

Kollakorn Corporation Limited  
ACN 003 218 862

# Prospectus

## Offer

For an offer of 1000 Shares at an issue price of \$0.015 each to remove trading restrictions on Shares issued on or before the Closing Date (**Offer**).

### Important

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this Prospectus and the relevant Application Form regarding acceptance of the Offer. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for securities under the Offer. The securities offered under this Prospectus should be considered highly speculative.

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# Important information

## General

This Prospectus is issued by Kollakorn Corporation Limited (**Company**).

The Prospectus is dated 13 October 2020 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and options over continuously quoted securities, and has been prepared in accordance with section 713 of the Corporations Act.

No securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for securities pursuant to the Offer must do so using the relevant Application Form attached to or accompanying this Prospectus. Before applying for securities, investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the securities, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investment in the Company should be considered highly speculative. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for securities under the Offer.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

## Prospectus availability

ASIC has confirmed that the Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus is available from the Company Secretary. There is no facility for online applications. Any person accessing the Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the

complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company Secretary on +61 2 9290 9600

## Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered highly speculative. Refer to section 3 details certain risk factors which are considered to be relevant for the purposes of the Offer.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in Shares or the Company.

## Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency unless otherwise stated.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

## Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in section 6.

All references to time relate to the time in Sydney, New South Wales unless otherwise stated or implied.

## Governing law

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in New South Wales and each applicant submits to the exclusive jurisdiction of the courts of New South Wales.

## Corporate Directory

### **Directors:**

Riad Tayeh  
Non-Executive Chairman

Nicholas Aston  
Non-Executive Director

Charles Hunting  
Non-Executive Director

### **Company Secretary:**

Julian Rockett

### **Registered Office:**

C/- Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Phone: +61 2 9290 9600

### **Website:**

[www.kollakorn.com](http://www.kollakorn.com)

### **ASX Code:**

KKL

### **Auditor:**

RSM Australia Pty Ltd  
Level 13, 60 Castlereagh Street  
Sydney NSW 2000

### **Solicitors:**

CT Law

Karma Lawyers Pty Ltd

## Key information

Key financial information	Amount
Shares offered under the Offer	1000
Issue price of Shares under the Offer	\$0.015

**Note:** See section 2.1 for further information on the capital structure of the Company.

Key events	Date
Lodgement of this Prospectus with ASIC	13 October 2020
Opening Date	13 October 2020
Closing Date	14 October 2020

**Note:** The above timetable is indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date or accepting late acceptances, either generally or in particular cases, without notice.

# **1. Details of the Offer**

## **1.1 Offer**

Under the Offer, the Company is offering 1000 Shares at an issue price of \$0.015 each to raise \$15 (before costs).

The Offer will only be extended to specific persons on invitation from the Directors. Application Forms will only be provided by the Company to these persons.

## **1.2 Purpose**

The primary purpose of this Prospectus is to remove any trading restrictions that:

- may have attached to any Shares issued by the Company before the date of this Prospectus without disclosure under Chapter 6D of the Corporations Act; and
- attach to any other Shares issued prior to the Closing Date.

Accordingly, the Company is seeking to raise only a nominal amount under this Prospectus as the purpose of this Prospectus is not to raise capital. The total expenses of the Offer, as estimated in section 4.7, will be paid out of the Company's existing cash reserves.

As announced to ASX on 6 March 2020, the Company has become aware that certain prior Share issues made by the Company were not accompanied by the issue of a cleansing document so as to permit immediate trading in these Shares. Further, the Company has identified that in respect of one of the Placements in May 2017, certain shares were on sold within 12 months contrary to the secondary trading restrictions under the Corporations Act. Therefore, these shares remain subject to those secondary trading restrictions.

After lodgment of this prospectus, the Company will file an application with the Supreme Court of New South Wales to seek declaratory relief and ancillary orders relating to prior trading in the relevant Shares, and to request that the Court issue an order that any on-sales of those shares prior to the issue of this Prospectus will be validated and will not attract any civil liability.

The Company will keep the market updated accordingly.

The Company is lodging this Prospectus under section 708A(11) of the Corporations Act to cleanse Shares issued on or before the Closing Date so that subsequent trading is not subject to secondary trading restrictions under the Corporations Act.

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

The Corporations Act provides an exception to section 707(3) where an entity issues a cleansing notice under section 708A(5). The Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a cleansing notice in accordance with section 708A(5) of the Corporations Act.

Relevantly, section 708A(11)(b) provides that a sale offer does not need disclosure to investors if:

- the relevant securities are in a class of securities of the company that are already quoted on the ASX;
- a prospectus is lodged with ASIC either:
  - on or after the day on which the relevant securities were issued; or
  - before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

- the prospectus is for the offer of securities issued by the company that are in the same class of securities as the relevant securities.

### **1.3 Details**

Details specific to the Offer are set out in this section 1.3.

#### **(a) Minimum subscription**

The Offer has no minimum subscription.

#### **(b) Oversubscriptions**

No oversubscriptions will be accepted by the Company.

#### **(c) Shares**

The Shares offered 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 the Shares is set out in section 4.3.

#### **(d) Offer period**

The Offer will open on the Opening Date and close on the Closing Date.

#### **(e) Applications**

Applications for Shares under the Offer must only be made by investors at the direction of the Company and using the Application Form accompanying this Prospectus. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Payment for Shares must be made in full at the issue price of \$0.015 per Share. Completed Application Forms and accompanying cheques, made payable to "KOLLAKORN CORPORATION LIMITED" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

#### **(f) Capital raising fees**

No capital raisings fees will be paid in relation to applications made under the Offer.

#### **(g) ASX quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Shares offered under this Prospectus. If approval for quotation of the Shares is not granted within 3 months after the date of this Prospectus, the Company will not issue any Shares and will repay all Application Monies without interest as soon as practicable.

#### **(h) Application Monies**

All Application Monies for Shares to be issued pursuant to the Offer will be held in trust on behalf of applicants until the Shares are issued or, if the Shares are not issued, until the Application Monies are returned to applicants. All interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

### **1.4 Excluded information**

In accordance with section 713(5) of the Corporations Act, information must be included in this Prospectus if the information:

- has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
  - the rights and liabilities attaching to the securities being offered; and
- would reasonably expect to find in this Prospectus.

The Company has considered the above standards and notes having recently prepared an unaudited preliminary financial report on 1 September 2020, and an accompanying confirmation on 3 September 2020, that it did anticipate that the audit report, once received was likely to also contain modified opinion similar to that issued in relation to the year ended 30 June 2019, a copy of which is found on the ASX on 19 October 2019.

Furthermore, the Company prepared three (3) monthly cashflow reports (appendix 4Cs) for the periods: June 2020, July 2020 and August 2020, all released on 2 October 2020. Furthermore, a Quarterly Activities Report for the same period was published on 12 October 2020.

Noting the above reports and disclosures, and the fact that the Company is a disclosing entity with ongoing disclosure obligations imposed by the Listing Rules, the Company confirms that in the Board and Management's belief after due consideration, that there is to their knowledge no additional information required to be presented at this time, except as described under risks in section 3.

As stipulated in section 1.2, Company the preparation of this Prospectus is also integral element of a larger goal that includes (but is not limited to):

- a. filing an application with the Supreme Court of New South Wales to seek declaratory relief and ancillary orders relating to prior trading in the relevant Shares;
- b. To seek reinstatement of its securities on the ASX; and
- c. Potentially raising capital at a later date on market.

The Company therefore encourages shareholders to also refer to Section 3 for further information on the risk with respect to securities being offered under this Cleansing Prospectus. .

## **1.5 Foreign investor restrictions**

This Prospectus does not constitute the Offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such the Offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit the Offering of securities in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant laws and regulations for the issue to them of securities offered pursuant to this Prospectus. Return of an Application Form will constitute a representation and warranty that there has been no breach of such laws and regulations.

## **1.6 Representations**

The return of an Application Form or otherwise applying for securities under the Offer will be taken by the Company to constitute a representation by the applicant that it (as applicable):

- 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;
- has obtained all necessary approvals and complied with all relevant laws and regulations for the purposes of section 1.4 (to the extent that they are applicable) and confirms its eligibility in respect of the Offer of securities 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 new securities that it applies for (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder(s) of the securities issued to it under the Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the securities 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 new securities 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.

### **1.7 Issues of securities**

Any issue of securities under this Prospectus will occur on or about the Closing Date. Following this, holding statements will be sent to applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the securities. Applicants who sell their securities before they receive their holding statement will do so at their own risk.

### **1.8 CHESS and issuer sponsorship**

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

### **1.9 Privacy disclosure**

Persons who apply for securities 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 securities, 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 securities 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 or the Share Registry.

### **1.10 Taxation**

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither Company or the Directors accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

## 2. Effect of the Offer

### 2.1 Capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Security	Number
Existing Shares	240,822,940
Shares offered under the Offer <sup>1</sup>	1000
<b>Total Shares</b>	<b>240,823,940</b>
Unlisted Options <sup>2</sup>	20,000,000

**Notes:**

1. These Shares are being offered for the purpose set out in section 1.2.
2. Unlisted options are exercisable until 15 December 2021, with an exercise price at \$0.01 each.
3. 74,999,999 unlisted performance shares previously exercisable at \$0.08 lapsed on June 30, 2020.

### 2.2 Control

The Offer is not anticipated to have a material impact on control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

### 2.3 Cash reserves

After paying expenses of the Offer there will be no net proceeds from the Offer. The expenses of the Offer will be met from the Company's existing cash reserves.

### 2.4 Financial position

After paying for the expenses of the Offer, there will be no proceeds from the Offer. The expenses of the Offer will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being receipt of funds of up to \$15 less expenses of the Offer.

## 3. Risk factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside its control.

The Directors consider that the matters summarised in this section 3, which is not exhaustive, represent some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

### 3.1 Specific risks

#### (a) Background and continued suspension risk

The Company's securities were initially suspended from trading on the ASX on the 2 September 2019 based on the ASX having queries with respect to a number of matters stemming from the Company's financial accounts. There was continued dialogue over a substantial period over the following months. The Company provided substantial additional

information sought from the ASX and also increased financial reporting from quarterly to monthly to accommodate ASX cashflow concerns.

The most recent matter raised by the ASX in February was their identification of prior share issues in 2016 and 2017 where a cleansing notice had not been issued that would have permitted immediate trading. Upon examination, it was evident that on sale trades within 12 months of the issue of certain 'uncleansed' shares did occur, and the Company promptly disclosed this issue to the market and confirmed its intention to take any necessary corrective steps. This prospectus is a one of those corrective steps.

Accordingly, as set out in section 1.2, after lodging this Prospectus with ASIC and publishing it on the ASX, the Company will file an application with the Supreme Court of New South Wales (**Court**) to seek declaratory relief and ancillary orders relating to prior trading in certain Shares, so that any on-sales prior to the issue of this Prospectus will be validated and will not attract any civil liability.

The Company's securities is required to remain suspended until orders are obtained from the Court. Although the Company is not aware of any circumstances that should prevent it from obtaining the orders, there is no guarantee that the Court will grant the orders to validate the prior trading in the relevant Shares and relieve any sellers of those Shares from civil liability in respect of contraventions of the on-sale restriction.

There is also no guarantee that the ASX will lift the trading suspension, even if the Court grants orders described above.

The Company is not presently aware of any further specific matters raised by the ASX not satisfactorily addressed, subject to the Court orders granting these orders that would cause the ASX not to permit the Company's reinstatement should this order be obtained.

The ASX has however expressed *general* concerns verbally and in an email about concerns as to the Company's financial condition, structure and operations in reference to Listing Rules 12.1 and 12.2.

The above listing rules provide the ASX with the right to delist any entity the ASX deem, or has otherwise forms the view, as lacking the financial condition, structure and/or operations appropriate (in their view) to remain listed on the ASX.

Notwithstanding these risks, the Company views reinstatement as both a viable and realistic goal, due to:

1. the considerable progress made with respect to satisfying the ASX's queries, prior to their identification of historical shares issued without an accompanying cleansing notice in 2016 and 2017, and
2. the strong likelihood declaratory relief and ancillary orders relating to the prior trading in certain shares will be granted based on its received legal advice; and
3. the Company's operational viability.

Being suspended is a challenging event for any listed small capital company, and for this Company that has certainly been the case. It impedes a listed company's ability to raise funds. In Kollakorn's case, suspension was overlapped by the COVID19 pandemic.

Notwithstanding, the Company continued to run its operations and has been charting a path toward rewarding shareholders - albeit on a longer timeline than earlier anticipated (though not unlike many other small companies during 2020).

#### **(b) Future suspension risk**

It is possible for the Company to be reinstated only to be suspended later, due to some operational change, regulatory environmental change, and some other unforeseen event.

**(c) Technology changes**

There is a risk that, as marketable technologies continue to develop, there may be certain developments that supersede or render obsolete some of the existing products of the Company, which would negatively impact the Company's profitability. This is relevant to the company's Break on Removal RFID Tag technology. Also, there is also a risk that the delay in progressing development of the Company's CertainID Biometric Authentication, and Waste Conversion technologies may impact on the ability to bring speedily to market prior to potential technology competitors.

**(d) Government Policy and Regulation**

Adverse changes in Government policy or laws (including with respect to blockchain technology and artificial intelligence impacting Biometric Authentication, and environmental and waste management impacting Waste Conversion ), may have an adverse effect on the development of assets, future operations and ultimately the financial performance of the Company and the market price of its securities.

In addition, Government policies related to Research and Development may impact the ability of the company to access grants and rebates for the development of CertainID and Waste Conversion technologies.

**(e) Key contract risk**

Company revenue will be derived under contracts with key customers and suppliers for Break on Removal RFID Tags, CertainID Biometric Authentication, and Waste Conversion. There is a risk that the Company may not be able to secure these contracts, which may be because of an inability to fully develop our technologies, an inability to reach commercial terms, the cessation of projects, or the inability to react to new developments in the industry or market.

**(f) Competition**

There is significant competition in the market for each of the Company's technologies. Whilst the Company believes its technologies to be superior to the market, there exists many well capitalised incumbent competitors. There is a risk that the Company's performance may be affected by the level of competition in regions and industries in which it operates, which may result in an inability to enter the market, margin reduction, reduced markets and an inability to gain market share. The Company's prospects of growth may be adversely impacted as a result of intense industry competition.

**(g) Reliance on Key Personnel and Consultants**

The Company has a very small management team, leveraging consultants, contractors and partners on predominately success based contractual arrangements. Although these key service providers have a considerable amount of experience and have previously been successful in the technology and markets in which the company operates, there is no guarantee or assurance that they will be successful in their objectives to support the Company.

**(h) Financing**

Over the last few years the Company has been dependent on equity markets for working capital. Currently working capital has been provided through R&D programs. To fully realise the potential of the Company's technologies, significant capital is required. Whilst the Company is confident it can raise the capital for the next planned phase of product development for CertainID and Waste conversion, there is no assurance that the Company will be able to raise the business establishment capital when it is required or that the terms associated with providing such capital will be satisfactory to the Company, which may prejudice the Company's ongoing ability to fund its business.

### **3.2 Industry Specific Risks**

#### **(a) Technical Skilled Labour**

Biometric Authentication and Waste Conversion technology requires a specific skills set of scientific, technical and engineering skills. The Company continues to access these through specialised contractors and agencies, including the Company's continued work with the CSIRO. This will be an ongoing requirement.

#### **(b) Market Risk**

There is a constant risk that new technology is developed which is in direct competition with the Company's Certain ID Biometric Authentication and Waste Conversion Technology. The company has continued to differentiate its product to that of other competitors in the market and will continue to do so. However, if a similar set of technologies gets to market before the Company's, the potential opportunities presented by the current set of technologies may be adversely affected.

#### **(c) Reliance of Third Party Providers**

The Company is reliant on the expertise of a range of service and technical third party advisers, contractors and partners. Failure by them to meet the Company's objectives may have an adverse effect on the prospects and financial performance of the Company. There is also the risk that these third party providers may incur technical or other problems which could impact their ability to provide services to the Company and affect performance.

### **3.3 General risks**

#### **(a) Reliance on key personnel**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants and partners to operate effectively, both independently and as a group. To manage its growth, the Company will need to retain these skilled resources. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of third party contractors and partners.

#### **(b) Future capital needs**

Further funding is required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and consequently its performance.

#### **(c) Unforeseen expenditure**

The Company has developed detailed financial analysis for the development of CertainID and Waste Conversion. Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

#### **(d) Changes in law**

The Company may be affected by changes to laws and regulations across its operations including but not limited to, the environment, taxation, government grants and incentive schemes, accounting standards, and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

**(e) General economic climate**

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and securities price may be affected by these factors, which are beyond the Company's control.

**(f) Global credit and investment market, and the impacts of COVID-19**

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility, particularly as the result of COVID-19. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

**(g) Share market conditions**

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities.

**(h) Force majeure risk**

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its securities. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

**(i) Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

**(j) Taxation**

The acquisition and disposal of securities may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors of the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

### **3.4 Speculative Nature of Investment**

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that an investment in the Company is

speculative and should consult their professional advisors before deciding whether to participate in the Offer.

Whether or not future income will result from the Company's operations is dependent on the successful implementation of the Company's business plan to develop Waste Conversion, CertainID Biometric Authorisation and Break on Removal RFID Tag technologies.

Factors including development costs, operating costs, consumer preferences, industry competition and government policies and regulations may affect successful development. In particular, changes in global economic conditions, the impact of COVID-19 as well as general trends in the Australian and overseas equity markets may affect the Company's operations and ability to source ongoing development and commercialisation funding.

Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors. The Shares to be allotted pursuant to this Prospectus should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

## **4. Additional information**

### **4.1 Continuous disclosure**

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company's ASX announcements platform via [www.asx.com.au](http://www.asx.com.au).

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a "transaction-specific" prospectus in respect of the Offer.

In general terms, a "transaction-specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company. As a disclosing entity under the Corporations Act, the Company states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - the annual financial report of the Company for the financial year ended 30 June 2019;
  - the half-year financial report that the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and

- all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

Other than as set out in Section 1.4, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- would reasonably require for the purpose of making an informed assessment of:
  - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - the rights and liabilities attaching to the securities the subject of this Prospectus; and
- would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

## 4.2 Market price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

High – 3 months prior	Low	Last – Date lodged
\$0.015	\$0.015	\$0.015

## 4.3 Rights and liabilities attaching to Shares

The rights attaching to Shares are described in the Constitution and, to the extent applicable, are regulated by the Corporations Act, the Listing Rules and general law. The following is a summary of certain rights attaching to Shares.

### • Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully paid up Share held by them. In the case of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up on that member's share bears to the total amounts paid and payable \*excluding amounts credited) on that share.

### • Dividends

Subject to law and any special rights and restrictions attached to any Shares:

- (1) the directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- (2) the person entitled to a dividend on a Share is entitled to:
  - A. if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
  - B. if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts credited without payment in money or



other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

- **Winding up**

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remains, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them regardless of the amounts paid up on the Shares.

- **Further Increases in Capital**

Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit.

Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise, as the directors think fit.

- **Variation of Rights**

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- (1) with the written consent of the holders of 75% of the shares of the class; or
- (2) by a special resolution passed at a separate meeting of the holders of shares of the class.

- **Transfer of securities**

Generally, the shares and options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

- **Sale of non-marketable holdings**

The Company may take steps in respect of non-marketable holdings of shares in the Company to affect an orderly sale of those shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitutions and the ASX Listing Rules.

- **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

#### 4.4 Director interests

Other than as set out below or elsewhere 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 to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offer.

##### (a) Remuneration

The cash remuneration (including superannuation) paid or to be paid to the Directors for the 2 years prior to the date of this Prospectus is set out below.

Director	Position	Financial year ended 30 June 2020	Current financial year <sup>4</sup>
Riad Tayeh <sup>1</sup>	Non-Executive Chairman	\$60000	\$15,000
Nicholas Aston <sup>2</sup>	Non-Executive Director	\$40000	\$10,000
Charles Hunting <sup>3</sup>	Non-Executive Director	\$40000	\$10,000

##### Notes:

1. Riad Tayeh was appointed as a Director on 6 September 2009 and to the position of Non-Executive Chairman on 5 March 2015. Riad is currently paid a fee of \$60,000 (including superannuation) per annum.
2. Nicholas Aston was appointed as a Director on 15 July 2013 and is currently paid a fee of \$40,000 (including superannuation) per annum.
3. Charles Hunting was appointed as a Director on 10 February 2015 and currently paid a fee of \$40,000 (including superannuation) per annum.
4. These figures are calculated from the period from 1 July 2020 to 30 September 2020.
5. The Directors' fees described from 1 – 3 have not been paid yet but rather voluntarily deferred, to support the Company's bid for reinstatement, and to soften the impact of COVID19 on its operations.

##### (b) Securities

The securities in which the Directors and their associates have relevant interests in at the date of this Prospectus are set out below.

Director	Shares	Voting power <sup>1</sup>	Options
Riad Tayeh <sup>2</sup>	1,461,008	0.006%	-
Nicholas Aston <sup>3</sup>	11,399,766	0.047%	-
Charles Hunting <sup>4</sup>	1,283,331	0.005%	-

**Notes:**

- Figures are based on the total number of Shares on issue at the date of this Prospectus.
- Held by Tayeh Enterprises Ltd
- Held by OMB Investments Pty Ltd, Duncroft Pty Ltd, Brentnalls NSW Pty Ltd, Geoffrey Fitzgerald, Trevor Seymour, Nicholas Aston
- Held by Charles Hunting

#### 4.5 Expert and adviser interests

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
- 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.

#### 4.6 Consents

Karma Lawyers Pty Ltd (Karma Lawyers) has supported and guided the Company with respect to the drafting and lodgement of this Prospectus with ASIC and the ASX. Accordingly, Karma Lawyers has given and not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the legal adviser to the Company in relation to the Offer in the form and context in which it is named. Karma Lawyers

- does not make the Offer;
- has not authorised or caused the issue of this Prospectus;
- 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 above; and
- 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 above.

#### 4.7 Offer expenses

The estimated expenses of the Offer (exclusive of GST) are set out below.

Item	Amount
ASIC fees	\$3,206
ASX fees	Nil
Legal fees	\$2000
<b>Total</b>	<b>\$5206</b>

#### 4.8 Litigation

Other than as set out in section 1.2, as at the date of this Prospectus, the Company is not otherwise involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 5. Authorisation

13 October 2020

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and the issue of this Prospectus, and has not withdrawn that consent.

Signed for and on behalf of the Company.

A handwritten signature in black ink, appearing to read 'R. Tayeh', written over a light blue horizontal line.

**Riad Tayeh**  
Chairman  
Kollakorn Corporation Limited

## 6. Definitions

**AGM** means the Company's annual general meeting to be held on or before 30 November 2020.

**Application Form** means the "Application Form" in the form accompanying this Prospectus pursuant to which a person may, by invitation from the Company, apply for Shares under the Offer.

**Application Monies** means the monies received from persons applying for Shares under the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**Board** means the board of Directors.

**Business Day** means a day on which banks are open for business in Sydney, New South Wales, Australia excluding a Saturday, Sunday or public holiday.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date that the Offer close being 5.00pm (EDST) on 14 October 2020 or such other time and date as the Company determines.

**Company** means Kollakorn Corporation Limited.

**Constitution** means the constitution of the Company from time to time.

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

**Director** means a director of the Company.

**Listing Rules** means the official listing rules of the ASX.

**Option** means an option to acquire a Share...

**Prospectus** means this prospectus dated 13 October 2020.

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

**Shareholder** means a registered holder of one or more Shares.

**Share Registry** means Boardroom Pty Ltd.

**EST** means Eastern Standard Time, being the time in Sydney, New South Wales, Australia.

Kollakorn Corporation Limited  
ACN 003 218 862

x The Offer is open to persons by invitation of the Company only.  
x Please read the Prospectus dated 13 October 2020.  
x Follow the instructions to complete this Application Form (see reverse).  
x Print clearly in capital letters using black or blue pen.

**A** Number of Shares you are applying for

[illegible]

**B** Total amount

\_\_\_\_\_

**C** Write the name(s) you wish to register the Shares in (see reverse for instructions)

[illegible][illegible][illegible][illegible][illegible]

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X									
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[illegible][illegible][illegible]

Cheque Amount A\$


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reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of Kollakorn Corporation Limited (**Company**). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

## Guide to the Application Form

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS SHARE APPLICATION FORM.

Please complete all relevant sections of the Application Form using BRICK LETTERS. These instructions are cross-referenced to each section of the Application Form.

#### Instructions

- |   |  |
|---|--|
| <p>A. If applying for Shares insert the number of Shares for which you wish to subscribe at Item A (not less than 100). Multiply by \$0.15 to calculate the total for Shares and enter the dollar amount at B.</p>  | <p>F. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.</p> |
| <p>C. Write your full name. Initials are not acceptable for first names.</p>  | <p>G. Complete cheque details as requested. Make your cheque payable to "Kollakorn Corporation Limited – Offer Account", cross it and mark it "Not negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.</p>  |
| <p>D. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.</p> | <p>H. Enter your contact details so we may contact you regarding your Application Form or Application Monies.</p>  |
| <p>E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.</p>                                      |  |

**NB: Your registration details provided must match your CHESS account exactly.**

#### Correct form of Registrable Title

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<J D Smith Family A/C>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<Est Late John Smith A/C>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

#### Lodgement

Post or deliver your completed Application Form with cheque(s) attached to the following address:

Kollakorn Corporation Limited  
Level 12, 225 George Street  
Sydney NSW 2000

It is not necessary to sign or otherwise execute the Application Form. For questions on how to complete the Application Form, please contact the Company on +61 2 9290 9600.

#### Privacy Statement

Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting the Company on +61 2 9290 9600.