utilise separate data services across different links. Customers have the ability to run critical cloud services across the fibre link and all other internet type services across the wireless link, eliminating potential congestion and ensuring that business critical applications have data network priority.

ADDITIONAL BROADBAND SERVICES

5G Networks features a high speed network that enables the use of other business and emerging applications, including the following:

3.2.1 VIDEO CONFERENCING / VIDEO AND HD STREAMING

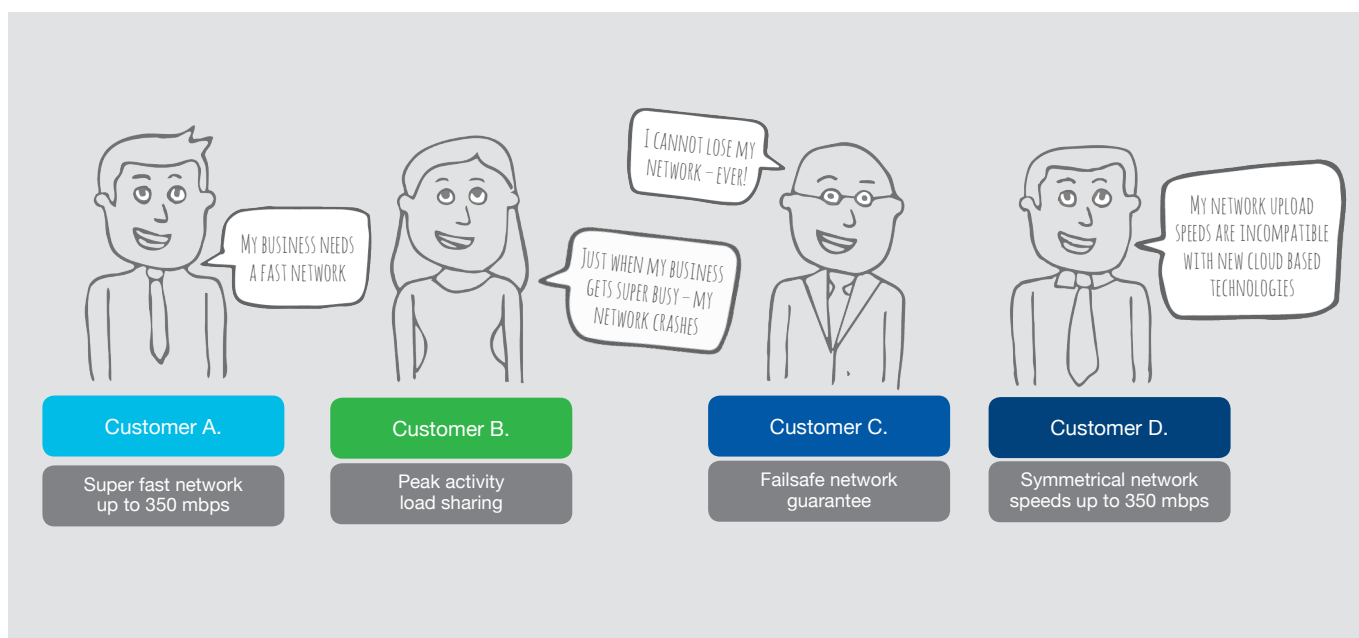
Video calls from a device are becoming a normal part of the unified communications world today. A number of customers may immediately require video streaming services for training, education or promotional applications with many anticipated to become increasingly reliant upon it as overall network speeds increase.

3.2.2 VOIP (VOICE OVER INTERNET PROTOCOL)

5G Networks wireless product has the ability to prioritise data packets, enabling high quality voice services over the wireless link. This functionality means that 5G Networks can deliver fast and reliable voice services ensuring minimal or no disruption, which is a major advantage over existing broadband and ADSL service offerings. This functionality allows 5G Networks to offer a total solution to the end customer, across the full bundle of ICT and Network services. As the existing PSTN (Voice) network is retired, VOIP or digital voice will become the new standard voice service delivered. Traditional PABX equipment will also be progressively be phased out over the next 2 to 3 years.

3.2.3 AUGMENTED REALITY (AR)/ VIRTUAL REALITY (VR)

AR and VR applications in business are rapidly expanding as the cost of headsets are declining significantly and the ability to process and transmit large amounts of data at a low cost are becoming a reality, such as having data passing through the 5G Networks. Many businesses are embracing this technology as a cost effective way of improving an existing product or service or developing a new product or service. This technology is being applied to prototyping, architecture, engineering, design, data interpretation, big data analysis, and training.



3 THE COMPANY AND ITS BUSINESS

3.3 ICT SERVICES BUSINESS

3.3 ICT SERVICES BUSINESS

The ICT services business is currently operated by Enspire. 5G Networks will acquire Enspire with funds raised under the Offer (see section 11.2). 5G Network's staff, in particular the Managing Director Joseph Demase, have a long standing connection with Enspire and strong understanding of its capabilities.

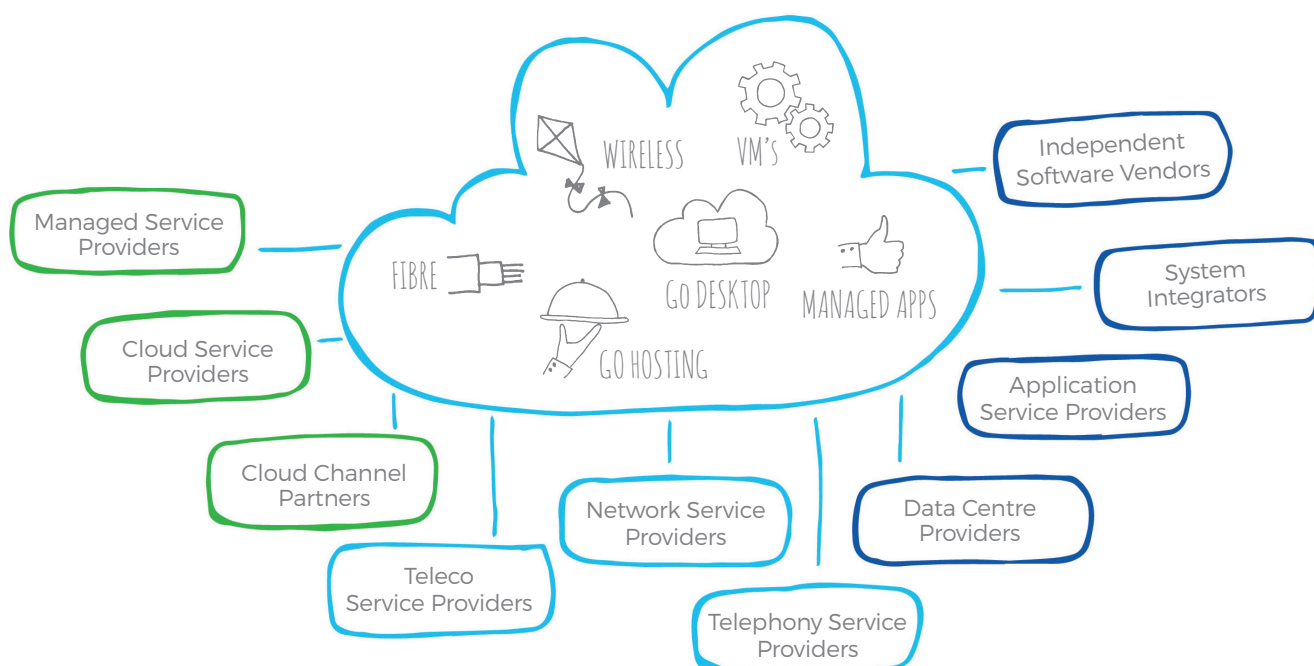
Enspire is an Information and Communications Technology (ICT) services organisation that has been providing products and computing services to mid-market Australian business since 1999. Enspire offers private hosted applications and virtual machines (VMs) together with a comprehensive suite of IT services and products ranging from networks, to hosted applications and support.

Enspire has developed procedures and expertise in risk management which has helped to ensure that no major incident has occurred since 1999. Enspire has effective and reliable infrastructure and appropriate backups in place to ensure loss of customer data does not occur. Over the years Enspire has proven itself among its customer base with customers remaining loyal to the services Enspire offers.

Enspire has developed strategic alliances with a number of key suppliers such as Microsoft, Rhippe and Telstra which, in turn, has afforded the business a competitive edge in terms of technology, opportunities and pricing. In addition, these relationships align Enspire with suppliers' interests, ensuring that anticompetitive behaviour is not encouraged.

Enspire provides private, public and hybrid cloud services and differentiates itself in the market with its privately owned Cisco/EMC infrastructure platform. Built on top of this platform Enspire offers its GoHosted (private cloud) and GoDesktop (hosted desktop) solutions, which can be bundled with other services to fit any business requirement. These systems were developed by Enspire's inhouse research and development team and are unique to Enspire. As a result they would be difficult to reverse engineer and this presents a barrier to entry once installed in customers businesses.

Enspire's research and development team are devoted to staying on top of the latest technological advances including by attending Microsoft conferences, Amazon and EMC events, on-line research and subscriptions to IT news sites. Close to 50% of Enspire's revenue is spent on work directly related to R&D.



3 THE COMPANY AND ITS BUSINESS

3.3 ICT SERVICES BUSINESS

The Enspire infrastructure (private cloud) is state of the art and Enspire has a strong refreshment program – teams continually manage and discuss improvements with customers and vendors. Furthermore, Enspire seeks to provide a service that enables businesses to select a bespoke combination of products and support that best reflects their unique needs and circumstances.

Businesses may select from the following types of services and solutions;

PROFESSIONAL SERVICES

Enspire offers end-to-end design, delivery and management of transformation projects, specialising in private, public and hybrid cloud integrations;

CONSULTING SERVICES

Enspire has a management team to develop and achieve strategic objectives of the individual businesses;

MANAGED SERVICES

Enspire offers premium user support and end to end care of technology backed by SLA and a dedicated help desk.

HOSTED DESKTOPS AND APPLICATIONS

Enspire has fast and reliable access to company data and applications from any device at any time. Using Enspire's industry renowned GoDesktop product, businesses can negate the need to continually invest in server infrastructure and can instead adopt a flexible pay as you go model which includes telephone and on-site support for Line of Business applications, user devices and core company data from Enspire;

PRIVATE CLOUD

Enspire offers a fast, adaptable and effective private cloud that its business customers can control. This service is built on enterprise grade hardware allowing businesses to utilise the resources as they need, without having to buy or manage the underlying infrastructure and licensing. This eliminates the concern of data compliance, custom infrastructure requirements and added costs to customers;

BUSINESS CONTINUITY SERVICES

Enspire offers enterprise grade business continuity services which are affordable by smaller businesses;

COLOCATION DATA CENTRE SERVICES

Enspire provides a full range of data centre solutions. Enspire allows businesses to take advantage of a Tier 4 state of the art data centre with fast carrier interconnections, 24/7 security surveillance, a dedicated management team and customer build area.

NETWORK ACCESS AND SERVICES

Enspire delivers fast network connectivity leveraging the 5G network backbone and carrier interconnections. This convergence of networks and ICT is central to the total value proposition of 5G Networks and Enspire.

VOICE AND TELEPHONY

Enspire's services are built on the latest Unified Communications and Broadsoft technology. Businesses can engage Enspire for VOIP solutions and retire their legacy PABX systems. With the decommissioning of the copper telecommunications network businesses will be required to seek alternative solutions, such as those offered by 5G Networks.

Enspire has a proven track record of delivering these services – they have been well tested. The Enspire customer base will act as reference sites for new customers able to access cloud services through the “fit for purpose” delivery system made available through 5G Networks offering. The service is unique in that no competitive offering parallels this combined cloud and networking solution. By leveraging the 5G Network capabilities, customers can experience high speed network access and control, allowing greater application flexibility and the adoption of cloud technologies, without fear of productivity loss.

The 5G Networks ICT and Network solution allows businesses to reduce their on-premises costs by:

- Enabling high speed access to data warehouse facilities, allowing businesses to reduce their requirement for on-premises hardware and computer processing and facilitating increased migration to the cloud;
- Improving the reliability and redundancy of the network connection, ensuring that businesses are not left with a slow or unreliable services; and
- Bundling of ICT and Network products and support.

3 THE COMPANY AND ITS BUSINESS

3.4 ENSPIRE PEOPLE

3.4 ENSPIRE PEOPLE

Enspire's Management team brings together a significant number of years of experience and expertise. The Management team has skills across all elements of Enspire's business, particularly in cloud and services management but also in sales and marketing. See section 7.

The personnel in the ICT services business are talented and highly motivated. Enspire constantly reinvests in training its staff and has a policy of employing highly capable and motivated people to help achieve the business objectives of Enspire.

3.5 POLICIES AND RISK MANAGEMENT

As well as incentivising staff Enspire has in place appropriate HR and other policies and risk management systems and policies. The risk of loss of customer service or customer data is carefully managed through redundancy and other operational techniques, and Enspire retains suitable insurance policies to protect against the risk of service failure and customer loss.

THE 5G NETWORKS DIFFERENCE:

- Last mile carrier ownership and control
- Customer led network build – network expansion led by business demand
- Super-fast low-cost installation
- Symmetrical upload and download of data
- Existing customer base
- Wholesaling of key existing and proven technology and services



THE ENSPIRE DIFFERENCE:

- Capitalises upon improved network expertise and technology
- Completes the full end-to-end solution for existing and new clients
- Loyal customer base
- Established technology experts with proven market experience



4

INDUSTRY OVERVIEW AND 5G STRATEGY

4.1 BROADBAND MARKET OVERVIEW

The average Australian internet speed is ranked 51st in the world with an average national connection speed at 10.1 Mbps

4.1 BROADBAND MARKET OVERVIEW

In Australia, telecom services revenue reached over \$42 billion in 2016, a growth of 1% for the 12 months to June 2016 and is expected to grow by a further 2.5% in 2017. The strongest growth is coming from the second tier providers, who grew at over 14.2% during that time period and are expected to grow by a further 9.5% in 2017.

As the NBN progresses, the majority of voice traffic in Australia will be IP-based. Fixed-line broadband on the copper network will also decline gradually as fibre and fixed-wireless broadband services become more widely available. However, the Australian Government's multi-technology NBN architecture, has somewhat slowed that shift.

The mobile broadband market in Australia is growing steadily. While mobile voice remains the dominant source of revenue for Mobile Network Operators (MNOs), it is believed that it will soon be overtaken by mobile data revenue. In time, much of the voice traffic will be data packet via technologies such as Voice over Long-term Evolution (VoLTE).

The release of spectrum for LTE mobile broadband use, as well as an increased uptake by consumers and businesses, is helping to offset the decline in revenue from fixed-line services, though as user uptake increases so will the amount of bandwidth consumed. This requires additional investment among operators in spectrum assets and in upgraded mobile infrastructure.

Pressure on pricing will continue to place a strain on operator revenue into fiscal 2017, with revenue from mobile data services failing to offset the sharpening decline in revenue from voice services. This is being exacerbated by the popularity of OTT services which has led to a fall in SMS traffic and revenue. In addition, OTT services are helping to reduce voice traffic volume, while with VoLTE technologies voice traffic is rendered as data.



28/32

Out of 32 OECD nations recently rated, Australia ranks fourth last in terms of speed and penetration, ahead of only Mexico, Chile and Greece.



\$42B

The overall telecoms services revenue reached over \$42 billion in 2016.



51ST

According to a report by Akamai the average Australian internet speed is ranked 51st in the world with a average national connection speed at 9.6 Mbps.

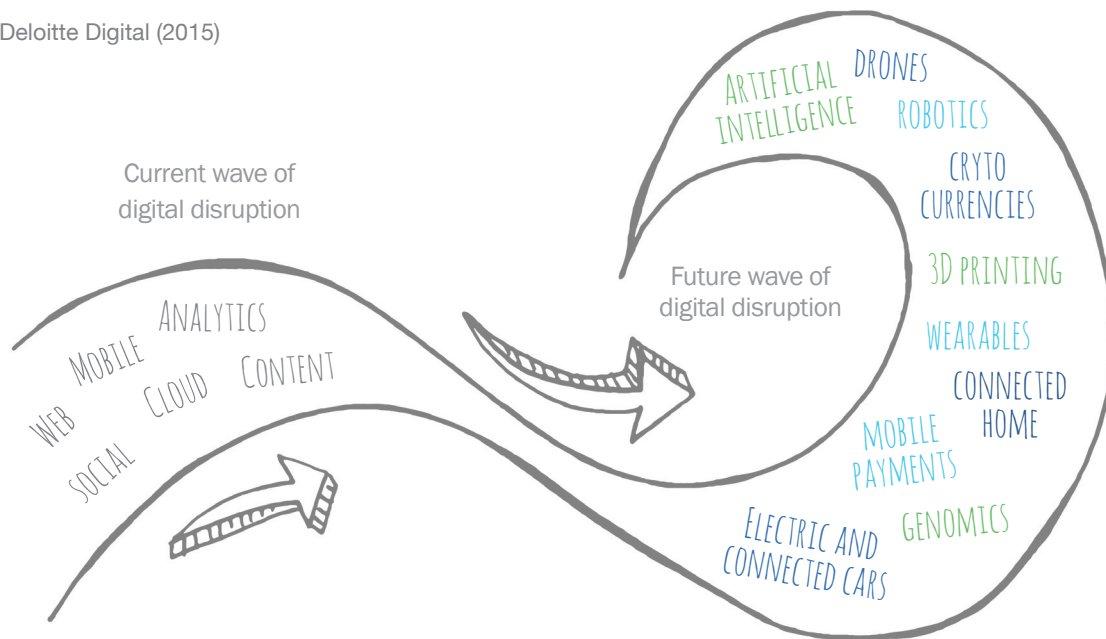
4

INDUSTRY OVERVIEW AND 5G STRATEGY

4.2 NETWORK MARKET OPPORTUNITY

New disruptive technologies are fuelling the growing appetite for broadband services.

Source: Deloitte Digital (2015)



4.2 NETWORK MARKET OPPORTUNITY

Australia's broadband sector is making improved progress in its migration to a multi-technology NBN.

Key developments include:

- The overall telecoms services revenue reached over \$42 billion in 2016;
- The overall market is predicted to grow at a stronger rate in 2017;
- Strongest market growth is coming from the second tier providers;
- Telstra still dominates the local telco landscape with around 60% overall market share;
- Telstra's market share is however gradually declining; and
- Prices for fixed-line and mobile voice services are being driven down by competition among operators.

The demand for broadband services is forecast to grow dramatically, with predictions that the average monthly consumption will exceed 100GB by 2020.

In 2011 the Australian government introduced a framework for the structural separation of Telstra's retail business.

This acted to separate the business which worked directly with customers from the network business which operated its infrastructure.

The purpose of which was to address concerns that Telstra's integrated operation was advantaging Telstra over its competitors and holding back competition. For example, there was scope for Telstra to favour its retail operations over those of other operators that also needed to use the Telstra network to compete. Telstra made the commercial decision to progressively separate its retail services from its fixed-line networks onto the NBN.

In a similar way, 5G Networks has decided to operate a wholesale business servicing channel partners and competitors with packaged services, allowing these channel partners access to its network and cloud infrastructure. Enspire will continue to service its customer base directly and will, in some cases, partner with Telstra to provide value added services to Telstra retail clients.

4

INDUSTRY OVERVIEW AND 5G STRATEGY

4.3 ICT SERVICES MARKET OVERVIEW

4.3 ICT SERVICES MARKET OVERVIEW

The economic contribution of internet and digital technologies in Australia is forecast to be \$138.5 billion by 2020. This is up from \$78.8 Billion in 2014.

Information technology research and advisory company, Gartner Inc. forecasts that the Australian public cloud services market will grow 14.4 percent in 2016 to US\$4.18 billion, up from US\$3.65 billion.

4.4 5G NETWORKS BUSINESS STRATEGY

5G Networks business strategy is to rapidly grow the small existing Enspire customer base by targeting mid-market corporate business customers on Australia's eastern seaboard.

5G Networks serves to address these businesses' growing appetites for cloud applications and symmetrical high-performance access. 5G Networks anticipates that this appetite will only grow as customers want and require increasingly sophisticated ICT applications and increased connection speeds. Businesses are finding significant cost benefits in sourcing cloud based computing services. These benefits are derived through improved accessibility, scalability, cost, flexibility and speed of innovation. 5G Networks provides the appropriate connection for business to fully capitalise on this shift.

5G Networks also offers businesses with existing broadband services the opportunity to provide a fast and effective broadband failover to ensure continuing access to services. 5G Networks can also be configured with other broadband services to provide business with the opportunity to share the broadband load to maintain the required speeds and coverage.

NETWORK ROLLOUT STRATEGY

5G Networks has commenced the network rollout and expects to bring it into service in late 2017. The cost of stage 1, expected to be completed by mid-2019 will be in the region of \$1.4m. Stage 1 will initially target mid-market corporate businesses in the Melbourne metropolitan area, noting that presently the focus of market competition is the urban areas. The initial rollout will involve acquiring base station sites in strategic locations, establishing the base stations, and connecting them to the fibre backbone.

5G Networks personnel have considerable experience in network rollouts of this type and are fully equipped with the knowledge, skills and expertise required to successfully roll out the 5G Networks business.

After completion of stage1, 5G Networks will continue to expand and develop the network strategically throughout the east coast of Australia, taking advantage of the lack of fibre infrastructure in outer metropolitan areas. It will utilise other suppliers' dark fibre to expand its CBD coverage.

CUSTOMER ATTRACTION AND RETENTION

5G Networks plans to rapidly grow the existing Enspire customer base.

A key strategy of 5G Networks is cross-selling its networks services to its ICT service customer base, beginning with the Enspire customer base and selling both cloud applications and networks services to these customers who are currently unable to access them on a cost effective basis.

An additional strategy for attracting business is increasing the customer base, in both networks and ICT services, through channel partners. For example Enspire currently partners with Rhipe to deliver Microsoft products and services to its customer base. The network rollout will enable 5G Networks to partner with Rhipe to offer cloud based Microsoft products and services to mid-market corporate businesses who are currently constrained by lack of access to the fibre backbone. Enspire customers will act as a reference site for risk adverse potential new customers who might otherwise question the capability of the 5G Networks cloud applications and/or who might be reluctant to change suppliers and applications.

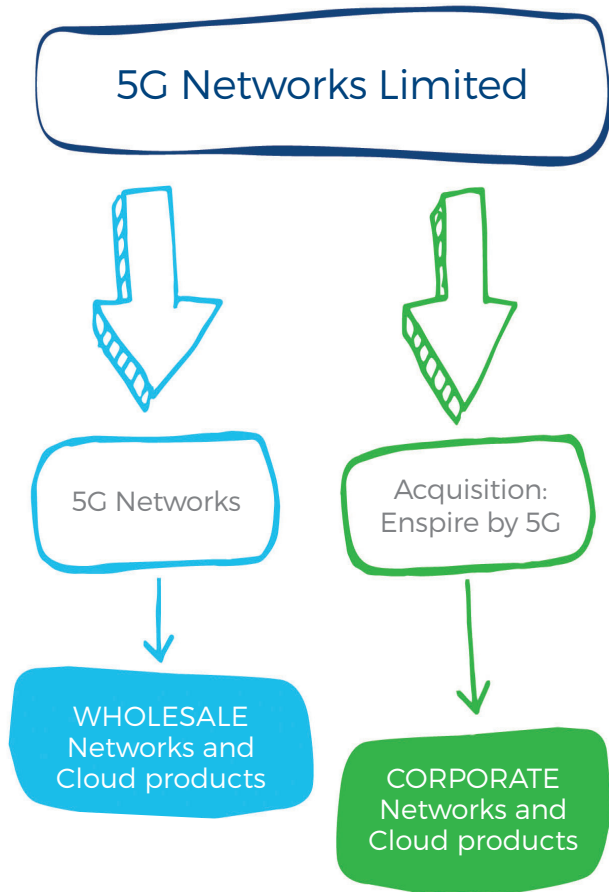
ACQUISITIONS

As well as seeking growth organically by attracting customers through cross selling networks and cloud applications, 5G Networks will actively consider acquisitions of businesses with the potential to increase its customer base. 5G Networks personnel, in particular Joseph Demase and Garry White, have considerable experience relating to mergers and acquisitions which will assist 5G Networks. Once its acquisition of Enspire is completed, 5G Networks will consider acquiring businesses similar to Enspire that have an ICT customer base and businesses that will otherwise have the potential to increase revenue and profitability through the supply of networks and cloud services.

4

INDUSTRY OVERVIEW AND 5G STRATEGY

4.5 5G NETWORKS STRENGTHS – NETWORKS



4.5 5G NETWORKS STRENGTHS – NETWORKS

5G NETWORKS WILL CAPITALIZE ON:

- Its ability to offer a pure point-to-multi point link on the 5G Networks network, with an estimated gross margin of 70% to 80% on the service;
- Its ability to bundle together cloud, data centre and network services providing clients entire cloud solution;
- Its ability to match cloud computing services with a network service to ensure cloud services achieves optimal performance.
- Its state of the art TDM technology which guarantees symmetrical broadband coverage and ensures improved cloud computing performance across a broader range of applications;
- Its ability to rapidly and cost-efficiently build network capacity based upon customer demand;
- The skills of its proven team of market professionals;
- Its standing in the market and its existing strong industry relationships;
- Its proven record of successfully developing and deploying new IT technologies;
- Its proven IT services business, with Enspire providing potential 5G Networks customers and an ongoing source of revenue;
- Strategic relationships with key channel partners and vendors;
- Its operations across the wholesale (5G Networks) and retail (Enspire) IT services industry; and
- The ability to deliver symmetrical speeds on both the upload and download via superior fixed broadband technology.

4

INDUSTRY OVERVIEW AND 5G STRATEGY

4.6 ICT SERVICES MARKET OPPORTUNITY

4.6 ICT SERVICES MARKET OPPORTUNITY

Enspire has a highly regarded team of ICT professionals that enables clients to enjoy faster, more responsive levels of service, based upon a genuine understanding of the client business.

Enspire is a highly flexible service provider that can create bespoke IT services and support packages for clients that reflects their individual needs. It offers a broad range of consulting services to assist in businesses' individual needs and has a proven track record in creating a seamless and supported pathway to the cloud (public or private) for clients, across a diverse range of sectors.

Enspire leases data centre capacity which affords clients the opportunity to enjoy all the capital expenditure, management and resourcing benefits of the cloud, but in a privately held and highly secure Australian based data centre.

4.7 5G NETWORKS BUSINESS STRATEGY – ICT SERVICES BUSINESS

The strategy for the ICT Services Business is to both grow the service offering to the existing customer base and generate new customers. The service offering for existing customers will be significantly enhanced by the network rollout proposed by the Networks Business both in terms of new products and enhanced supply of existing products.

For both existing customers and new customers, the Networks Business will seek to reduce the sale of lower margin products (Office 365 etc.) and increase the sales of higher value higher margin products and services such as VM, GoDesktop and managed services.

It is expected that the Networks Business will provide the ICT Services Business with access to new customers through channel partners of the Networks Business, including Telstra. It is expected that the ICT Services Business will also seek to supply wholesale customers.



10.6%

ICT workforce expected to grow to 695,364 in 2020, a 10.6% increase from 2015.



+85B

Total IT spending is forecast to reach almost \$85 billion in 2017.



92%*

By 2020, 92 percent of all workloads will be processed in cloud data centers.

* Cisco Global Cloud Index: Forecast and Methodology, 2015–2020

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INDUSTRY OVERVIEW AND 5G STRATEGY

4.8 5G NETWORKS STRENGTHS – ICT SERVICES

4.8 5G NETWORKS STRENGTHS – ICT SERVICES

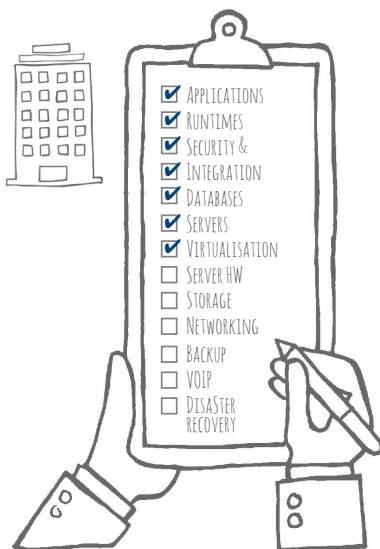
The ICT Services Business has the benefits of a secure and loyal customer base that will provide ongoing revenue from existing customers acquiring existing services and additional revenue from the supply of enhanced services made available by the Networks Business.

The ICT Services Business also benefits from a strong and consistent management team and experienced personnel. The ICT Services Business has considerable know how in the delivery of ICT services. The ICT Services Business also has technical support and capabilities, having been operating since 1999.

5G NETWORKS WILL CAPITALIZE ON:

- Its ability to bundle together cloud, data centre and network services providing clients entire cloud solutions;
- Specialisation in the hybrid cloud space, combining the benefits of its custom built private cloud and network backbone with the flexibility and scalability of public cloud;
- The skills of its proven team of IT professionals;
- Its extensive experience consulting and building professional services around the main public cloud providers Microsoft Azure, Amazon Web Services;
- Access to a state of the art data centre through its arrangements with Eckert Investments Pty Ltd and Melbourne Data Centre, providing all the benefits of cloud computing in a highly secure environment. See section 11.7;
- Its standing in the market and strong brand name servicing business for over 15 years;
- Its proven record of successfully developing and marketing new IT technologies;
- Strategic relationships with key partners and vendors; and
- Agility in the business to capitalise on the latest cloud technology trends.

Option 1: Customer Managed



Option 2: Customer Managed + 5G Networks



Option 3: 5G Networks Managed



“There are interesting developments taking place in the ICT industry.”

5G NETWORKS OVERVIEW:

“There are interesting developments taking place in the ICT industry that align very nicely with 5G Networks’ strategy.”

5G Networks Limited is positioning itself as a facilities-based telecommunications and IT operator. For this it will deploy, in the geographic markets in which it will operate, its high-speed wireless broadband network in combination with its ICT infrastructure products, on a wholesale basis to ICT-based retail operators with customers in mid-market enterprises, and also direct to mid-market corporate customers. These are identified in this report as small to medium size enterprises (SMEs). The company will also work with other telcos – eg, those providing fibre-based access – in order to extend the reach of its own services.

MARKET OPPORTUNITY:

SME market is the fastest growing and the most lucrative market for value-added telecommunications services for the carriers and service providers. At the same time SME market remains a highly underserved market. While large players in the telecoms and IT sector repeatedly profess the importance of this market they have largely failed to service it adequately. A key reason for this is the fact that the ICT market for SMEs is a labour-intensive one, while the core business of the large telcos in the residential and SME market is largely built around a more utilities based business model.

Servicing the SME market is mainly left to a large group of rather small IT companies who provide a range of IT-based services to their customers. In general these are companies that operate within limited geographical areas. These IT companies often do not provide telecommunications access products. At the same time, with an increased level of

sophisticated IT products now being used by SMEs, high-speed broadband access is rapidly becoming a bottleneck in trying to run an efficient and effective business.

5G Networks is well positioned to reap the benefits from the opportunities that are provided by taking a holistic approach to the abovementioned technologies and the market situations. This holistic approach would see the business offering a combination of products and services solutions in the following sectors:

- Broadband Market
- Cloud Computing Market
- Data Centre Market
- M2M/Internet of Things Market
- Data Analytics Market
- Wholesale Market
- Retail Service Providers Market (RSPs)

The real value lies in creating cross-linkages, between technologies and between markets. This creates an opportunity for 5G Networks in this market. Traditionally players stick to a particular technology or market sector, and this nearly always leads to price competition and eventually a race to the bottom.



MARKET ENVIRONMENT:

With the combined telecoms and IT infrastructure business model that 5G Networks brings to the market the company is very well-positioned to take advantage of the rapidly changing business environment that SMEs require in order to remain relevant and profitable in their markets.

5G Networks will operate in the broader telecommunications market and will face the traditional players in this market as their main competitors. This \$42 billion market sees most of the players concentrating on the low-growth traditional mass-market products and services. Few have succeeded in diversifying in the more value added sides of this market. This market is more complex and requires specific customer services aimed at that mid-market. This is where 5G Networks has the potential to carve out its own niche in the high-growth end of the market.

The overall telecommunications market is more or less stagnating. However, growth in the 2nd tier market is still around 9% – down from 14% in the previous year. It is expected that there will continue to be further pressure on both growth and margin moving forward.

The NBN is under-delivering and under-performing. This has led to low customer uptake and a generally low level of trust in the network. This offers opportunities for alternative providers, especially those providing services to mid-market business, whose operations increasingly depend on reliable high-speed broadband networks.

The cloud computing scene is maturing and over the past few years has been one of the fastest growing areas for the IT sector. We should expect even more cloud driven innovation and the strong growth in the sector to continue. While around 90% of larger enterprises in the developed markets have embraced the benefits provided by cloud platforms; most small and medium-sized businesses still need to start on the road to cloud computing.

Today we are seeing an increased adoption of hyper-scale cloud services, hybrid cloud offerings and a layered approach

to cloud. This trend is driven by the new companies entering the networking economy, as well as large enterprises which seek to reach outside their organisation to their customers. The data flow generated by these developments is enormous, and the management of this is becoming beyond the players themselves. At the same time, the business model, especially from companies operating in the networking or sharing economy, is based on being low levels of both assets and staff.

Increasingly software-as-a-service organisations are realising they can no longer limit their business to software services alone. They must provide the underlying ICT infrastructure. This is resulting in the emergence of a new wave of cloud providers. They include software licensing organisations, enterprise resource planning providers, internet of things providers, and database companies that are supplying their own cloud infrastructure. Interestingly, we also see a similar trend in the datacentre market, where companies are moving deeper into the cloud and looking for a holistic offering of services that includes bandwidth and cloud as well as datacentre facilities.

Traditional (wholesale) telcos are feeling the pinch of service commoditisation and have an equal need to start looking at new business models. Traditionally, these players are very slow to move, but nevertheless they will at least try to get a piece of the action. They are also ill-prepared for the changes in data utilisation, generation, consumption and storage that will be created, for example, by cloud computing, IoT and M2M.

All of these market dynamics will lead to interesting battles between these different groups and the winners will, no doubt, be those who are able to harness the three different sectors, and from that position deliver seamless services to their customers.

5 INDUSTRY EXPERTS REPORT

BUDDE REPORT, 2017

CONCLUSION:

By offering a holistic platform from the start 5G Networks can arrive at the best design, using the latest technologies.

SMEs do not just need basic telecoms facilities but all of the essential value-added elements required to provide them with reliability and security within the ICT services they are using. This is essential for them to feel comfortable with the digital transformation of their businesses in order to benefit from the efficiencies, productivity and new business opportunities that these new digital environments have to offer.

What this means for 5G Networks is that it has the potential to offer the mid-market a secure and reliable platform from which to operate. Such a platform has three main components: access (telecoms infrastructure), data centres and cloud computing. Traditionally these are three distinctly different sectors, but with the growth of understanding of the need for a more holistic approach all three sectors are now expanding into each other's areas. This creates collisions, confusion, pain and eventually mergers and acquisitions.

By offering a holistic platform from the start, 5G Networks can arrive at the best design, using the latest technologies. Furthermore, by concentrating on providing the ideal platform for ICT companies on a wholesale basis, it can leave the intensive labour and difficult-to-scale customer-related maintenance, training, software developments and customisation activities to the ICT companies. As significant commoditisation is taking place on the 'infrastructure' level of all three segments more of these services will move to the platform, away from the ICT companies. This will make life easier for the ICT companies and increase sales opportunities for 5G Networks.

None of the incumbents (including the NBN company) are able to deliver such a holistic platform to the SME market (and/or they are unwilling to do so because of their retail-based model).

Furthermore, with its ICT infrastructure in place 5G Networks is in an ideal position to offer its retail customers a range of data analytics services. This can be done with or without M2M/IoT extensions to its wireless broadband infrastructure. This will both improve the operation of 5G Networks' customers - the individual retail businesses - but will also assist the customers of these RSPs.

Taking the above observations into account – and the fact that the company will deliver packaged products – 5G Networks does tick the right boxes. It operates in what is still a growth market, and there is the potential for good growth (and margins) because of its packaged products approach; and its use of new wireless broadband technologies to deliver these services to its mid-market business customers.

ABOUT PAUL BUDDE:

Paul Budde is the CEO of Paul Budde Consulting, an independent consultancy company. Paul specialises in the strategic planning of government and business innovation and transformation around the digital, sharing and interconnected economy, resulting in building smart cities and smart communities (including e-health, e-education, smart grids, smart transport and digital media).

He was the adviser to the Minister for Broadband in Australia in relation to strategy and policy developments of the original National Broadband Network. He has been involved as an advisor in discussions on the national interest concept of smart infrastructure during meetings in the White House and with the FCC, the United Nations and the governments of the Netherlands, Australia, Britain, Qatar, Ireland and New Zealand.

He was the co-initiator of the UN Broadband Commission for Digital Development of which he consequently was the special advisor, he was also the lead author of a report: 'Broadband - A Platform for Progress' that was presented to the UN Secretary General Ban Ki-moon.

He is a director of the Global Smart City and Community Coalition (GSC3) was the founder of Smart Grid Australia, is an advisor to the Australian Smart Communities Association and a founding board member of the Global Smart Grid Federation.

Paul has advised over 50 local councils in Australia on how to best develop smart city strategies. He has presented keynote addresses at conferences in Washington, Houston, Amsterdam, London, Milan, Barcelona, Tokyo, Beijing, Chennai, Kuala Lumpur, Sydney and Melbourne as well as at UN meetings in New York, Geneva, Paris and Mexico City.

6

DETAILS OF THE OFFER

6.1 INTRODUCTION

6.1 INTRODUCTION

Under this Prospectus, the Company is offering a minimum 16,000,000 Shares at an offer price of \$0.25 each to raise \$4,000,000 before offer costs and a maximum of 17,600,000 Shares at an offer price of \$0.25 each to raise \$4,400,000 before offer costs.

The Offer is open to the general public. Investors outside Australia should consider the statements and restrictions set out in section 6.11 before applying for Shares.

The Shares to be issued under the Offer are of the same class and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to Shares can be found in section 12.2.

Applications for Shares under the Offer must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares should refer to section 6.2 and the Application Form for further details and instructions.

THE PRINCIPAL PURPOSES OF THE OFFER ARE TO:

- provide funds for the purposes set out in section 6.5;
- provide the Company with access to equity capital markets for future funding needs; and
- enhance the public and financial profile of the Company to facilitate further growth of the Company's business, including into the wider Australian market.

6.2 APPLICATIONS AND PAYMENT

APPLICATION FORMS

Applications for Shares under the Offer can only be made using the Application Form accompanying this Prospectus or any replacement or supplementary Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the form.

Applications under the Offer must be for a minimum of 8,000 Shares (\$2,000). No brokerage, stamp duty or other costs are payable by Applicants.

An original, completed and lodged Application Form together with a cheque or payment via BPAY for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed

correctly or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Board's decision as to whether to treat an Application as valid and how to construe, amend or complete the Application Form is final.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals in order to be issued Shares under the Offer. The return of an Application Form or otherwise applying for Shares under the Offer will be taken by the Company to constitute a representation by the Applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- makes the representations and warranties in sections 6.1 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Shares under the Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that once the Application Form is returned or payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of Shares it applies for at \$0.25 each (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder(s) of the Shares issued to it under the Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for the Shares to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

6

DETAILS OF THE OFFER

6.2 APPLICATIONS AND PAYMENT

PAYMENT BY CHEQUE

Cheques must be made payable to 5G Networks Limited — Subscription Account' and should be crossed 'Not Negotiable'. All Application Monies will be paid into a trust account.

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques must be received by the Company before 5.00pm AEST on the Closing Date by being delivered or mailed to the following addresses:

Mailing Address

5G Networks Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

5G Networks Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
(do not use this address for mailing purposes)

Applicants are urged to lodge their Application Forms as soon as possible as the Offer may close early without notice.

Applicants can go to the 5G Networks website at www.5gnetworks.com.au and follow the instructions.

PAYMENT BY BPAY

You may apply for Shares online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.5gnetworks.com.au and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (AEST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

6 DETAILS OF THE OFFER

6.3 TIMETABLE

6.3 TIMETABLE

| IMPORTANT DATES - 2017 | | |
|---|----------|--------------|
| Lodgement of the original Prospectus with ASIC | Thursday | 14 September |
| Date of this Replacement Prospectus | Thursday | 28 September |
| Opening Date of Offer | Friday | 29 September |
| Closing Date of Offer | Thursday | 19 October |
| Issue of new Shares | Tuesday | 24 October |
| Expected despatch date of Holding Statements | Thursday | 26 October |
| Expected date for Shares to commence trading on ASX | Friday | 27 October |

Note: The above dates are indicative only. The Company reserves the right to alter this timetable including the Opening Date of Offer and the Closing Date of Offer. Applicants are advised to lodge their Application Forms as soon as possible after the Opening Date if they wish to invest in the Company.

6.4 WITHDRAWAL AND DISCRETION REGARDING THE OFFER

With the consent of the Lead Manager, the Company may withdraw the Offer at any time before the issue of new Shares to successful Applicants. If the Offer, or any part of it does not proceed, Application Monies will be refunded to Applicants (without interest) in accordance with the Corporations Act.

The Company in consultation with the Lead Manager also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than were applied for.

6.5 APPLICATION OF FUNDS

The funds raised from the Offer will be used to pay the cash component of the Enspire acquisition, fund network rollout, pay the expenses of the Offer and for working capital. An expected breakdown of the applications of funds being raised is set out in Table 1.

Table 1 - Application of Funds

| USE OF FUNDS | MINIMUM SUBSCRIPTION | MAXIMUM SUBSCRIPTION |
|----------------------------|----------------------|----------------------|
| Acquisition of Enspire | \$800,000 | \$800,000 |
| Network rollout | \$1,400,000 | \$1,400,000 |
| Expenses of the Offer | \$653,011 | \$679,873 |
| Additional working capital | \$1,146,989 | \$1,520,127 |
| Total | \$4,000,000 | \$4,400,000 |

Note: The acquisition price for Enspire will be satisfied partially by the payment of cash of \$800,000 and partially by the issue of Shares. See section 11.2 for more information.

6 DETAILS OF THE OFFER

6.5 APPLICATION OF FUNDS

Please note that Table 1 is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in Table 1 may change depending on a number of factors including, but not limited to, the success of the Company's product development, business development, marketing campaigns and expansion into new markets, as well as any regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

Additional funding through debt or equity may be considered by the Board where it is appropriate to accelerate a specific project or transaction.

If the Company decides to make any significant acquisitions such acquisitions would be funded by additional financing through debt or equity (subject to any necessary Shareholder approvals).

The Board is satisfied that upon completion of the Offer, the Company will have sufficient capital to meet its stated objectives.

6.6 CAPITAL STRUCTURE

Table 2 below provides a summary of the capital structure of the Company at the date of this Prospectus and upon completion of the Offer.

TABLE 2 – CAPITAL STRUCTURE

| Capital Structure | Existing | Completion Minimum subscription | Percentage | Percentage (fully diluted) | Completion Maximum subscription | Percentage |
|------------------------------------|-------------------|---------------------------------------|-------------|-------------------------------|---------------------------------------|-------------|
| Pre-IPO Shareholders | 24,091,874 | 24,091,874 | 54.6% | 45.0% | 24,091,874 | 52.7% |
| Shares issued to Enspire Vendors | - | 4,000,000 | 9.1% | 7.5% | 4,000,000 | 8.8% |
| Shares issued under the Offer | - | 16,000,000 | 36.3% | 29.9% | 17,600,000 | 38.5% |
| Total Shares | 24,091,874 | 44,091,874 | 100% | | 45,691,874 | 100% |
| Options | 4,400,000 | 4,400,000 | | 8.2% | 4,400,000 | |
| Performance rights | 5,000,000 | 5,000,000 | | 9.3% | 5,000,000 | |
| Fully diluted share capital | | 53,491,874 | | | 55,091,874 | |

Notes: (1) Table 2 represents the indicative capital structure following completion of the Offer. Amounts and percentages may vary slightly.
(2) The minimum subscription is \$4,000,000 (16,000,000 shares) and the maximum subscription is \$4,400,000 (17,600,000 shares).
(3) Some of the Existing Shareholders also hold options or Performance Rights. See sections 6.7, 7.9 and 7.10.

6.7 CONTROL IMPLICATIONS

JD Management Group Pty Ltd, an associate of the Managing Director Joseph Demase holds 15,700,000 Shares. Following completion of the Offer this will represent approximately 35.6% of the Shares on issue (minimum subscription) or 34.4% (maximum subscription). JD Management Group Pty Ltd also holds 5,000,000 Performance Rights. See section 7.10.

The exercise of all of the Performance Rights could result (depending on the capital structure of the Company at the time) in the voting power of JD Management Group Pty Ltd and Joe Demase increasing from 35.6% to 38.7% (minimum subscription) or from 34.4% to 37.6% (maximum subscription). An increase of voting power of more than 3% in 6 months is generally prohibited by the takeover rules in the Corporations Act, and for this reason there is a cash out right if and to the extent the exercise of Performance Rights would result in a prohibited increase in voting power.

Eckert Investments Pty Ltd will hold 2,800,000 Shares which will represent approximately 6.4% (minimum subscriptions) or 6.1% (maximum subscription).

No other persons together with their associates will hold more than 5% of the shares in the Company.

6 DETAILS OF THE OFFER

6.9 UNDERWRITING

6.8 ESCROW ARRANGEMENTS

Under the Listing Rules, ASX may determine that securities issued to promoters, seed capital investors and vendors of classified assets have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months from quotation of the Company's Shares, during which time they must not be transferred, assigned or otherwise disposed of.

It is possible that Shares held by the Pre-IPO Shareholders and the Enspire Vendors will be subject to escrow. Prior to admission to the official list of ASX, the Company will if required enter into escrow agreements with the relevant holders in relation to the securities subject to mandatory escrow in accordance with the Listing Rules.

The Company will announce final escrow arrangements to ASX prior to quotation of Shares.

6.9 UNDERWRITING

The Offer is not underwritten.

6.10 CAPITAL RAISING FEES

The Company has engaged First Guardian Capital Pty Ltd (Lead Manager) as its corporate adviser to, among other things, assist with raising funds under the Offer. The Lead Manager will receive a capital raising fee of 6% (plus GST) in respect of funds raised under the Offer. The Company's agreement with the Lead Manager is summarised in section 11.5.

6.11 FOREIGN INVESTOR RESTRICTIONS

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 to extend such an invitation. No action has been taken to register this Prospectus or otherwise permit a public offering of Shares in any jurisdiction outside Australia. It is the responsibility of investors outside Australia to obtain all necessary approvals for the issue to them of Shares offered pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

6.12 RISK FACTORS

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in section 8 of this Prospectus. The Shares on offer under this Prospectus should be considered speculative.

Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety, consider all factors in light of their individual circumstances and seek appropriate professional advice.

6.13 EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with ASIC. The Exposure Period may be extended by ASIC by a further period of up to 7 days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. During the Exposure Period, electronic and hard copies of this Prospectus will be made available upon request to the Company. Applications received during the Exposure Period will not be processed until after expiration of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period and all such Applications will be treated as if they were simultaneously received on the Opening Date.

6.14 APPLICATION MONIES HELD IN TRUST

All Application Monies will be held in a separate subscription account on behalf of Applicants until the Shares are issued pursuant to the Offer. Subject to any extension, if the Minimum Subscription is not achieved or ASX has not granted permission for Shares to be quoted on its Official List within 3 months of the date of this Prospectus, all Application Monies will be refunded in full without interest, and no Shares will be issued under the Offer. Any interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

6.15 MINIMUM SUBSCRIPTION AND ASX LISTING AND QUOTATION

The Company will apply to ASX no later than 7 days from the date of this Prospectus for admission of the Company to the official list of ASX, and official quotation of the Shares offered under this Prospectus. The offer is conditional on the minimum subscription of \$4,000,000 being achieved. Subject to any extension, if the Shares are not admitted to quotation within 3 months of the date of this Prospectus or the minimum subscription is not achieved, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

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DETAILS OF THE OFFER

6.16 ALLOCATION AND ISSUE OF SHARES

6.16 ALLOCATION AND ISSUE OF SHARES

The Board reserves the right to reject any Application or to issue a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded without interest.

Subject to achieving the minimum subscription and the ASX granting approval for quotation of the Shares, the issue of Shares will occur as soon as practicable after the Offer closes. All Shares issued under the Offer will rank equally in all respects with existing Shares on issue. Holding statements will be sent to successful Applicants as required by ASX. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statement will do so at their own risk.

6.17 CHESS AND ISSUER SPONSORSHIP

The Company will apply to ASX for admission of Shares to CHESS. All trading on the ASX in Shares will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The 2 sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company does not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after Shares are issued. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Shares and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder Reference Number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

6.18 PRIVACY DISCLOSURE

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect hold and use that personal

information to assess applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company Secretary, Geoffery Nicholas on 1300 366 394.

6.19 FINANCIAL FORECASTS

The Directors do not believe that they have a reasonable basis to reliably forecast future earnings of the Company and, accordingly, financial forecasts are not included in this Prospectus.

6.20 DIVIDENDS

The Board presently cannot provide a guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time. It is the Board's plan to develop a dividend policy within its corporate governance framework. However the Board currently expects earnings of the Company to be reinvested in the business rather than being distributed as dividends during the early years of the Company's development. The ability of the Company to pay franked dividends will be constrained by the tax implications of the R & D grant. See Section 12.10.

6.21 ENQUIRIES

This Prospectus is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, lawyer, accountant or other professional adviser without delay.

Questions relating to the Offer and the Application Form can be directed to:

Link Market Services
1300 494 781 (within Australia)
+61 1300 494 781 (outside Australia)

“Great things
in business are
never done by
one person.
They’re done
by a team of
people.”
- Steve Jobs

ALBERT CHEOK



JOSEPH GANGI



JOSEPH DEMASE



GEOFFREY NICHOLAS



GARRY WHITE

7 BOARD AND MANAGEMENT

7.1 BOARD OF DIRECTORS

7.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant skills and experience, including industry and business knowledge, financial management and corporate governance expertise.

The Board of Directors of the Company consists of:

CHAIRMAN NON-EXECUTIVE ALBERT CHEOK

Mr Albert Saychuan Cheok graduated from the University of Adelaide with First Class Honours in Economics and was awarded a PhD scholarship to study at Cambridge University, which Mr Cheok did not take up. Mr Cheok is a Fellow of the Certified Public Accountants Australia. Mr Albert Cheok has more than 35 years of high-level experience in the banking, financial and corporate sectors in the Asia Pacific region.

Between May 1979 and February 1982 Mr Cheok was an Advisor to the Australian Government Inquiry into the Australian Financial System ("Campbell Inquiry"), which introduced comprehensive reforms to the Australian banking system.

He was the Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking in Hong Kong for three and half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia from September 1995 to November 2005.

Mr Cheok was the Chairman of Macau Chinese Bank from May 2002 to May 2016. He was the Chairman of Bowsprit Corporation Limited, manager of First REIT – listed hospital and healthcare group in Singapore from 17 May 2006 to 17 May 2017. Mr Cheok was the Chairman of Auric Pacific Group, the Singapore listed food conglomerate from July 2002 to April 2017.

Mr Cheok was named 'the top REIT fund manager in Asia for 2016' by Singaporean Fortune Times magazine.

Currently, Mr Cheok holds numerous positions on boards throughout Asia including:

- LMIRT Management Limited, the manager of Lippo Malls Indonesia Retail Trust (listed entity Singapore)- Chairman
- International Standards Resources Holdings Limited (listed entity Hong Kong) – Chairman
- Hongkong Chinese Limited (listed entity Hong Kong) – Director
- China Aircraft Leasing Group Holdings Limited (listed entity Hong Kong) – Director
- Amplefield Limited (listed entity Singapore) – Chairman

Mr Cheok is a Vice Governor of the Board of Governors of the Malaysian Institute of Corporate Governance.

Beyond his various board capacities, Mr Cheok is a well-accomplished personal investment banker and financial adviser to select clients throughout Asia-Pacific. In this capacity he has been involved in several high profile mergers and acquisitions, asset acquisitions, corporate re-structuring, corporate strategies, brand image and building and private fund management projects.

7 BOARD AND MANAGEMENT

7.1 BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTOR

JOSEPH GANGI

Joseph Gangi is an experienced senior executive and company director with leadership, operational management, strategic planning, business development and corporate governance expertise.

As a former founder and director of Zektin Pty.Ltd, a private engineering professional services firm which commenced operation in 1992, Joseph was instrumental in the development and implementation of the company growth strategies, which saw the company grow from start up to over 300 staff across 5 offices in the Asia Pacific region.

Throughout the company's journey, Joseph held several senior executive positions including Director of Projects, Director of Operations and Director of Business Development before being appointed as Managing Director in 2009. After establishing a corporate governance framework and strategic plan for the business, Joseph successfully steered the company through an acquisition by FTSE listed firm Amec plc in 2011. Following a brief period of integration, Joseph was appointed Managing Director of Amec Zektin Australia P/L. He held this position until 2013, after which he maintained his employment with Amec as a Technical and Strategy Director for the Asia Pacific region until 2016.

His senior executive roles have required Joseph to take responsibility for several business units across the Asia Pacific region while his technical background has equipped Joseph with a strong analytical and technical capability. He is accustomed to leading and advising teams of technical experts, project managers, engineers and architects in the design and implementation of a wide range of automated and technical plant and equipment. His experience reaches across several industries including Microelectronics, Advanced Manufacturing and Robotics, Pharmaceutical Manufacturing, Biotechnology and Consumer Products.

Joseph has a Bachelor's degree in Chemical Engineering from RMIT University in Melbourne, and an MBA from RMIT/Aarhus School of Business in Denmark and he has completed the Executive Program for Growing Companies at Stanford University in the USA.

He has been a member of the RMIT University, School of Chemical Engineering, Industry Advisory Panel for the last 6 years and is a graduate of the Australian Institute of Company Directors (GAICD). Joseph is also a Certified Practising Engineer (CPE), a member of Engineers Australia and is on the National Professional Engineers Register (NPER).

MANAGING DIRECTOR

JOSEPH DEMASE

Joseph Demase has been shaping businesses for more than 20 years, with more than 15 years spent in the telco sector both in Australia, and in the UK.

Joseph has the vision to identify business opportunities and the tenacity and skills to fulfil that potential. Already he has taken two businesses (one of which he founded) to an ASX listing in the Telecommunications sector. Joseph was closely involved in the IPO of Uecomm Limited in 2000 (as Chief Financial Officer and a core member of the IPO team) and founded Access Providers which listed on ASX in 2004 and was subsequently renamed Clever Communications.

Joseph has succeeded in a broad range of executive functions, from the design and provision of financial systems and services through to the successful development and management of high-tech multi-disciplinary projects.

Joseph has worked in a high-tech sector for many years, and has the communication and leadership skills to achieve business objectives by fully utilising all the people skills available, and by motivating teams of tech and non-tech teams alike.

Through his career to date, Joseph has demonstrated an aptitude for business development, project management, leadership and systems and process re-engineering. Further, his strong financial management and analysis skills and experience have ensured that fiscal performance and control standards have been maintained at all times.

An accomplished business leader, Joseph has a strong record for driving change in organisations. From business process redesign through to cultural change, Joseph has demonstrated an ongoing and successful commitment to building smarter, highly profitable and more robust business.

Joseph holds a Bachelor of Business (Accounting) degree from Deakin University.

7 BOARD AND MANAGEMENT

7.2 SENIOR MANAGEMENT

7.2 SENIOR MANAGEMENT

The Company's senior management will consist of:

MANAGING DIRECTOR

JOSEPH DEMASE

See section 7.1

CHIEF FINANCIAL OFFICER

GEOFFREY NICHOLAS

Geoffrey Nicholas is an experienced Finance Professional and Business Leader delivering tangible business value and driving profitable business growth both internally and externally.

Geoffrey has a proven track record, and exceptional skills, in financial analysis, management, control and reporting, which has ensured the ongoing viability and continued growth of the Enspire business.

Geoffrey holds a Bachelor of Business (Accounting) from Swinburne University and is a Certified Practising Accountant. He has also completed a High Performance Leadership program through the CPA and Harvard School of Business.

With more than 15 years experience in the IT sector, Geoffrey truly "gets" the power of IT, and understands how all companies can adopt emerging technologies to better grow their business.

NATIONAL SALES DIRECTOR

GARRY WHITE

Garry is an experienced Senior Manager and Executive with over 20 years in the ICT industry. He has worked in varied environments across Australia, Hong Kong, Singapore and UK.

He has a proven track record leading high performance teams, while developing, selling and delivering world-class technology solutions. Garry is an influential leader, proficient in steering consensus and delivering strategic, value-added IT services that align with the needs of businesses, end-users, and customers.

As Sales Director at Uecomm (though not a member of the Board of Directors), Garry was instrumental in implementing the required cultural and business transformation, to drive key strategic service and product initiatives with great success. This experience allowed him to provide further insight for customers investigating the cloud, including SaaS and IaaS domains, eg.CCaaS, UCaaS. Much of Garry's experience can be characterised as pushing change to build more responsive and customer focused organisations, whilst bolstering the financial performance of the business.

Garry holds a Graduate Diploma in Business from Monash University and has successfully completed a Senior Management Development Program at the Australian Graduate School of Management.

7 BOARD AND MANAGEMENT

7.3 INTEREST OF DIRECTORS AND MANAGEMENT

7.3 INTEREST OF DIRECTORS

Other than as disclosed in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

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

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director for services in connection with the formation or promotion of the Company or the Offer, or to induce them to become, or qualify as, a Director.

7.4 SHAREHOLDING REQUIREMENTS

Directors are not required to hold any Shares under the Constitution of the Company.

7.5 DIRECTORS' SECURITY HOLDINGS

Set out below are the anticipated relevant interests of the Directors in Shares and their voting power upon completion of the Offer.

| Director | Shares | Voting Power | ESOP / Performance rights | Further information |
|---------------|-------------------|---------------|---------------------------|---------------------|
| Albert Cheok | 2,118,750 | 4.81% | 450,000 | section 7.9 |
| Joseph Gangi | 529,687 | 1.20% | 400,000 | section 7.9 |
| Joseph Demase | 15,700,000 | 35.61% | 5,000,000 | section 7.10 |
| Total | 18,348,437 | 41.62% | 5,850,000 | |

Notes: (1) These percentages are based on the Minimum Subscription. (2) JD Management Pty Ltd, an associate of Joseph Demase acquired 8,700,000 shares as a result of a share split before 5G Networks became a public company. It acquired a further 7,000,000 shares as part of a seed round in June 2017 at a price of \$0.05 per share. (3) Albert Cheok acquired 2,118,750 shares as part of a seed round in August 2017 at a price of \$0.0944 per share. (4) Gangi Superannuation Fund, an associate of Joseph Gangi acquired 529,687 shares as part of a seed round in August 2017 at a price of \$0.0944 per share. (5) None of the Directors or their associates were issued with Shares in consideration for the supply of their services or otherwise other than for cash as described above.

7 BOARD AND MANAGEMENT

7.6 DIRECTOR'S REMUNERATION

7.6 DIRECTORS' REMUNERATION

The Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Directors prior to the first annual general meeting. The maximum aggregate remuneration for all non-executive directors has been set at an amount of \$200,000 per annum by the Directors. The remuneration of the Directors must not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the proposed increase has been given to Shareholders in the notice convening the meeting.

Set out below is the initial remuneration payable by the Company to each Director.

| Director | Role | Annual Salary (including director fees and any superannuation) |
|---------------|------------------------------------|--|
| Albert Cheok | Independent Chairman | \$70,000 |
| Joseph Demase | Managing Director | See Section 7.8 |
| Joseph Gangi | Independent Non-executive Director | \$50,000 |

Note: Both Albert Cheok and Joseph Gangi are participants in the ESOP. See section 7.9.

7.7 SENIOR MANAGEMENT SECURITY HOLDINGS

Set out below are the anticipated relevant interests of senior management in Shares and their voting power upon completion of the Offer.

| Name | Shares | Voting Power | ESOP / Performance rights |
|-------------------|-------------------|---------------|---------------------------|
| Joseph Demase | 15,700,000 | 35.61% | 5,000,000 |
| Garry White | 1,400,000 | 3.18% | 300,000 |
| Geoffrey Nicholas | 1,200,000 | 2.72% | 300,000 |
| Total | 18,300,000 | 41.51% | 5,600,000 |

Note: The percentages are based on the minimum subscriptions.

7 BOARD AND MANAGEMENT

7.8 SENIOR MANAGEMENT REMUNERATION

7.8 SENIOR MANAGEMENT REMUNERATION

Set out below is the initial remuneration payable by the Company to senior management.

| Executive | Role | Annual Salary (inclusive of director fees and superannuation) | Bonus (subject to achievement of KPIs) |
|-------------------|-------------------------|---|--|
| Joseph Demase | Managing Director | \$220,000 | \$100,000 |
| Garry White | National Sales Director | \$200,000 | \$100,000 |
| Geoffrey Nicholas | Chief Financial Officer | \$200,000 | \$50,000 |

7.9 EXECUTIVE AND DIRECTOR SHARE OPTION PLAN

The Company has adopted the Executive and Director Share Option Plan (ESOP) to better align the interests of directors and executives with the interests of Shareholders. Under the ESOP Directors and senior managers have been issued with Options which vest over 3 years. Subject to vesting, each Option entitles the holder to subscribe for 1 Share at a price of \$0.30 at any time prior to their expiry date, which is 3 years and 1 month after their issue.

7.10 MANAGING DIRECTOR REMUNERATION AND PERFORMANCE RIGHTS

The remuneration of the Managing Director Joseph Demase is partly dependent on the achievement of KPIs. He has also been issued with Performance Rights which entitle his associate JD Management Group Pty Ltd to acquire Shares on achievement of KPIs.

In the case of the Managing Director the KPIs are the financial targets set out below.

7 BOARD AND MANAGEMENT

7.10 MANAGING DIRECTOR REMUNERATION AND PERFORMANCE RIGHTS

FINANCIAL TARGETS \$M

| | FY18 | FY18 stretch | FY19 | FY19 stretch | FY20 | FY20 stretch |
|---------|------|--------------|------|--------------|------|--------------|
| Revenue | 6 | 7 | 15 | 18 | 30 | 35 |
| EBITDA | 0.1 | 0.4 | 1 | 1.5 | 2 | 3 |

Note: these benchmarks are financial targets based on which the Managing Director's remuneration will be assessed. They do not constitute forecasts of the revenue and earnings of the Company. This prospectus does not include financial forecasts. See section 6.19

The Managing Director has an initial base salary of \$220,000 (inclusive of super) increasing to \$250,000 from 1 July 2018 then to \$300,000 from 1 July 2019. He is also entitled to a cash bonus of \$100,000 each year if the stretch targets set out in the table above are achieved (split 50/50 if only one stretch target is met).

An associated company of the Managing Director, JD Management Group Pty Ltd is also entitled to 5,000,000 Performance Rights. Subject to vesting, each Performance Right entitles JD Management Group Pty Ltd to acquire 1 Share for a price of \$0.30 at any time prior to their expiry date, which is 3 years and 1 month after their issue date. The Performance Rights do not vest unless the FY20 targets are achieved (\$30m revenue \$2m EBITDA). The Performance Rights vest early if the FY20 targets are achieved early. The Performance Rights may be cashed out if the issue of shares to JD Management Group Pty Ltd would and to the extent contravene the takeover provisions in the Corporations Act. See section 6.7.

7.11 CORPORATE GOVERNANCE

7.11.1 INTRODUCTION

This section explains how the Directors of the Company (Board) oversee the management of the Company. The Board is responsible for the overall corporate governance of the Company. The main policies and principals adopted by the Company, which will take effect from listing on the ASX, are summarised below.

The Company's corporate governance framework has been formulated in light of the corporate governance principles and recommendations released by the ASX Corporate Governance Council, Third edition (Principles and Recommendations). The Company's framework largely complies with these Principles and Recommendations. Consistent with the Company's approach to sound corporate governance, opportunities for improvement are regularly considered.

The Directors have adopted a Board Charter setting out the roles, responsibilities and objectives of the Board. The Directors are responsible to Shareholders for the performance of the Company and their focus is to enhance the interests of Shareholders and other key stakeholders and to ensure the Company is properly managed. The main processes that the Directors of the Company use in doing so are set out in the Board Charter.

7.11.2 DIRECTORS DISCLOSURES

Each Director has confirmed to the Company that he or she anticipates being available to perform their duties as a non-executive or executive Director, as the case may be, without constraint from other commitments.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer of any relevant company.

In November 2016 the Chairman Mr Albert Cheok was ordered to pay a regulatory fine of HK\$800,000 by the Market Misconduct Tribunal (MMT) of the HK Stock Exchange for a short delay in disclosure of inside information regarding AcrossAsia Limited, a company of which Mr. Cheok was then the independent non-executive director and chairman. The MMT found that there was no evidence of intentional or reckless misconduct on the part of Mr. Cheok and the breach was mere negligence at the lowest level. The Directors (other than Mr Cheok) are satisfied that the circumstances that resulted in the regulatory fine are such that Mr Cheok remains a fit and proper person to hold the position of director of a public company.

7.11.3 BOARD COMMITTEES

The Board may from time to time establish committees to assist in performing and streamlining its responsibilities. The Board has established a number of committees, discussed further below, which will operate upon the listing of the Company on the ASX, including the following:

AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established an Audit and Risk Management Committee. This committee will be central to the Company's process to ensure integrity in financial reporting and to ensure the Company identifies, address and manages the material risks to its business and reputation.

7 BOARD AND MANAGEMENT

7.11.3 BOARD COMMITTEES

The committee will have at least two members (all of whom are Non-Executive Directors and the majority of whom are Independent Directors) and has adopted its own Charter setting out the roles, responsibilities and objectives of the committee.

The external auditors and other officers of the Company may attend meetings of the Committee by invitation.

PKF Melbourne Audit and Assurance was appointed as external auditor to the Company on 27th July 2017. The Audit and Risk Management Committee is responsible for the selection and recommendation of the Company's external auditor. The Committee has recommended the external audit service be put to tender on a tri-annual basis. Further that in the event the external auditor is retained post three years that the engagement partner be rotated on a five year basis.

The external auditors have direct access to the chairperson of the Audit and Risk Management Committee and where necessary, the Chairman of the Board. The Committee meets with the external auditors without management present on an as required basis, but at least once a year. The external auditor attends the Annual General Meeting and is available to answer questions from Shareholders.

NOMINATION AND REMUNERATION COMMITTEE

The Board has established a Nomination and Remuneration Committee. The Committee will have at least two members (all of whom are Non-Executive Directors and the majority of whom are Independent Directors) and has adopted its own Charter setting out the roles, responsibilities and objectives of the Committee.

The role of the Nomination and Remuneration Committee relates to the appointment and remuneration of the Non-Executive Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer (or equivalent), and other senior executives and employees of the Company.

OTHER COMMITTEES

The establishment of further Board Committees will be reviewed at the appropriate stages of the Company's development.

7.11.4 POLICIES

The Company has established a number of corporate governance policies.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION POLICY

The Company has established a Continuous Disclosure Policy.

Under the Policy the Company Secretary is responsible for communication with the ASX. This includes ensuring compliance with the continuous disclosure requirements in the ASX listing rules and the corporations act overseeing information disclosure to analysts, brokers, shareholders, the media and general public.

DEALINGS IN SHARES BY DIRECTORS AND EMPLOYEES

The Company has established a Shares Trading Policy. Directors and officers are subject to the provisions of the Corporations Act 2001 relating to conduct by a person in possession of inside information. A person possesses inside information, if they know, or ought to reasonably know, that if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

Directors and officers in possession of inside information are prohibited from trading in the Company's securities.

The Board is responsible for ensuring that management put in place an education program that makes all employees aware of their legal obligations with respect to insider trading.

PUBLICATION

Full details of the Company's key charters and policies are available on the Company's website www.5Gnetworks.com.au from listing on the ASX.



RISK FACTORS

8 RISKS FACTORS

8 RISK FACTORS

This section 8 describes potential risks associated with the 5G Networks type of business and an investment in Shares. It does not list every risk that may be associated with 5G Networks type of business or an investment in Shares and the occurrence or consequences of some of the risks described in this section 8 are partially or completely outside the control of 5G Networks and its Directors and management.

The selection of risks described in this section has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Company as at the date of this Prospectus. The risks may change or other risks may emerge after that date.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in 5G Networks and whether it is a suitable investment, having regard to your investment objectives, financial circumstances and taxation position. It is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

Prospective investors should be aware that the risks outlined in this section 8 should be considered in conjunction with the other information disclosed in this Prospectus. There can be no guarantee that 5G Networks will achieve its stated objectives or that any forward looking statements contained in this Prospectus will be realised or otherwise eventuate. References in this section 8 to “5G Networks” are to the 5G Group and its business and operations as well as to 5G Networks Limited.

8.1 RISKS SPECIFIC TO 5G NETWORKS

8.1.1 CUSTOMER RISK

5G Networks offers its services to mid-market corporate businesses and the success of 5G Networks will depend on its ability to attract and retain customers. The success of the business will depend in part on retaining existing customers many of whom are currently on short term contracts. More importantly the success of the business will depend on the ability of 5G Networks to sell its network services to existing ICT services customers and to sell the combination of its ICT services and networks services to new customers.

The risk of not attracting or retaining customers could eventuate for many reasons including if the market does not accept the overall value proposition.

8.1.2 COMPETITION

The key strategy of 5G Networks is to supply cloud computing services to mid-market businesses who cannot currently access these services due to network constraints. There are many actual and potential competitors for this business.

NETWORK SERVICES

5G Networks faces competition for the supply of network services from telecommunications service suppliers including NBN, TPG, Telstra, Vocus and Optus. Competition is based on a variety of factors including services on offer, the location in which these services are offered, price, product presentation and customer service. Currently there are few competitors offering the last mile connection via point to multi point which target mid-market corporate businesses. However, telecommunication service suppliers may decide that this is an attractive market and develop competitive offerings. Examples of the types of competition that might emerge include:

- existing or new telecommunication companies decide to compete with the last mile network component of the 5G Networks offering;
- a change in government policy may result in NBN offering fibre to premises for mid-market businesses;
- the major telecommunication companies, such as Telstra and Optus, decide to compete to offer small scale last mile and bundled ICT services similar to 5G Networks;
- mid-tier telecommunication companies such as TPG and Vocus, whose current focus is on infrastructure, decide to become more involved in the supply of last mile services and or ICT and cloud services; and
- larger telecommunication companies such as Telstra and Optus, who are currently focused on the mass market and larger corporate customers, decide to personalise offerings to mid-market businesses.

CLOUD SERVICES

5G Networks faces competition regarding its cloud based services from software and data centre suppliers such as Microsoft and Amazon, resellers such as Ripe and suppliers of ICT consulting services. 5G Networks seeks to differentiate itself from other providers of cloud based systems and consulting services by offering its private and public users hybrid cloud integrations and bespoke cloud infrastructure designed to address the distinctive needs of its customers. There is a risk that existing competitors or new entrants may



RISK FACTORS

8.1.2 COMPETITION

attempt to compete to offer services similar to those of 5G Networks or alternatively provide services that are perceived as superior to those offered by 5G Networks. Examples of the types of competition that might emerge include:

- large ICT suppliers such as Microsoft and Amazon, who are currently focused on mass market and large customers. They may decide to offer bespoke solutions and compete in the 5G Networks space;
- resellers such as Ripe (who resell Microsoft products) may decide to compete with 5G Networks rather than selling through 5G Networks as a channel partner;
- 5G Networks' business could be affected by the trend towards commoditisation of ICT services including developments such as self-service portals;
- large ICT suppliers seek to commoditise offerings and offer direct to users through self-service portals.

COMPETITION FROM ALTERNATIVE REVENUE MODELS

Some ICT product and service suppliers are seeking to move to lease rather than sale models. A simple example is renting rather than purchasing a Microsoft license. Competition from these sources has the potential to reduce 5G Networks' margins.

SMALLER ICT SERVICES SUPPLIERS

Small ICT service suppliers similar to Enspire could seek to develop their product and service offering to match those of 5G Networks and target the corporate mid-market. All of 5G Networks' arrangements with its suppliers are non-exclusive.

MARKET CHANGES GENERALLY

Networks and ICT services are evolving rapidly. 5G Networks' competitive position may deteriorate as a result of actions by existing competitors, entry of new competitors or a failure by 5G Networks to successfully respond to changes in the market. There can be no assurance that 5G Networks can compete effectively with these developments. Any deterioration in 5G Networks' competitive position may result in a decline in sales and a loss of market share, which could have an adverse material impact on the Company's business, operational performance and financial results.

8.1.3 LEGAL, REGULATORY AND POLICY CHANGES

A key component of 5G Networks' business strategy is to utilise the unlicensed spectrum to connect mid-market businesses to the fibre backbone. 5G Networks is subject to and must comply with, a variety of laws and regulations including the Telecommunications Act 1997 (Cth) and the

requirements of the Australian Communications Media Authority (ACMA). 5G Networks may be affected by changes to these laws and regulations and changes to government policies. Changes to 5G Networks ability to access and use the unlicensed spectrum to establish and maintain its wireless connections could adversely affect its business. Changes to the way in which others can access unlicensed spectrum and the sale of currently unlicensed spectrum could provide an opportunity for additional competitors to enter the market. Other risks arising from legal, regulatory and policy changes include:

- competitors acquiring spectrum at a lower cost than currently regulated spectrum and competing with 5G Networks by offering higher grade services;
- regulatory changes resulting in low cost licenced spectrum being available to the market; and
- change in regulations affecting the availability of unlicensed spectrum to 5G Networks.

8.1.4 COMPLIANCE WITH LAWS AND REGULATIONS

5G Networks is subject to, and must comply with, a variety of laws and regulations, many of which are complex and which may be subject to change including changes resulting from government policy. Failure to comply with these laws and regulations could expose 5G Networks to penalties and potentially loss of the rights it requires to operate its business, the most important of these being its carrier licence.

Laws and regulations also affect the way in which 5G Networks is able to roll out its network. 5G Networks will supply high speed broadband to its customers in a number of ways, the most important of which will be through unlicensed spectrum. The service will involve point to multi point transmissions, meaning one base station will service a large number of customers. To facilitate these services 5G Networks will be installing a number of base stations across Sydney and Melbourne. 5G Networks must comply with a variety of laws and regulations affecting where and how it can locate these base stations. Failure to comply with these laws and regulations could expose 5G Networks to penalties and require 5G Networks to relocate its base stations potentially at significant cost.

The operation of 5G Networks' base stations is governed by ACMA requirements which restrict the power of signals within the unlicensed spectrum. This may prevent the Company from supplying adequate network services and may give competitors who operate within licensed spectrum a competitive advantage as they are allowed to operate with

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RISK FACTORS

8.1.4 COMPLIANCE WITH LAWS AND REGULATIONS

higher power. Failure to comply with these power restrictions could expose 5G Networks to penalties or result in regulatory authorities such as ACMA requiring 5G Networks to discontinue its operations.

5G Networks will require a carrier licence to supply its carriage services (within the meaning of the Telecommunications Act 1997 (Cth) to its customers. 5G has applied for a carrier licence, in the interim it has obtained a carrier certificate for a period of 6 months which exempts it from the carrier licencing requirements. 5G expects the carrier licence to be obtained before the expiration of the carrier certificate on 23 October 2017, if the carrier licence is not issued by that date 5G Networks expects to be able to extend the interim certificate for a further period of 6 months. There is a risk that 5G Networks will not obtain a carrier licence by 23 April 2018 (the end of the second 6 month interim period. If that occurred 5G will not be able to continue to operate the Networks Business.

In addition to this, the Telecommunications Act 1997 (Cth) can require that carriers co-locate wherever reasonably practicable. This may mean that 5G Networks is forced to offer co-location to competitors at its base stations. Failure to comply with these regulatory obligations could expose 5G Networks to penalties and potentially loss of the rights it requires to operate its business.

There is a cost to 5G Networks of ensuring compliance with its legal and regulatory obligations.

8.1.5 OPERATIONAL RISK

5G Networks supplies sophisticated services to its customers and the business is subject to a variety of operational risks. These operational failures could result in an inability to attract new customers, to retain existing customers and expose 5G Networks to loss of reputation, claims for compensation and potential legal action.

The success of 5G Networks will be dependent on the ability of its infrastructure to operate effectively and efficiently and there are external factors that 5G Networks may not be able control. For example, the speed and effectiveness of 5G Networks' connectivity can be impacted by adjacent structures that cause interference. This could adversely affect the functionality of the 5G Networks services.

ROLL OUT OF INFRASTRUCTURE

There is a risk that 5G Networks may not be able to roll out its network and other required infrastructure effectively or efficiently. The business is dependent on establishing base

stations and links to the fibre backbone. This may prove difficult to achieve or may cost more than anticipated.

OUTAGES

Customers utilising 5G Networks' services may experience outages. Outages may have a significant impact on the customers' businesses.

LOSS OF CUSTOMER DATA

5G Network stores data for a number of its customers with its cloud computing products. Hacking, viruses and or CryptoLockers affecting its network could lead to loss, theft or corruption of this data or privacy breaches. 5G Networks has strategies and protections in place to minimise these security breaches and to protect its data. However, these strategies may not prove successful. If 5G Networks' infrastructure is subject to these failures, its services may be perceived as less secure than competitors. In the event of a security breach or loss, theft or corruption of data, it is likely that 5G Networks could be exposed to loss of reputation, claims for compensation and potential legal action.

INCREASE IN COSTS

5G Networks acquires many of the services it utilises in its business from third parties. Increases in the cost of acquiring these services could affect 5G Networks' profitability and competitiveness. For example, 5G Networks currently has access to one of Australia's few privately owned data centres, for the use by private cloud clients. If the rent for access to this data centre were to increase, 5G Networks' margins would potentially decrease.

8.1.6 RISKS ASSOCIATED WITH SUPPLIERS

A disruption in the supply of equipment or services to 5G Networks may have a negative impact on the business of 5G Networks until an alternative provider is able to supply. It is critical to the business of 5G Networks that it is able to obtain supply of network services from telecommunication suppliers such as, Telstra under its Telstra wholesale agreement, ICT products and services such as Microsoft products from its channel partner and reseller Ripe. Examples of the types of supplier risk that might emerge include:

- suppliers might refuse to supply 5G Networks because of lack of stock or for anti-competitive reasons;
- some of 5G Networks relationships with its suppliers are governed by individual purchase orders and invoices rather than long term contracts which commit suppliers to supply their products and services. Under those arrangements, suppliers may seek to alter the terms on which products are supplied as well as the

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RISK FACTORS

8.1.6 RISKS ASSOCIATED WITH SUPPLIERS

- range of products available for supply; and
- suppliers might fail and be unable to continue to supply.

The occurrence of these supplier risks could reduce the effectiveness of 5G Networks' supply to its customers and adversely impact its financial performance.

8.1.7 TECHNOLOGY RISK

The success of 5G Networks will depend in part on its ability to stay abreast with changes and improvements to technology and respond quickly to those changes and improvements.

One of 5G Networks key strengths is its current use of the latest telecommunications technology. However the technical developments in the information and communications technology industry can be quickly superseded by new developments. Accordingly, 5G Networks' success will depend in part on its ability to manage and expand its products, grow its business user base and its ability to respond to changing technologies. If technological advancements occur and 5G Networks cannot maintain its infrastructure, its services may become outdated. The failures or delays in updating the technology in response to the change may adversely impact the success of 5G Networks. 5G Networks' business could suffer if its equipment and capability prove to be inferior to competitors or competitors acquire access to superior capability and equipment. Further, the cost of responding to changing technologies is unpredictable and may impact the 5G Networks profitability or, if such cost is prohibitive may reduce the Company's capacity to expand or maintain its business. Examples of the types of technology risk that might emerge include:

- hybrid cloud offerings. The 5G Networks business model is based to a large extent on a private cloud offering but hybrid cloud offerings are predicted to become more prevalent and attractive to customers including 5G Networks' target corporate market; and
- the emergence of superior WiFi technology (antennae) and other network technologies for last mile connections such as Google balloons, and speed to market by competitors utilising these technologies.

8.1.8 LOSS OF KEY PERSONNEL

5G Networks future performance depends to a significant degree on its key personnel and its ability to attract and retain experienced and high performing personnel. The current management team has extensive experience in and knowledge of the business and its customers. Examples of specific key personnel risks are:

- The rollout of the 5G Network including the establishment of base stations, connection to the fibre backbone and commercial arrangements with telecommunications suppliers is substantially enhanced by the experience of the Managing Director Joseph Demase.
- A key selling feature of the 5G Networks service to new customers is the successful deployment of cloud services to Enspire customers, which act as a reference site. Loss of key Enspire personnel would disrupt the development of the customer base, as well as threatening ongoing performance to existing customers.

The loss of key management personnel and any delay in their replacement may adversely affect 5G Networks' ability to develop and implement its business and growth strategies, increase the cost of obtaining suitable personnel or risk the knowledge of these key personnel being taken to the competition. This may result in an adverse impact on 5G Networks future operating and financial performance.

8.1.9 INTELLECTUAL PROPERTY

5G Networks offers a diverse range of products including its GoDesktop service. Considerable value exists in 5G Networks intellectual property. There is a risk that competitors may reverse engineer this product or other products 5G Networks have on offer. If competitors produce a product that performs better than 5G Networks, 5G Networks financial performance may be impacted.

8.1.10 ACQUISITIONS

As part of its business strategy, 5G Networks will consider further acquisitions or significant investments in complementary companies. Currently the company is acquiring Enspire, which is a reputable provider and facilitator of cloud and computing services and which will complement 5G Networks current services on offer. This transaction will be accompanied by risks commonly encountered in making such acquisitions. Examples of acquisition risks arising both in relation to the Enspire acquisition and other future acquisitions include:

- The acquisition of the target results in 5G Networks inheriting liabilities that were not known or were fully understood at the time of the acquisition
- Risks associated with integration of the new business with the existing 5G Networks businesses, and especially risk associated with the integration of personnel.

8

RISK FACTORS

8.1.11 IPO RISK

8.1.11 IPO RISK

There is a risk that the Offer will not be completed. This could result in 5G Networks not obtaining its required funding.

8.2 GENERAL RISKS OF AN INVESTMENT IN 5G NETWORKS LIMITED

8.2.1 MACRO-ECONOMIC RISKS

5G Networks business is exposed to changes in general global economic conditions. For example, adverse macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility, may influence spending by the Company's customers. This may affect the Company's future financial performance and operating performance, the price of the Shares and the Company's ability to pay dividends.

8.2.2 TRADING AND LIQUIDITY IN SHARES

There can be no guarantee that an active market for the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also impact the prevailing market price at which Shareholders are able to sell their Shares.

8.2.3 STOCK MARKET CONDITIONS

Stock market conditions may affect the value of 5G Networks quoted securities regardless of their operating performance.

Stock market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- change in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- 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 5G Networks nor the Directors warrant the future performance of the Company or any return on an investment in it.

8.2.4 SHAREHOLDERS MAY SUFFER DILUTION

In the future, 5G Networks may elect to issue Shares or engage in fundraisings including to fund acquisitions that 5G Networks may decide to make. While 5G Networks will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues and fundraisings.

8.2.5 CURRENCY MOVEMENTS MAY BE UNFAVOURABLE

5G Networks currently conducts business in Australia. Adverse movements in the exchange rate between the Australian dollar and the currencies of its suppliers may expose 5G Networks to foreign currency risk. Should the Australian dollar depreciate or the foreign currency of its suppliers appreciate significantly, it may cause losses, especially if the equipment used by 5G Networks is imported. Such losses may reduce 5G Networks profitability, ability to pay dividends and service debt obligations.

8.2.6 ADVERSE TAXATION CHANGES MAY OCCUR

There is the potential for changes to tax laws. Any change to the current rates of taxes imposed on 5G Networks is likely to affect returns to Shareholders. An interpretation of taxation laws by the relevant tax authority that is contrary to 5G Networks view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in 5G Networks financial statements. In addition, any change in tax rules and tax arrangements may have an adverse effect on the level of dividend franking and Shareholder returns.

8.2.7 GENERAL INVESTMENT RISK

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus.

There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if 5G Networks earnings increase.



RISK FACTORS

8.2.7 GENERAL INVESTMENT RISK

Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international market for listed stocks;
- general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which 5G Networks operates; and
- general operational and business risks.

Other factors which may negatively affect investor sentiment and influence 5G Networks specifically or the stock market more generally, include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

9 FINANCIAL INFORMATION

9.1 INTRODUCTION

9.1 INTRODUCTION

The financial information for 5G Networks contained in this section 9 includes:

- Pro forma statement of financial position as at 30 June 2017;
- Pro forma profit or loss and other comprehensive income statements for 5G Networks for the financial years ended 30 June 2015 (FY15), 30 June 2016 (FY16), and 30 June 2017 (FY17);
- Profit or loss and other comprehensive income statements for 5G Networks for FY15, FY16 and FY17;
- Pro forma cash flow statements for 5G Networks for FY15, FY16 and FY17; and
- Cash flow statements for 5G Networks for FY15, FY16 and FY17.

This historical and pro forma financial information forms the Financial Information.

All amounts disclosed in section 9 are presented in Australian dollars, unless otherwise noted, and are rounded to the nearest dollar.

The Directors are responsible for the preparation of the Financial Information. The Directors believe that the Financial Information has been prepared with due care and attention, and considers all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The annual financial reports for FY16 (and thus FY15 comparative figures) and FY17 of Enspire and FY15, FY16 and FY17 for 5G Networks were audited by David Jaffe, Chartered Accountants who issued unqualified audit opinions in respect of these reports.

9.2 BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

5G Networks was incorporated on 15 April 2013 and became a public company on 3 August 2017. It has one subsidiary called 5G Network Operations Pty Ltd. Prior to the initial public offering (IPO), the shareholders of Enspire entered into an agreement with 5G Networks, whereby, 5G Networks will acquire all shares in Enspire (the Acquisition). Details of the Acquisition are included in section 9.3.

9.3 ACQUISITION OF ENSPIRE

On 24 July 2017, 5G Networks entered into an agreement to acquire 100% of the shares in Enspire. The Acquisition is contingent on the IPO of 5G Networks and will complete on the second business day after completion of the IPO. Details of the purchase price are provided below:

| Purchase price | |
|--------------------|--------------------|
| Cash consideration | \$800,000 |
| Share component | \$1,000,000 |
| Total | \$1,800,000 |

The sellers of Enspire will receive \$800,000 of cash and also \$1million of shares in 5G Networks, to be priced based on the IPO offer price. It should be noted, that if the IPO is delayed and occurs after 30 November 2017, the acquisition price changes to either \$800,000 in cash, plus 15% of the shares in 5G Networks, alternatively \$1,300,000 in cash, plus 7.5% of the shares; the choice between the options is that of the sellers.

In order to prepare the pro forma statement of financial position, it has been assumed that the IPO will complete before 30 November 2017. The pro forma statement of financial position is shown in section 9.5.

9.4 PRO FORMA INFORMATION

The accounting policies used to prepare the pro forma financial information are the same as the accounting policies used in preparation of the financial statements of the Company for the year ended 30 June 2017 and are set out in Section 9.9. The pro forma assumptions on which the pro forma financial information has been based are set out in sections 9.6 below.

9.5 PRO FORMA STATEMENT OF FINANCIAL POSITION

Set out below is the pro forma statement of financial position. It has been prepared using the 30 June 2017, audited financial statements for both 5G Networks and Enspire. The financial statements for 5G Networks have been prepared on a consolidated basis and include its subsidiary, 5G Network Operations Pty Ltd. It shows the hypothetical statement of financial position including the factors listed in section 9.6.

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FINANCIAL INFORMATION

9.5 PRO FORMA STATEMENT OF FINANCIAL POSITION

| | Note | 5G Networks | Post year end and pre-IPO raising | Enspire | Impact of Enspire Acquisition | Impact of listing (Minimum) | Impact of Listing (Maximum) | Pro forma total (Minimum) | Pro forma total (Maximum) |
|--------------------------------------|------|----------------|-----------------------------------|------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| ASSETS | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | |
| Cash and cash equivalents | | 238,804 | 560,000 | 582,099 | (800,000) | 3,346,989 | 3,720,127 | 3,927,892 | 4,301,030 |
| Trade and other receivables | 4.1 | 97,936 | - | 214,332 | | - | - | 312,268 | 312,268 |
| Income tax refund due | | - | - | 236,819 | | - | - | 236,819 | 236,819 |
| Other | | - | - | 58,841 | | - | - | 58,841 | 58,841 |
| TOTAL CURRENT ASSETS | | 336,740 | 560,000 | 1,092,091 | (800,000) | 3,346,989 | 3,720,127 | 4,535,820 | 4,908,958 |
| NON-CURRENT ASSETS | | | | | | | | | |
| Other receivables | 4.1 | 70,000 | - | - | | - | - | 70,000 | 70,000 |
| Property, plant and equipment | 4.2 | 23,880 | - | 377,221 | | - | - | 401,101 | 401,101 |
| Goodwill | 4.3 | - | - | - | 1,251,359 | - | - | 1,251,359 | 1,251,359 |
| Deferred tax | | 13,863 | - | 34,973 | | - | - | 48,836 | 48,836 |
| TOTAL NON-CURRENT ASSETS | | 107,743 | - | 412,194 | 1,251,359 | - | - | 1,771,296 | 1,771,296 |
| TOTAL ASSETS | | 444,483 | 560,000 | 1,504,285 | 451,359 | 3,346,989 | 3,720,127 | 6,307,116 | 6,680,254 |
| LIABILITIES | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | |
| Trade and other payables | 4.4 | 24,516 | - | 300,916 | | - | - | 325,432 | 325,432 |
| Borrowings | 4.5 | - | - | 131,493 | | - | - | 131,493 | 131,493 |
| Employee benefits | 4.6 | - | - | 103,939 | | - | - | 103,939 | 103,939 |
| Other liabilities | 4.7 | 3,000 | - | 93,874 | | - | - | 96,874 | 96,874 |
| TOTAL CURRENT LIABILITIES | | 27,516 | - | 630,222 | | - | - | 657,738 | 657,738 |
| NON-CURRENT LIABILITIES | | | | | | | | | |
| Borrowings | 4.5 | - | - | 156,417 | | - | - | 156,417 | 156,417 |
| Employee benefits | 4.6 | - | - | 82,080 | | - | - | 82,080 | 82,080 |
| Other | 4.7 | - | - | 86,925 | | - | - | 86,925 | 86,925 |
| TOTAL NON-CURRENT LIABILITIES | | - | - | 325,422 | | - | - | 325,422 | 325,422 |
| TOTAL LIABILITIES | | 27,516 | - | 955,644 | | - | - | 983,160 | 983,160 |
| NET ASSETS | | 416,967 | 560,000 | 548,641 | 451,359 | 3,346,989 | 3,720,127 | 5,323,956 | 5,697,094 |
| EQUITY | | | | | | | | | |
| Issued capital | 4.8 | 520,002 | 560,000 | 130,000 | 870,000 | 3,736,000 | 4,109,600 | 5,816,002 | 6,189,602 |
| Retained profits | | | - | 418,641 | (418,641) | (389,011) | (389,473) | (492,046) | (492,508) |
| TOTAL EQUITY | | 416,967 | 560,000 | 548,641 | 451,359 | 3,346,989 | 3,720,127 | 5,323,956 | 5,697,094 |

9 FINANCIAL INFORMATION

9.6 ASSUMPTIONS USED IN PREPARING THE PRO FORMA STATEMENT OF FINANCIAL POSITION

9.6 ASSUMPTIONS USED IN PREPARING THE PRO FORMA STATEMENT OF FINANCIAL POSITION

The pro forma statement of financial position has been prepared for the Group as at 30 June 2017, and incorporates the following transactions and events, as if they had all taken place at that date:

- The issue of 5,932,499 fully paid shares after 30 June 2017 at an average price of \$0.09 raising \$560,000. These funds were raised prior to the IPO.
- The acquisition of Enspire for \$1.8million, with \$800,000 payable in cash and \$1 million in shares at a price of \$0.25 per share. The costs of acquiring Enspire were incurred before year end and thus included in the audited 30 June 2017 financial statements.

- The issue of 16 million fully paid shares at a price of \$0.25 to raise \$4 million in a minimum raise for the IPO.
- The issue of 17.6 million fully paid shares at a price of \$0.25 to raise \$4.4 million in a maximum raise for the IPO.
- The payment and recognition of the costs expected to be incurred in connection with the Offer, on both a minimum and maximum raising is shown in the table below:

| | Minimum raising (\$) | Maximum raising (\$) |
|---|----------------------|----------------------|
| IPO COSTS | | |
| ASX and share registry | 94,541 | 95,003 |
| Legal fees | 143,000 | 143,000 |
| Independent expert reports | 35,750 | 35,750 |
| Accounting fees | 11,000 | 11,000 |
| Printing postage and stationery | 16,720 | 16,720 |
| Director and Officer insurance | 88,000 | 88,000 |
| | 389,011 | 389,473 |
| CAPITAL RAISING COSTS | | |
| Lead manager fee | 264,000 | 290,400 |
| | 264,000 | 290,400 |
| | | |
| TOTAL BEFORE COSTS INCLUDED IN THE 30 JUNE 2017 FINANCIAL STATEMENTS | 653,011 | 679,873 |
| | | |
| Costs included in the 30 June 2017 financial statements | (8,250) | (8,250) |
| | | |
| TOTAL | 644,761 | 671,623 |

9 FINANCIAL INFORMATION

9.7 PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

9.7 PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Set out below is a pro forma consolidated statement of profit or loss and other comprehensive income, showing the hypothetical consolidation of 5G Networks, 5G Network Operations Pty Ltd and Enspire for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017. This has been prepared on the basis that the entities were all one group (the Group) from 1 July 2014. This pro forma has been

prepared to provide potential investors an indication of the historical performance of the Group, had the acquisition of Enspire occurred before 1 July 2014. In this hypothetical consolidation the historical profit before income tax is shown on the assumption that the performance of the entities would not change or be impacted by being part of the Group. Also shown is the pro forma profit before income tax expense, which incorporates the additional costs, estimated by the Directors, that may have been incurred had the Group operated as a listed company as from 1 July 2014.

| | Note | 30 June 2015 | 30 June 2016 | 30 June 2017 |
|---|------|------------------|------------------|------------------|
| REVENUE | 3.1 | 6,107,125 | 6,248,077 | 5,967,761 |
| | | | | |
| EXPENSES | | | | |
| Data centre costs | | (2,048,115) | (2,142,661) | (2,237,482) |
| Corporate and administration expense | | (279,757) | (226,964) | (492,994) |
| Rent and office expense | | (185,817) | (194,668) | (257,645) |
| Employee benefits expense | | (2,491,701) | (2,524,552) | (2,346,850) |
| Depreciation and amortisation expense | | (80,955) | (133,706) | (142,603) |
| Finance costs | | (3,509) | (4,581) | (34,409) |
| HISTORICAL PROFIT BEFORE INCOME TAX EXPENSE | | 1,017,271 | 1,020,945 | 455,778 |
| | | | | |
| Assumed additional listed company costs | 3.2 | (235,755) | (241,800) | (248,000) |
| | | | | |
| PRO FORMA PROFIT BEFORE INCOME TAX EXPENSE | | 781,516 | 779,145 | 207,778 |
| | | | | |
| Income tax expense | 3.3 | (487,800) | (561,480) | (323,277) |
| PROFIT AFTER INCOME TAX EXPENSE | | 293,717 | 217,665 | (115,499) |
| | | | | |
| Other comprehensive income for the year, net of tax | | - | - | - |
| TOTAL COMPREHENSIVE INCOME | | 293,717 | 217,655 | (115,499) |

This pro forma is to be read in conjunction with the notes to and forming part of the historical financial information set out in section 9.9 below and the prior year financial information set out in the table above. Past performance is not a guide to future performance.

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FINANCIAL INFORMATION

9.8 PRO FORMA CASH FLOW STATEMENT

9.8 PRO FORMA CASH FLOW STATEMENT

Set out below is a pro forma historical cash flow statement, showing the hypothetical consolidation of 5G Networks, 5G Network Operations Pty Ltd and Enspire for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017. Similar to the profit and loss statement above, this has been prepared on the basis that the entities were all one group from 1 July 2014. The pro forma has been prepared to provide potential investors an indication of the cash flows of the Group, had the acquisition of Enspire occurred before 1 July 2014. It has been assumed in this hypothetical consolidation, that the cash flows of the entities would not change or be impacted by being part of the Group.

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FINANCIAL INFORMATION

9.8 PRO FORMA CASH FLOW STATEMENT

| | 30 June 2015 | 30 June 2016 | 30 June 2017 |
|---|------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers (inclusive of GST) | 5,797,812 | 5,982,222 | 5,928,575 |
| Payments to suppliers and employees (inclusive of GST) | (5,427,481) | (5,813,771) | (5,721,348) |
| | 370,331 | 168,451 | 207,227 |
| | | | |
| Interest received | 1,988 | 2,729 | 6,570 |
| Interest and other finance costs paid | (3,509) | (4,581) | (34,388) |
| Proceeds from refund of other assets | - | - | 10,000 |
| R&D tax offset received | 826,792 | 908,902 | 634,554 |
| Payments for other assets | - | (10,000) | - |
| Income taxes paid | (703,906) | (699,045) | (364,974) |
| NET CASH FROM OPERATING ACTIVITIES | 491,696 | 366,456 | 458,989 |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | (65,259) | (194,944) | (373,655) |
| NET CASH USED IN INVESTING ACTIVITIES | (65,259) | (194,944) | (373,655) |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from share issue | - | - | 367,000 |
| Payments for share issue costs | - | - | - |
| Proceeds from borrowings | - | 79,085 | 334,376 |
| Dividends paid | (200,000) | (290,000) | (120,000) |
| Repayment of borrowings | (1,923) | (9,128) | (116,423) |
| NET CASH USED IN FINANCING ACTIVITIES | (201,923) | (220,043) | 464,953 |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | 224,514 | (48,531) | 550,287 |
| Cash and cash equivalents at the beginning of the financial year | 94,633 | 319,147 | 270,616 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 319,147 | 270,616 | 820,903 |

This pro forma is to be read in conjunction with the notes to and forming part of the historical financial information set out in section 9.9 below and the prior year financial information set out in the table above. Past performance is not a guide to future performance.

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information presented herein has been prepared in accordance with the measurement and recognition (but not all disclosure) requirements of applicable Australian Accounting Standards. The Financial Information is presented in abbreviated form insofar as it does not comply with all disclosure requirements set out in the Australian Accounting Standards and Interpretations and the Corporations Act. Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS).

The Financial Information has been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated. In the view of the Directors of 5G Networks, the omitted disclosures provide limited relevant information to potential investors.

The following significant accounting policies have been adopted in the preparation and presentation of the historical and pro forma Financial Information.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act, these financial statements present the results of the consolidated entity only.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 5G Networks as at 30 June 2017 and the results of all subsidiaries for the year then ended. The pro forma statement of financial position has been prepared under the assumptions listed in section 9.6, and the pro forma profit or loss and other comprehensive income, and cash flows have been prepared in accordance with the assumptions set out in sections 9.7 and 9.8.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

RENDERING OF SERVICES

Revenue from the delivery of services is recognised upon delivery of the service to the customer.

INTEREST

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

R&D TAX OFFSET REVENUE

R&D tax offset revenue is revenue recognised when there is reasonable assurance that it will be received. It is recognised in the statement of comprehensive income in the same period that the related costs are recognised as expenses.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of obtaining new technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|------------------------|----------------|
| Leasehold improvements | 6 years |
| Plant and equipment | 1 to 2.5 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

NOTE 2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

9

FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

The fair value of assets and liabilities is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

ESTIMATION OF USEFUL LIVES OF ASSETS

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

INCOME TAX

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

NOTE 3 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

NOTE 3.1 REVENUE

| | 30 June 2015 | 30 June 2016 | 30 June 2017 |
|-------------------------------|------------------|------------------|------------------|
| Sales - rendering of services | 5,278,345 | 5,336,428 | 5,347,789 |
| R&D tax offset revenue | 826,792 | 908,920 | 613,402 |
| Other | 1,988 | 2,729 | 6,570 |
| TOTAL | 6,107,125 | 6,248,077 | 5,967,761 |

NOTE 3.2 ASSUMED ADDITIONAL LISTED COMPANY COSTS

Additional public company costs include an estimate of the non executive director fees, listing costs and the compliance and regulatory costs that would have been incurred by the Group had the acquisition of Enspire occurred before 1 July 2014 and the Company's shares been listed on the ASX as from before that date.

NOTE 3.3 INCOME TAX EXPENSE

| | 30 June 2015 | 30 June 2016 | 30 June 2017 |
|--|----------------|----------------|----------------|
| Numerical reconciliation of income tax expense and tax at the statutory rate | | | |
| | | | |
| Profit before income tax expense | 781,516 | 779,145 | 207,778 |
| | | | |
| Tax at the statutory tax rate of 27.5% (2016: 30%, 2015:30%) | 234,455 | 233,744 | 57,139 |
| | | | |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | | |
| Non-assessable R&D tax offset | (248,038) | (272,676) | (168,685) |
| Movement in deferred tax | (58,409) | (5,321) | 14,894 |
| R&D tax accounting expenditure | 551,194 | 605,946 | 387,782 |
| Other permanent and timing differences | 8,597 | (213) | 32,147 |
| INCOME TAX EXPENSE | 487,799 | 561,480 | 323,277 |

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

NOTE 4 NOTES TO THE PRO FORMA STATEMENT OF FINANCIAL POSITION

NOTE 4.1 TRADE AND OTHER RECEIVABLES

| | 30 June 2017 |
|----------------------|----------------|
| CURRENT | |
| Trade receivables | 214,332 |
| Other receivables | 85,707 |
| GST receivable | 12,229 |
| TOTAL | 312,268 |
| | |
| NON - CURRENT | |
| unsecured loan | 70,000 |
| TOTAL | 70,000 |

Unsecured loan – on 29 June 2017 5G Networks issued 1,400,000 shares to Garry Edwin White (National Sales Director) for \$70,000. The funds to finance the share purchase were loaned by 5G Networks as a non-recourse loan which is repayable the earlier of 17 July 2020 or upon sale of issued shares.

NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT

| | Plant and equipment | Leasehold | Total |
|--------------------------------------|---------------------|-----------------|------------------|
| GROSS CARRYING AMOUNT | | | |
| Balance 1 July 2016 | 426,495 | - | 426,495 |
| Additions | 45,193 | 335,636 | 380,829 |
| Disposals | (13,158) | - | (13,158) |
| BALANCE 30 JUNE 2017 | 458,530 | 335,636 | 794,166 |
| | | | |
| DEPRECIATION & IMPAIRMENT | | | |
| Balance 1 July 2016 | (256,445) | - | (256,445) |
| Disposals | 5,891 | - | 5,891 |
| Depreciation | (87,260) | (55,251) | (142,511) |
| BALANCE 30 JUNE 2017 | (337,814) | (55,251) | (393,065) |
| CARRYING AMOUNT 30 JUNE 2017 | 120,716 | 280,385 | 401,101 |

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

NOTE 4.3 GOODWILL

The movements in goodwill are as follows:

| | 30 June 2017 |
|--|------------------|
| COST: | |
| Balance as at 1 July 2016 | - |
| Acquired through business combinations | 1,251,359 |
| BALANCE AS AT 30 JUNE 2017 | 1,251,359 |
| | |
| ACCUMULATED IMPAIRMENT: | |
| Balance as at 1 July 2016 | - |
| Impairment recognised | - |
| BALANCE AS AT 30 JUNE 2017 | - |
| | |
| CARRYING AMOUNT | 1,251,359 |

In preparation of the pro forma, it has been assumed that Enspire would be acquired. The goodwill is generated on the basis of the assumptions in section 9.3.

NOTE 4.4 TRADE AND OTHER PAYABLES

| | 30 June 2017 |
|------------------------------------|----------------|
| Trade payables | 99,495 |
| Other payables | 26,149 |
| Accrued expenses | 51,793 |
| Salary and superannuation accruals | 48,579 |
| PAYG payable | 33,319 |
| GST payable | 66,097 |
| TOTAL | 325,432 |

NOTE 4.5 BORROWINGS

| | 30 June 2017 |
|-------------------------|----------------|
| CURRENT | |
| Bank loans | 100,163 |
| Hire purchase agreement | 31,330 |
| | 131,493 |
| | |
| NON-CURRENT | 156,417 |
| Bank loans | 156,417 |

On 27 September 2016, Enspire received a loan from the ANZ Bank. It included three separate chattel mortgage facilities each of 36 months duration. The ANZ Bank received security over all present and future property of Enspire. In addition, the ANZ Bank received personal guarantees from Geoffrey Nicholas and Mark Echert to the limit of \$548,052. The interest on the loans is 6.68% per annum. As part of this facility, the ANZ Bank provided indemnity/guarantee facilities totalling \$213,676; these facilities were not in use at 30 June 2017.

On 18 March 2016, Enspire entered a hire purchase agreement with De Lage Landen Pty Ltd, trading as Microsoft Financing. The loan was for \$86,058 to finance the purchase of computer hardware and is to be repaid in equal monthly repayments over 24 months. The interest rate implicit in the agreement was 8.25% per annum.

NOTE 4.6 EMPLOYEE BENEFITS

| | 30 June 2017 |
|--------------------|----------------|
| CURRENT | |
| Annual leave | 103,939 |
| | 103,939 |
| | |
| NON-CURRENT | |
| Long service leave | 82,080 |
| | 82,080 |

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

NOTE 4.7 OTHER LIABILITIES

| | 30 June 2017 |
|--------------------|---------------|
| CURRENT | |
| Deferred revenue | 72,586 |
| Audit fees payable | 3,000 |
| Rental incentive | 21,288 |
| | 96,874 |
| NON-CURRENT | |
| Rental incentive | 86,925 |
| | 86,925 |

A rental incentive was received by Enspire when it leased its head office premises in William Street Melbourne. The rental agreement is for six years, starting 25 July 2016. As part of the agreement a nine month rent free period starting from the beginning of the lease term was negotiated. This benefit has been apportioned over the period of the lease.

NOTE 4.8 EQUITY

| | Note | Issued capital | Retained profit | Total |
|-----------------------------|-------|----------------|------------------|----------------|
| Balance 1 July 2016 | | 2 | - | 2 |
| Total comprehensive income | | - | (103,035) | (103,035) |
| Issue of new share capital | 4.8.A | 520,000 | - | 520,000 |
| Payments of dividends | | - | - | - |
| | | | | |
| BALANCE 30 JUNE 2017 | | 520,000 | (103,035) | 416,967 |

9 FINANCIAL INFORMATION

9.9 NOTES TO THE PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

NOTE 4.8.A ISSUED CAPITAL

| | Share | \$ |
|-----------------------------------|-------------------|----------------|
| Balance 1 July 2016 | 2 | 2 |
| | | |
| Share split | 8,700,000 | 2 |
| | | |
| Shares issued: | | |
| Pre-IPO capital raising | 8,059,375 | 450,000 |
| Share based employee remuneration | 1,400,000 | 70,000 |
| | | |
| BALANCE 30 JUNE 2017 | 18,159,375 | 520,002 |

A share split was conducted on 28 June 2017, whereby each share was converted into 4,350,000 shares.

On 29 June 2017 additional shares were issued for the purposed of pre-IPO capital raising and also share based employee remuneration. The Company issued a total of 9,459,375 shares.

NOTE 4.9 POST BALANCE DATE EVENTS

After year end the Company issued a further 5,932,499 shares at an average price of 9.5 cents each raising \$560,000.

| | Share | \$ |
|-------------------------------|-------------------|------------------|
| Balance 30 June 2017 | 18,159,375 | 520,002 |
| Shares issued | 5,932,499 | 560,000 |
| | | |
| BALANCE BEFORE THE IPO | 24,091,874 | 1,080,002 |

9 FINANCIAL INFORMATION

9.10 HISTORICAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

9.10 HISTORICAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

Set out below is the consolidated statement of profit or loss and other comprehensive income for 5G Networks and its subsidiary, 5G Network Operations Pty Ltd, for FY15, FY16 and FY17.

| | 30 June 2015 | 30 June 2016 | 30 June 2017 |
|---|--------------|--------------|------------------|
| REVENUE | - | - | 21 |
| | | | |
| Expenses | | | |
| Data centre costs | - | - | - |
| Corporate and administration expense | - | - | (116,619) |
| Rent and office expense | - | - | (126) |
| Employee benefits expense | - | - | - |
| Depreciation and amortisation expense | - | - | (153) |
| Finance costs | - | - | (21) |
| PROFIT BEFORE INCOME TAX EXPENSE | - | - | (116,898) |
| | | | |
| Income tax expense | - | - | 13,863 |
| PROFIT AFTER INCOME TAX EXPENSE | - | - | (103,035) |
| | | | |
| Other comprehensive income for the year, net of tax | - | - | - |
| TOTAL COMPREHENSIVE INCOME | - | - | (103,035) |

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of 5G Networks and its subsidiary 5G Network Operations Pty Ltd. This statement is to be read in conjunction with the notes set out in section 9.9. Past performance is not a guide to future performance.

9 FINANCIAL INFORMATION

9.11 HISTORICAL CONSOLIDATED CASH FLOW STATEMENT

9.11 HISTORICAL CONSOLIDATED CASH FLOW STATEMENT

Set out below is the consolidated cash flow statement for 5G Networks and its subsidiary, 5G Network Operations Pty Ltd, for FY15, FY16 and FY17.

| | 30 June 2015 | 30 June 2016 | 30 June 2017 |
|---|--------------|--------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers (inclusive of GST) | - | - | - |
| Payments to suppliers and employees (inclusive of GST) | - | - | (104,185) |
| | - | - | (104,185) |
| Interest received | - | - | 21 |
| Interest and other finance costs paid | - | - | - |
| Proceeds from refund of other assets | - | - | - |
| R&D tax offset received | - | - | - |
| Payments for other assets | - | - | - |
| Income taxes paid | - | - | - |
| NET CASH FROM OPERATING ACTIVITIES | - | - | (104,164) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | - | - | (24,034) |
| NET CASH USED IN INVESTING ACTIVITIES | - | - | (24,034) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from share issue | | - | 367,000 |
| Payments for share issue costs | - | - | - |
| Proceeds from borrowings | - | - | - |
| Dividends paid | - | - | - |
| Repayment of borrowings | - | - | - |
| NET CASH USED IN FINANCING ACTIVITIES | - | - | 367,000 |
| Net increase/(decrease) in cash and cash equivalents | - | - | 238,802 |
| Cash and cash equivalents at the beginning of the financial year | 2 | 2 | 2 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 2 | 2 | 238,804 |

This consolidated cash flow statement shows the historical cash flows of 5G Networks and its subsidiary 5G Network Operations Pty Ltd. This statement is to be read in conjunction with the notes set out in section 9.9. Past performance is not a guide to future performance.

28 September 2017

The Directors
5G Networks Limited
Level 8, 99 William Street
Melbourne VIC 3000

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA FINANCIAL INFORMATION

1. Introduction

We have been engaged by 5G Networks Limited ("5G Networks" or "the Company") to prepare an Independent Limited Assurance Report on the Historical Financial Information and the Pro Forma Financial Information of the Company for inclusion in a prospectus to be dated on or about 28 September 2017 ("Prospectus") relating to the offer of 16 million ordinary shares at an issue price of \$0.25 per share to raise a minimum of \$4 million and a maximum of \$4.4 million ("the Offer") in the proposed initial public offering and listing of the Company on the Australian Securities Exchange ("ASX").

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

This report has been prepared by PKF Melbourne Corporate Pty Ltd ("PKF Corporate"), which holds an Australian financial services licence under the Corporations Act 2001 (AFS Licence No. 222050).

This report is an Investigating Accountant's Report, the scope of which is set out below. A copy of the Financial Services Guide is attached at Appendix A.

2. Scope

You have requested PKF Corporate to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in Section 9 of the Prospectus.

1. Historical Financial Information

The historical financial information comprises of:

- the pro forma consolidated statements of profit or loss and other comprehensive income for 5G Networks for the years ended 30 June 2015, 2016 and 2017;
- the pro forma consolidated statements of cash flows for 5G Networks for the years ended 30 June 2015, 2016 and 2017; and
- the pro forma consolidated statements of financial position for 5G Networks as at 30 June 2017.

(together the "Historical Financial Information").

10 INVESTIGATING ACCOUNTANT'S REPORT



The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The pro forma consolidated statements of profit or loss and other comprehensive income, the pro forma consolidated statements of cash flows and the pro forma consolidated statements of financial position have been prepared based on the individual financial reports of 5G Networks and Enspire Pty Ltd ("Enspire") for the financial years ended 30 June 2016 and 30 June 2017. The individual financial reports of 5G Networks and Enspire for the years ended 30 June 2016 and 30 June 2017 were audited by David Jaffe Chartered Accountants in accordance with the Australian Auditing Standards. David Jaffe Chartered Accountants issued an unqualified audit opinion in respect of these financial reports.

2. Pro Forma Historical Financial Information

The financial information includes the pro forma consolidated historical statement of financial position for 5G Networks as at 30 June 2017 ("Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the consolidated historical financial information of the Company, after adjusting for the effects of the pro forma adjustments described in Section 7 of the Prospectus. The stated basis of preparation are the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of the Prospectus, as if those events or transactions had occurred as at the date of the historical information.

The Pro Forma Historical Financial Information has been compiled by 5G Networks to illustrate the impact of the events or transactions described in Section 9 of the Prospectus on 5G Networks' financial position as at 30 June 2017.

3. Directors' Responsibility

The Directors of the Company are responsible for the Historical Financial Information and the Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Pro Forma Historical Financial Information.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement.

4. Our Responsibility

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

Our review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

5. 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 of the Company as described in Section 9 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9 of the Prospectus being:

- the recognition and measurement principles contained in Australian Accounting Standards; and
- the Company's adopted accounting policies applied to the Historical Financial Information.

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 of the Company as described in Section 9 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9 of the Prospectus being:

- the recognition and measurement principles contained in Australian Accounting Standards;
- the Company's adopted accounting policies applied to the Pro Forma Historical Financial Information; and
- the events or transactions to which the pro forma adjustments relate, as described in Section 9 of the Prospectus, as if those events or transactions had occurred as at 30 June 2017.

6. Restrictions on use

Without modifying our conclusions, we draw attention to Section 9 of the Prospectus, which describes the purpose of the financial information prepared, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

7. Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with the Standard on Assurance Engagements applicable to Corporate Fundraisings and/or Prospective Financial Information.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside of Australia. We are not recommending or making any representation as to the suitability of any investment to any person.

8. Consent

PKF Corporate has consented to the inclusion of this report in the Prospectus in the form and context in which it is included, but has not authorized the issue of the Prospectus. Accordingly, PKF Corporate makes no representations regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully



Paul Lom
Director
PKF Melbourne Corporate Pty Ltd



Steven Perri
Director
PKF Melbourne Corporate Pty Ltd

10 INVESTIGATING ACCOUNTANT'S REPORT



Appendix A

Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

PKF Corporate

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

Financial Services Offered by PKF Corporate

PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

General Financial Product Advice

In this report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

Independence

At the date of this report, none of PKF Corporate, Mr Paul Lom nor Mr Steven Perri have any interest in the outcome of the capital raising, nor any relationship with 5G Networks or any of its Directors that may impact on our independence.

Drafts of this report were provided to and discussed with the Directors and management of 5G Networks and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with 5G Networks that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to this independent report on the Historical Financial Information and the Pro Forma Historical Financial Information.

PKF Corporate had no part in the formulation of the Historical Financial Information, the Pro Forma Historical Financial Information, the Proposed Capital Raising and ASX Listing. Its only role has been the preparation of this report.

Remuneration

PKF Corporate is entitled to receive a fee of approximately \$25,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints must be in writing and sent to PKF Corporate at the above address.

PKF Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

11 SIGNIFICANT CONTRACTS

11.1 SIGNIFICANT CONTRACTS

11.1 SIGNIFICANT CONTRACTS

This section contains highlights of, or reference to, certain contracts which have been identified as significant and relevant to potential investors in the Company. To fully understand all rights and obligations of a significant contract, it would be necessary to review it in full and the summaries should be read in that light. Furthermore, the list of significant and relevant contracts set out below does not purport to be complete or exhaustive.

11.2 ENSPIRE ACQUISITION AGREEMENT

5G Networks executed a Sale and Purchase Agreement (SPA) for the acquisition of all of the shares in Enspire from Eckert Investments Pty Ltd (EIP) and Nicholas Management Services Pty Ltd (NMS) on 24 July 2017. The SPA provides for 5G Networks to acquire all of the shares in Enspire from EIP and NMS (Enspire Vendors) for a purchase price of \$1,800,000 to be satisfied by the payment of \$800,000 cash and the issue of \$1,000,000 shares at the IPO offer price. The Offer price will be 25 cents so a total of 4,000,000 shares will be issued to the Enspire Vendors. Of this 70% (2,800,000 shares) will be issued to EIP and 30% (1,200,000 shares) to NMS.

Completion of the SPA is to occur at the time of or slightly prior to completion of the IPO (when 5G Networks is entitled to release application funds from the IPO trust account).

If the IPO is delayed and does not occur by 30 November 2017, the Enspire Vendors may require the Company to acquire Enspire. In that case the acquisition price changes to either \$800,000 in cash, plus 15% of the shares in 5G Networks, or \$1,300,000 in cash, plus 7.5% of the shares; the choice between the options is that of the Enspire Vendors. In those circumstances the Enspire Vendors would also be entitled to, between 15 April 2018 and 30 April 2018, require the Company to buy back or cause a third party to purchase their shares in the Company.

The Enspire acquisition was negotiated on arms length terms and the Directors are satisfied that the purchase price of \$1,800,000 represents market value. Enspire is profitable.

11.3 WHOLESALE AGREEMENT WITH TELSTRA

5G Networks entered into a Wholesale Agreement with Telstra on 15th May 2017. The Wholesale Agreement allows 5G Networks to acquire and resell Telstra broadband services to customers of 5G Networks. The Wholesale Agreement provides the link between customers who are linked to the

fibre network through 5G Networks' wireless network and the cloud and other services 5G Networks will provide to them.

11.4 CARRIER LICENCE

5G Networks will require a carrier licence to supply its carriage services (within the meaning of the Telecommunications Act 1997) to its customers. 5G Networks has applied for a carrier licence. In the interim it has obtained a carrier certificate for a period of 6 months which exempts it from the carrier licencing requirements. 5G Networks expects the carrier licence to be obtained before the expiration of the carrier certificate on 23 October 2017. If the carrier licence is not issued by that date 5G Networks expects to be able to extend the interim certificate for a further period of 6 months.

11.5 MANAGEMENT AGREEMENT

The Company and First Guardian Capital Pty Ltd (Lead Manager) entered into an agreement on 7 July 2017 by way of an Engagement Letter (Management Agreement) under which the Lead Manager was engaged as Lead Manager of the Offer. Under the Management Agreement the Lead Manager has agreed to arrange funds for the Offer on a best endeavours basis and provide other professional services in connection with the Offer. Under the Management Agreement the Company must pay the Lead Manager a capital raising fee of 6% (plus GST) of funds raised under the Offer.

11.6 ESCROW AGREEMENTS

5G Networks may enter into a number of Escrow Agreements under which certain shares in the Company may not be transferred or otherwise dealt with for a specified period. See section 6.8.

11.7 RELATED PARTY ARRANGEMENTS

The Company entered into a Co-location Agreement on 1 August 2017 with IT Universe Pty Ltd, a company controlled by Mark Eckert who controls Eckert Investments Pty Ltd which is an Enspire Vendor. The agreement is for the supply of rack space at a data centre (Melbourne Data Centre). The agreement is likely to result in expenditure of between \$130,000 and \$150,000 per annum. Several directors and senior managers hold or have interests in Shares. These shareholdings are disclosed in section 7 of this Prospectus. A company associated with the Managing Director, Studio Incorporate Pty Ltd, has been paid fees of approximately \$25,000 in connection with design work undertaken for Company publications, including this Prospectus. There are no other related party arrangements.

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ADDITIONAL INFORMATION

12.1 THE COMPANY

12.1 THE COMPANY

The Company was registered as an Australian company on 15 March 2013 and is an unlisted public company.

12.2 RIGHTS ATTACHING TO SHARES

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 or at www.5Gnetworks.com.au. Rights are affected by the Corporations Act, the ASX Listing Rules and statute and general law. The following is a summary of the rights attaching to Shares as set out in the Constitution.

12.2.1 VOTING

Subject to any rights and restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders:

- each Shareholder entitled to vote in person or by proxy, attorney or representative; and
- 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
- 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 which the amount paid (not credited) is of 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).

12.2.2 GENERAL MEETINGS

Each shareholder is entitled to receive notice of and to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of 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 ASX Listing Rules.

A shareholder may requisition meetings in accordance with the Corporations Act and the Constitution.

12.2.3 DIVIDENDS

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of the holders of any Shares created or raised under any special arrangement as to dividends, the dividend as declared 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 in accordance with Part 2.5 of Chapter 2H of the Corporations Act. The Directors may from time to time pay to the shareholders any interim dividends that they may determine.

No dividend shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive.

No dividend shall carry interest as against the Company. In addition, the Company must comply with section 254T of the Corporations Act when declaring a dividend.

12.2.4 TRANSFER OF SHARES

Subject to the Constitution, Shareholders may transfer any Share held by them by an:

- ASX Settlement Operation Rules Transfer or any other method of transferring or dealing in Shares introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or Listing Rules and in any such case recognised under the Corporations Act; or
- instrument in writing in any usual or common form or in any other form that the Directors approve.

12.2.5 ISSUE OF SHARES

Unissued Shares shall be under the control of the Directors and, subject to the Corporations Act, the Listing Rules, and the Constitution, the Directors may at any time issue such number of Shares either as ordinary Shares or Shares of a named class or classes (being either an existing class or a new class) at the issued price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors shall, in their absolute discretion, determine.

12.2.6 ISSUE OF OPTIONS

Subject to the Listing Rules, the Directors may at any time and from time to time issue options in the Company on such terms and conditions as the Directors shall, in their absolute discretion determine.

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ADDITIONAL INFORMATION

12.1 THE COMPANY

12.2.8 ENTITLEMENT TO SHARE CERTIFICATES

A person whose name is entered as a Shareholder in the Register of Shareholders is entitled without payment to receive a Share certificate or notice (as the case may be) in respect of the Share under seal in accordance with the Corporations Act.

If the securities of the Company are CHESS Approved Securities and held in uncertificated mode; then the Company shall allot such CHESS Approved Securities and enter them into the Shareholder's uncertificated holding in accordance with the Listing Rules and the ASX Settlement Operating Rules. In these circumstances, the Shareholder will not receive a Share certificate.

Where the Directors have determined not to issue share certificates or to cancel existing Share certificates, a Shareholder shall have the right to receive such statements of holdings of the Shareholder as are required to be distributed to a Shareholder under the Corporations Act or the Listing Rules.

Where a Share certificate is lost, worn out or destroyed, the Company shall issue a duplicate certificate in accordance with the requirements of section 1070D of the Corporations Act and the Listing Rules.

12.2.9 VARIATION OF RIGHTS

If at any time the share capital of the Company 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) may be varied, whether or not the Company is being wound up, 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 the class. Any variation of rights shall be subject to Part 2F.2 of Chapter 2F of the Corporations Act. The provisions of the Constitution relating to general meetings shall apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy not less than one-third of the issues Shares of the class.

12.2.10 WINDING UP

If the Company is wound up, the liquidator may, with the authority of a special resolution, 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 or she 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 class of Shareholders. The liquidator may, with the authority of a special resolution, 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.

12.2.11 ASX LISTING RULES

If the Company is listed on the official list of ASX, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, then that act must not be done. If the ASX 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, and if a provision is required in the Constitution by the ASX Listing Rules, the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

12.3 CONTINUOUS DISCLOSURE

The Company will be a disclosing entity for the purposes of Part 1.2A of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations which will require it to disclose to ASX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

12.4 SUBSTANTIAL HOLDERS

Shareholders who will have a relevant interest in 5% or more of the total Shares on issue upon completion of the Offer are as follows:

| Shareholder | Shares | Voting power at completion Minimum subscription | Voting power at completion Maximum subscription |
|--|------------|---|---|
| Mr Joseph Demase and JD Management Group Pty Ltd | 15,700,000 | 35.6% | 34.4% |
| Eckert Investments Pty Ltd | 2,800,000 | 6.4% | 6.1% |

Notes: (1) JD Management Group Pty Ltd is controlled by the Managing Director Mr Joseph Demase (2) Eckert Investments Pty Ltd is an Enspire Vendor (3) See also section 6.7 regarding control implications.

Following completion of the Offer but prior to Shares commencing trading on ASX, the Company will announce to ASX details of its top 20 Shareholders by number of Shares.

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ADDITIONAL INFORMATION

12.5 INTERESTS OF EXPERTS AND ADVISERS

12.5 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

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

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer.

FG Capital has acted as lead manager to the Company in relation to the Offer. Fees payable to FG Capital for these services are approximately \$264,000 (minimum subscription) and \$290,400 (maximum subscription) plus GST.

PKF Melbourne Corporate Pty Ltd has prepared the Investigating Accountant's Report which is included in Section 10 of this Prospectus. Fees payable to PKF Melbourne Corporate Pty Ltd for these services are approximately \$35,000 plus GST.

Cornwall Stodart has acted as the legal adviser to the Company in relation to the Offer. Fees payable to Cornwall Stodart for these services are approximately \$130,000 plus GST. Cornwall Stodart may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

The Company has paid Paul Budde Consulting Pty Ltd \$7,500 for the preparation of the Budde Report.

12.6 CONSENTS

Each of the parties referred to below:

- does not make the Offer;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- 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 contained in this Prospectus with the consent of that party as specified below; and
- has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

First Guardian Capital Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the lead manager to the Company in the form and context in which it is named. First Guardian Capital Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

PKF Melbourne Corporate Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the investigating accountant in the form and context in which it is named and to the inclusion of the Investigating Accountant's Report in the form and context in which it is included. PKF Melbourne Corporate Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the Investigating Accountant's Report.

PKF Melbourne Audit and Assurance has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the auditor of the Company in the form and context in which it is named. PKF Audit and Assurance has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Cornwall Stodart has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the solicitors to the Offer in the form and context in which it is named. Cornwall Stodart has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

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ADDITIONAL INFORMATION

12.6 CONSENTS

Link Market Services Limited (Registry) has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. The Registry has had no involvement in the preparation of any part of this Prospectus other than being named as the Share Registry. The Registry has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Paul Budde Consulting Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as an industry expert. Paul Budde Consulting Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the Budde Report.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

12.7 EXPENSES OF THE OFFER

The expenses of the Offer are expected to comprise the following amounts, which are exclusive of any GST payable by the Company.

| | Minimum raising (\$) | Maximum raising (\$) |
|---------------------------------|----------------------|----------------------|
| IPO COSTS | | |
| ASX and share registry | 94,541 | 95,003 |
| Legal fees | 143,000 | 143,000 |
| Independent expert reports | 35,750 | 35,750 |
| Accounting fees | 11,000 | 11,000 |
| Printing postage and stationery | 16,720 | 16,720 |
| Director and Officer insurance | 88,000 | 88,000 |
| | 389,011 | 389,473 |
| CAPITAL RAISING COSTS | | |
| Lead manager fee | 264,000 | 290,400 |
| | 264,000 | 290,400 |
| | | |
| TOTAL | 653,011 | 679,873 |

12.8 WORKING CAPITAL STATEMENT

On completion of the Offer the Company expects to have working capital of \$1,968,500 available to carry out its stated business objectives, after accounting for the cost of the network rollout.

| Cash and expenses | Amount (\$) |
|---|-------------|
| Pro forma cash at completion of the Offer | 3,927,982 |
| Network rollout expenses | (1,400,000) |
| Balance of working capital | 2,527,982 |

Notes: (1) Pro forma cash at completion of the Offer is noted at section 9.5 (Financial information) as \$3,368,500. This is after payment of \$800,000 to the Enspire Vendors on completion of the Enspire acquisition.

(2) See section 3.2 in relation to network rollout expenses. The Directors consider that 5G Networks will have enough working capital at the time of its admission to the Official List of ASX to carry out its stated business objectives.

(3) This table is based on the minimum subscription of \$4,000,000.

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ADDITIONAL INFORMATION

12.9 QUOTES

12.9 QUOTES

This prospectus contains two quotations attributed to respected business leaders.

The first is by Klaus Schwab in the introduction to the prospectus: “Broadband connections will pave the way to technology breakthroughs and advancements, but we must first lay the infrastructure so everyone can benefit.” Schwab is the Founder & Executive Chairman of the World Economic Forum. This quote is attributed to him in various sources including in an article published by Christine Mullins, the former executive director of the Instructional Technology Council of the American Association of Community Colleges.

The second is a quote by Steve Jobs in section 6.21: “Great things in business are never done by one person. They’re done by a team of people.” This is a quote Jobs made during a 60 minutes interview in 2013.

12.10 R & D GRANTS

Over the past 4 financial years Enspire has applied for and been the recipient of grants under the Research and Development Tax Incentive Scheme administered by Department of Industry, Innovation and Science (R&D Grants) and the ATO. Where a company receives R&D Grants it will not be able to pay franked dividends until it has paid company tax equal to the R&D Grants received. In the case of Enspire, it will not be able to pay a franked dividend until it has paid company tax of \$839,142. In addition, if the company becomes part of a tax consolidated group, companies which are members of the tax consolidated group will not be able to pay franked dividends until the company has paid company tax equal to the R&D Grants.

The Directors have not yet decided whether to form a tax consolidated group including Enspire. If they do the Company will not be able to pay a franked dividend until Enspire has paid company tax of \$839,142 and the Company and other members of the 5G Group have paid tax sufficient to frank the dividend.

This is not likely to affect Shareholders because the Board currently expects earnings of the Company to be reinvested in the business rather than being distributed as dividends during the early years of the Company’s development. See section 6.20.

12.11 TAXATION

The tax consequences of any investment in Shares will depend upon each applicant’s particular circumstances. It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to an investment in Shares under this Prospectus by consulting their own professional tax advisers. Accordingly, the Company strongly recommends that all applicants obtain their own tax advice before deciding on whether or not to invest. Neither the Company nor any of its Directors accepts any liability or responsibility in respect of the taxation consequences of an investment in Shares under this Prospectus.

Each Director of 5G Networks has authorised the issue of this Prospectus and has consented to it being lodged with ASIC.

Signed for and on behalf of 5G Networks Limited



Joseph Demase
Managing Director

13 GLOSSARY

| | |
|-----------------------------------|---|
| AEST | Australian Eastern Standard Time |
| Applicant | A person who applies for Shares |
| Application | An application for Shares |
| Application Form | The Application Form attached to this Prospectus |
| Application Monies | The Offer Price of \$0.25 per Share multiplied by the number of Shares applied for |
| ASIC | Australian Securities and Investments Commission |
| ASX | ASX Limited (ACN 008 624 691) or, where the context requires, the Australian Securities Exchange operated by ASX Limited |
| Board | Board of directors of the Company |
| Business | The business of 5G Networks comprising the Networks Business and the ICT Services Business |
| Budde Report | The industry experts report prepared by Paul Budde Consulting Pty Ltd. See Section 5 |
| CHES | Clearing House Electronic Subregister System |
| Closing Date | The date by which valid Application Forms must be received being 19th October 2017 or such other dates as the Company may determine in its discretion |
| Company and 5G Networks | 5G Networks Limited ACN 163 312 025 and where the context requires the 5G Group including Enspire (assuming the Company has acquired Enspire) |
| Constitution | The constitution of the Company |
| Corporations Act | Corporations Act 2001 |
| CRN | Customer Reference Number |
| Director | A director of the Company |
| DSL | Digital Subscriber Line |
| Enspire | Enspire Australia Pty Ltd ACN 105 883 887 |
| Enspire Vendors | The sellers of the shares in Enspire. See section 11.2 |
| ESOP | The Executive and Director Share Option Plan. See section 7.9 |
| Expiry Date | That date which is 13 months after the date of this Prospectus, being 14th October 2018 |
| Exposure Period | A 7 day period from the date of this Prospectus, or another period of days as decided by ASIC |
| FG Capital | First Guardian Capital Pty Ltd |
| Group and 5G Group | The group of companies comprising the Company, 5G Network Operations Pty Ltd and Enspire (assuming the Company has acquired Enspire) |
| ICT | Information and Communications Technology |
| ICT Services Business | The ICT Services Business supplies cloud, hosting support and network services to mid-market corporate businesses |
| Investigating Accountant's Report | A report issued by PKF Melbourne Corporate Pty Ltd in respect of the historical and pro forma financial information |
| KPI | Key performance indicators. These are included in employment agreements of senior managers and may affect their entitlement to ESOP Options |
| Layer 2 Service | A service that allows the customer to decide which data applications they can use. This provides customers with more flexibility than other services offerings |
| Lead Manager | First Guardian Capital Pty Ltd |
| Listing Rules | The Listing Rules of ASX |
| Managed Service Providers | Provides a network service to customers and manages that network |
| Management Agreement | The Management Agreement between the Company and the Lead Manager under which the Lead Manager arranges funds and provides other professional services in connection with the Offer. See sections 7.10 and 11.5 |
| Minimum Subscription | The Minimum Subscription of \$4,000,00. See Section 6.15 |
| Network Operations | 5G Network Operations Pty Ltd ACN 620 305 393 |
| Networks Business | The Networks Business supplies high speed broadband access to mid-market corporate businesses. See section 3.2 |
| OECD | Organisation for Economic Co-operation and Development |
| Offer | The offer of Shares under this Prospectus. See section 5.1 |
| Offer Price | \$0.25 per Share |
| Opening Date | 28th September 2017 |
| Option | An Option to acquire a Share. Options have been issued under the ESOP |
| OTT | Content being audio, video or other media transmitted via the internet as a stand alone product |
| Performance Rights | Rights issues to the Managing Director Joseph Demase and his associated company JD Management Group Pty Ltd, to acquire shares subject to performance, see section 7.10 |
| Pre-IPO Shareholders | Shareholders as at the date of this Prospectus. See section 6.6 |
| Principles and Recommendations | Corporate governance principles and recommendations released by the ASX Corporate Governance Council, Third edition |
| Prospectus | This prospectus issued by the Company for the purpose of Chapter 6D of the Corporations Act, under which Shares are offered for subscription, including any supplementary or replacement prospectus |
| Rights Issue | A pro rata entitlements issue if Shares to existing Shareholders |
| Share | An fully paid ordinary share in the Company |
| Shareholder | A person who holds Shares in the Company |
| Share Registry | Link Market Services Limited |
| System Integrators | The service of making software and hardware IT solutions work together |
| TDM | Time division multiplexing technology. It involves synchronised sending and receiving of data packets. |
| VM | Virtual machines |

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CORPORATE DIRECTORY

DIRECTORS

Albert Saychuan Cheok
Joseph Demase
Joseph Gangi

COMPANY SECRETARY

Geoffrey Nicholas
Registered Office of 5G Networks:
Level 8, 99 William Street
Melbourne VIC 3000

SHARE REGISTRY

Link Market Services Limited
Tower 4, 727 Collins Street,
Melbourne VIC 3008
+61 1300 554 474

SOLICITORS TO THE OFFER

Cornwall Stodart
Level 10, 114 William Street
Melbourne VIC 3000

INVESTIGATING ACCOUNTANT

PKF Melbourne Corporate Pty Ltd
Level 12, 440 Collins Street
Melbourne VIC 3000

LEAD MANAGER

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info@fgcorporatefinance.com
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