

PROSPECTUS

For a fully underwritten offer of
25 million New Shares at an issue
price of \$1.00 per New Share
to raise up to \$25 million

You should consult your professional adviser if
you have any questions regarding the contents
of this Prospectus.

This Prospectus has been lodged with ASIC
under section 718 of the Corporations Act.



Lead Manager and Underwriter



Corporate Advisor

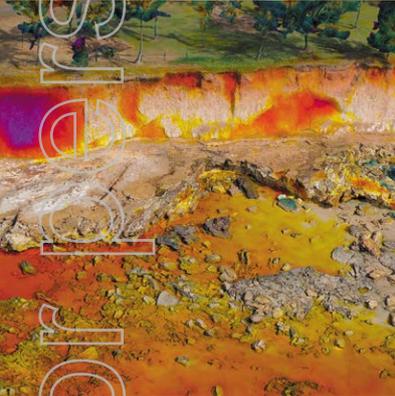
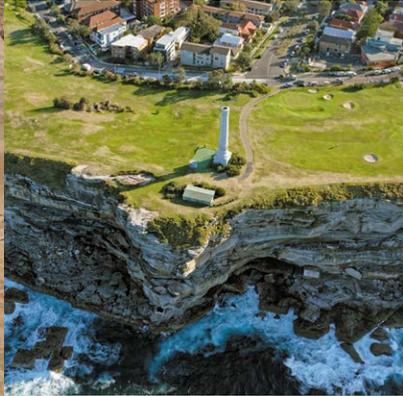


PiperAlderman

Legal Advisor

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IMPORTANT NOTICES AND INFORMATION

You must read the following before continuing

You should read the following terms and conditions carefully before reading or making any use of this Prospectus or any information contained in it. In receiving and reading this Prospectus, you are agreeing to be bound by the following terms and conditions, including any modifications to them. If you do not agree to this, you should immediately return this Prospectus to Aerometrex.

This Prospectus is dated 1 November 2019 and has been lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of the Prospectus nor the merits of the investment to which this Prospectus relates.

The Offer contained in this Prospectus closes at 5:00pm ACDT on the Closing Date. Aerometrex reserves the right to change the Closing Date without notice. No New Shares will be issued on the basis of the Prospectus later than the date that is 13 months after the date of the Prospectus.

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

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Capitalised Terms

Certain terms and abbreviations used in the Prospectus have defined meanings as set out in section 15 "Glossary".

Electronic Prospectus

This Prospectus and the Application Form may be viewed online at www.aerometrex.com.au/Prospectus. Paper copies of this Prospectus and Application Form can be printed from the website or will be made available on request of Aerometrex (see section 1 "Corporate Directory") free of charge. The Offer to which the electronic Prospectus relates is only available to persons to whom it would be lawful to make the Offer.

Selling Restrictions

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 the requirements of, those laws. Non-observance by such persons may violate securities law. Any recipient of this Prospectus outside Australia should consult their professional advisers on requisite formalities and laws outside Australia. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify this Prospectus or to otherwise permit a public offering of New Shares outside Australia.

Application Form

The Corporations Act prohibits any person passing on to another person the Application Form unless it is attached to a printed copy of this Prospectus or included in or accompanied by the complete and unaltered copy of this Prospectus. The New Shares to which the electronic Prospectus relates will only be issued on receipt of a printed copy of the electronic Application Form together with a printed copy of the Prospectus. The Application Form may be generated by software accessible by the same means as the Prospectus. You should read this Prospectus in its entirety before completing the Application Form.

Exposure Period

This Prospectus will be made generally available during the Exposure Period by being posted on Aerometrex's website. In addition, copies of this Prospectus will be made available by way of paper copy or by email on request to members of the public in Australia by calling Aerometrex during the Exposure Period.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants before raising funds. Potential investors should be aware that such examination may result in the identification of deficiencies in the Prospectus. In those circumstances, any Application that is received during the Exposure Period may need to be dealt with in accordance with the Corporations Act. Applications made during the Exposure Period will not be accepted or processed until the Exposure Period has expired, with no preference given to persons who lodge their Application Forms during the Exposure Period.

Admission and Quotation

Aerometrex will apply to ASX for admission to the Official List and for quotation of the New Shares within 7 days after the date of this Prospectus. The fact that ASX may quote the New Shares is not to be taken as an indication of the merits of Aerometrex or the New Shares being issued.

If the application for quotation of the New Shares is refused, no New Shares will be issued, and all Application Money paid will be refunded to Applicants as soon as practicable without interest.

Risks

There are risks associated with an investment in Aerometrex. The New Shares to which this Prospectus relates carry no guarantee whatsoever with respect to return on capital invested, payment of dividends or future value of the New Shares. Once issued, the prices of the New Shares can rise and fall. Investors should consider the entire contents of this Prospectus carefully and refer to section 12 "Risk Factors" for information about risks.

Before deciding to participate in this Offer, you should carefully read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position, performance, potential profits and losses, and prospects of Aerometrex and the risks and the rights attaching to the New Shares offered in this Prospectus.

Nothing in this Prospectus constitutes financial advice. You should carefully consider the appropriateness of the Offer in light of your own personal circumstances, having regard to the speculative nature of the investment, your objectives, personal financial and taxation situation and needs. Aerometrex recommends that you seek professional investment advice from an accountant, lawyer, stockbroker or other financial adviser regarding investment in these New Shares before making an Application.

Privacy Act

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the Privacy Act. Aerometrex (and the share registry on its behalf) may collect, hold and use that personal information in order to assess your Application, service your needs as a Shareholder, provide facilities and services that you request or that are connected with your interest in the New Shares and carry out appropriate administration. If some or all personal information as required in the Application Form is not provided, then your Application may be refused or rejected, you may not be granted any New Shares, or Aerometrex (or the share registry) may not be able to adequately service your needs as a Shareholder or provide facilities and services that you request or that are connected with your interest in the New Shares or carry out appropriate administration.

Aerometrex's privacy policy contains information about how you may access your personal information that is held by Aerometrex (or the share registry) and seek correction of such information, and how you may complain about a breach of the Australian Privacy Principles, or a registered code that binds Aerometrex, and how Aerometrex will deal with such a complaint.

Aerometrex will not disclose your personal information to overseas recipients except where required to do so by applicable law, and only to the countries whose laws investors may be subject to.

Under the Privacy Act, you may request access to your personal information held by Aerometrex or the share registry by contacting the company secretary by post to Aerometrex's registered office at:
51-53 Glynburn Road, Glynde SA 5070
or by email to finance@aerometrex.com.au.

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Forecasts and Forward Looking Statements

Section 8 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in section 8.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest thousand unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements, including statements of intentions, statements of opinion and predictions as to possible future events which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties.

Any forecasts or forward looking statements are predictions only and are subject to various inherent risk factors and uncertainties that could cause Aerometrex’s actual results to differ materially from the results expressed or anticipated in these forecasts or statements. Such forecasts or statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Aerometrex, its Directors and management. Forecasts and forward looking statements should therefore be read in conjunction with, and are qualified by reference to, the discussion of the Pro forma financial statements in section 8, risk factors as set out in section 12, and other information in this Prospectus.

Aerometrex, its Directors, officers, employees, agents, advisers, representatives, and any person named in, or involved in the preparation of, this Prospectus cannot and do not give any warranty, assurance or representation that the results, performance or achievements expressed or implied by the forecasts and forward looking statements contained in the Prospectus will actually occur and investors are cautioned not to place undue reliance on these forecasts and forward looking statements. Forecasts and forward looking statements reflect views held only as at the date of this Prospectus. Aerometrex has no intention of updating or revising forecasts or forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

Images

Any images used in this Prospectus that do not have any descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this Prospectus or its contents or that the assets shown in them are owned by Aerometrex. The images included in this Prospectus are illustrative only and may not be drawn to scale. All data contained in images within this Prospectus is based on information available as at the date of this Prospectus unless otherwise stated.

Currency

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

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Important Dates

Event	Date
Lodgement of Prospectus with ASIC	1 November 2019
Opening Date for Applications	15 November 2019
Closing Date for Applications	25 November 2019
Settlement date	29 November 2019
Issue of New Shares	2 December 2019
Expected dispatch of holding statements	5 December 2019
Expected date of quotation of New Shares on ASX	10 December 2019

The dates shown in the table above are indicative only and may be varied. Aerometrex, in consultation with the Lead Manager and Underwriter, reserves the right to vary the Closing Date without prior notice, which will have a consequential effect on other dates, or any of the other dates and times without prior notice.

Key Statistics

The Offer	
Current Shares on issue	60,200,000
New Shares being offered under this Prospectus	25,000,000
Issue price per New Share	\$1.00
Shares issued on conversion of Convertible Notes	9,200,000
Shares on issue following the Offer	94,400,000
Options on issue following the Offer	1,944,000
Market capitalisation following the Offer (undiluted and based on issued price)	\$94,400,000

TABLE OF CONTENTS

1	Corporate Directory	9
2	Chairman's Letter	10
3	The Investment Overview	11
4	Important Dates and Key Statistics	24
5	Industry Overview	26
6	Company Overview	31
7	Details of the Offer	42
8	Financial Information	52
9	Independent Limited Assurance Report	73
10	Directors, Management and Corporate Governance	82
11	Material Agreements	91
12	Risk Factors	99
13	Additional Information	105
14	Directors' Statement	112
15	Glossary	114

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CORPORATE DIRECTORY

Directors

Mark Llewellyn Lindh
Mark John Deuter
Matthew Duval White
David Michael Byrne
Dr Peter Graham Foster

Company Secretary

Matthew Duval White

Registered Office

51-53 Glynburn Road, Glynde SA 5070

Website:

<https://aerometrex.com.au>

Office:

51-53 Glynburn Road, Glynde SA 5070

Postal:

51-53 Glynburn Road, Glynde SA 5070

Telephone:

+61 8 8362 9911

Email:

finance@aerometrex.com.au

Proposed ASX code:

AMX

Legal Adviser

Piper Alderman
Level 16, 70 Franklin Street
Adelaide SA 5000

Lead Manager and Underwriter

Morgans Corporate Limited
AFSL 235 407
Level 2, 22 Delhi Street,
West Perth WA 6005

Co-Manager

Taylor Collison Limited
AFSL 247 083
Level 16, 211 Victoria Square
Adelaide SA 5000

Corporate Advisor

Adelaide Equity Partners Limited
AFSL 313 143
Ground Floor, 70 Hindmarsh Square
Adelaide SA 5000

Investigating Accountant

Grant Thornton Corporate Finance Pty Ltd
AFSL 247 140
Level 43, Central Park 152-158 St Georges Terrace
Perth WA 6000

Auditor

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3, 170 Frome Street
Adelaide SA 5000

Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000

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CHAIRMAN'S LETTER

1 November 2019

Dear Prospective Investor

On behalf of the Directors of Aerometrex, I am pleased to introduce this Prospectus and offer you the opportunity to become a shareholder in Aerometrex.

For some thirty years, Aerometrex has been one of the leading aerial mapping and spatial technology businesses in Australia, building an enviable reputation in industry and government for its services including, aerial mapping and photography, LiDAR and aerial surveying.

From its headquarters in South Australia, Aerometrex delivers mapping solutions to a range of customers around Australia, from state and federal government, to tier one large organisations, as well as a range of SMEs. Aerometrex has always prided itself on its exemplary customer service and delivering the very best product in the market. It is this ethos that has grown Aerometrex's business over time, delivering revenue and profit growth.

Aerometrex has always been at the forefront of spatial technology advances. In 2015, Aerometrex began a journey to take this competitive advantage to areas outside Australia. With a particular focus on its 3D product, which Aerometrex sees as the next generation in mapping, Aerometrex has already conducted a number of assignments for organisations in the US and Europe. In particular, Aerometrex has produced 3D maps for clients in lower Manhattan in the New York area, the city of Philadelphia as well as projects in France and Germany.

To accelerate the significant opportunity, Aerometrex now offers new investors the opportunity to join Aerometrex's existing shareholders by investing through this Prospectus.

Aerometrex is seeking to raise \$25 million to allow it to grow its operations, market and sell the company's services, and pay the costs of the Offer. The Offer is fully underwritten by Morgans Corporate Limited.

I am extremely proud of Aerometrex's 82 staff that have passionately grown the business and will play an integral part of the future growth. I believe our staff, together with the Board and management team, offer investors a well-balanced mix of information technology, project development, corporate and financial skills and proven corporate and information technology track records.

The price of the New Shares proposed to be issued under this Prospectus is \$1.00 each.

While the Directors believe Aerometrex's prospects are compelling, any investment of this nature is subject to risks (see section 12 "Risk Factors" for further detail). It is important that the information contained in this Prospectus is read with diligence and care.

On behalf of the Directors, I commend this investment to you and look forward to welcoming you as a shareholder of Aerometrex.

Yours sincerely



Mark L Lindh
Chairman

"Aerometrex has always prided itself on its exemplary customer service and delivering the very best product in the market. It is this ethos that has grown Aerometrex's business over time, delivering revenue and profit growth."

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3



THE INVESTMENT OVERVIEW



3.1 Highlights of Aerometrex and its Service Offerings

Who is Aerometrex?	<p>Aerometrex is a professional aerial mapping business, specialising in aerial photography, photogrammetry, LiDAR, 3D modelling and aerial imagery subscription services.</p> <p>The Aerometrex business was established in 1980 and the company is headquartered in South Australia.</p>	<p>For further details refer to section 6 "Company Overview"</p>
What services do Aerometrex offer?	<p>Aerometrex's core business is in the area of aerial photography, photogrammetry and mapping services.</p> <p>Aerial photography and mapping – The key products from this activity are aerial photographs, orthophotography (scale-corrected 2D aerial imagery maps), Digital Terrain Models (DTMs), Digital Surface Models (DSMs), and digitised 3D feature data for Geographic Information Systems.</p> <p>Aerial LiDAR surveys – Aerometrex provides an aerial LiDAR surveying service, an advanced aerial surveying technique which accurately maps the ground surface using airborne lasers.</p> <p>3D modelling – Aerometrex has developed a sophisticated 3D modelling and mapping system derived from oblique aerial photographs. It offers 3D models of the highest resolution (1cm-2cm pixel) and absolute accuracy (5cm in the XY & Z dimensions) derived from aerial platforms.</p> <p>MetroMap™ – Aerometrex provides an online aerial imagery web-serving application, MetroMap™, which offers Aerometrex's high-quality, accurate imagery to a subscriber base. MetroMap™ fulfils all of the quality and accuracy requirements of sophisticated geospatial data users and provides an easy-to-consume product for the corporate market, via a web browser interface. It will serve as a vehicle to sell all of Aerometrex's extensive product range in the near future.</p>	<p>For further details refer to section 6 "Company Overview"</p>
How does Aerometrex generate revenue?	<p>Aerometrex generates revenue from two principle sources:</p> <ul style="list-style-type: none"> • subscription revenue from the MetroMap™ aerial imagery subscription service or "Data as a Service" (DaaS); and • project-based contracts to undertake LiDAR surveys, aerial imagery and mapping and 3D modelling. <p>The majority of Aerometrex's revenue in FY19 was derived from project-based revenue however, Aerometrex's subscription service is a core focus of the business and a growing revenue stream.</p>	<p>For further details refer to section 6 "Company Overview"</p>

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<p>Where does Aerometrex operate?</p>	<p>Aerometrex operates in all of the states and mainland territories of Australia and in all Australian capital cities. Since 2015, Aerometrex has also delivered contract work in France, Germany, New Zealand and the United States. The core aerial imagery products are available for most Australian capital city metropolitan areas and Aerometrex intends to pursue new business opportunities globally.</p>	<p>For further details refer to section 6 "Company Overview"</p>
<p>Who are Aerometrex's customers?</p>	<p>Aerometrex's services are used by both private and public clients, which accounted for 56% and 44% of FY19 sales orders respectively. Clients in the private sector include a diverse range of industries and businesses.</p> <p>Aerometrex is a member of every state government's panel of aerial photography providers and Aerometrex's services are used by every state government of Australia. Aerometrex is also used by local government authorities and by some federal government agencies.</p>	<p>For further details refer to section 6 "Company Overview"</p>
<p>What is Aerometrex's strategy?</p>	<p>Aerometrex's strategy is focused around growth of the imagery/geospatial data subscription services (MetroMap™) and professional aerial survey project services. Aerometrex aims to grow its market share in the aerial imagery market by:</p> <ul style="list-style-type: none"> • Growing subscription-based revenue: Aerometrex's core focus is to grow its recurring revenue through its subscription service MetroMap™ which requires an aggressive image capture and processing program for all Australian cities. • Expanding geographically: Aerometrex intends to pursue international growth opportunities, primarily in the United States and Europe with its 3D modelling service. • Acquisitions: Aerometrex acquired and successfully integrated a complementary aerial mapping business in 2015 and will consider further acquisitions if Aerometrex believes that these would bring value and growth to the business. • New products: Aerometrex undertakes an active research and development program which aims to deliver and refine new products. These may include the creation of new data types or refining technologies aimed at producing existing data types more efficiently. • Increase sales and marketing: Aerometrex's sales and marketing efforts will be increased substantially to effectively sell its DaaS subscriptions. 	<p>For further details refer to section 6 "Company Overview"</p>

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What are Aerometrex's key strengths?

Aerometrex's point of difference is image quality and accuracy. The business is well known in government and private sector industries which demand quality and accuracy. Aerometrex considers the business has the following strengths:

- **Imagery and LiDAR data quality:** Measured for imagery by resolution (pixel size), colour balance consistency, lack of imagery artefacts and measured for LiDAR by seamless modelling of the ground surface and classification of the data into ground and non-ground features;
- **Accuracy:** This is determined by measuring residual errors at known surveyed ground control points. Aerometrex's products meet the highest government, industry and surveying standards for quantitative applications such as measurement, artificial intelligence (AI) derived information extraction and change detection;
- **3D modelling capability:** Aerometrex has implemented very high resolutions and accuracy standards for its 3D modelling services. Aerometrex utilises source aerial imagery of 2cm pixel size, and can merge in even higher resolution imagery from drone/UAV or street level photography. Its standard-resolution 3D product for larger metropolitan areas is based on 7.5cm pixels. These are market-leading resolutions for this data type;
- **High standards of customer service:** Professional, timely and accurate advice is provided to clients by a team which is accustomed to handling and project managing over 550 projects per annum;
- **People:** Aerometrex has an experienced, production-hardened workforce of over 80 staff, with a total of over 770 years' industry experience. Considerable 'know-how' and intellectual property has been accumulated by Aerometrex and is in daily use by Aerometrex's staff;
- **Data archive:** Aerometrex has access rights to aerial imagery data sets dating back as far as 1943. Aerometrex has archive data of its own capture programs back to 2002. It has full intellectual property rights on aerial imagery coverages for every mainland capital city and full or shared intellectual property rights on many rural and regional coverages.

For further details refer to section 6.6 "Key Strengths"

Experienced management team

Aerometrex has experienced management and technical teams with a broad range of experience and skill sets across information technology, aerial surveying, general aviation, photogrammetry, LiDAR, project development, sales and marketing and accounting aspects of business.

For further details refer to section 10 "Directors, Management and Corporate Governance"

Who are the major shareholders	At the date of this Prospectus, the key shareholders of Aerometrex are:		For further details refer to section 7.6 "Shareholder Structure"
	Shareholder	% owned	
	199 Investment Pty Ltd and Beer & Skittles Superfund Pty Ltd	20.5%	
	Mark and Lynette Deuter	18.9%	
	DAIJ Pty Ltd	14.3%	
	Scott Tomlinson	13.9%	
	Beata Serafin and Wojciech Misiara	11.1%	
	Warren and Margaret Darley	10.0%	
Todd and Jane Dunow	5.7%		

3.2 Details of the Offer and Use of Funds

What is the Offer?	Aerometrex is seeking to raise \$25,000,000 by issuing 25,000,000 New Shares at an issue price of \$1.00 per New Share. The Offer is fully underwritten by Morgans Corporate Limited (ACN 010 539 607) (Underwriter).	For further details refer to section 7 "Details of the Offer"
Why is the Offer being conducted?	<p>The objectives of the Offer and ASX listing are to:</p> <ul style="list-style-type: none"> • provide financial flexibility to pursue growth initiatives domestically and abroad; • provide Aerometrex with the benefits of increased public awareness that arises as a listed entity; and • broaden Aerometrex's shareholder base and provide a liquid market for its Shares. 	For further details refer to section 7.4 "Use of Funds"
Opening and Closing Dates	The Opening Date is 15 November 2019 and the Closing Date is 25 November 2019. The Directors reserve the right to change either or both of these dates in their absolute discretion without prior notice. You are therefore encouraged to lodge your Application as soon as possible after the end of the Exposure Period.	For further details refer to section 4.1 "Important Dates"

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Proposed use of funds	<p>Aerometrex intends to apply its existing cash reserves and the funds raised pursuant to the Offers for:</p> <ul style="list-style-type: none"> • growth of Aerometrex’s subscription service, MetroMap™; • continued support for the domestic and international (US and Europe) application of 3D modelling; • establishment of a US based office and personnel; • new equipment to accelerate capture programs and growth in LiDAR operations; • research and development; • working capital; and • advisory, underwriting, prospectus and ASX listing costs. 	For further details refer to section 7.4 “Proposed Use of Funds” and to section 8 “Financial Information”
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What will be the capital structure on completion of the Offer?	<p>A summary of the capital structure of Aerometrex on completion of the Offer is set out below:</p> <table border="1"> <thead> <tr> <th style="background-color: #cccccc;">Class of Security</th> <th style="background-color: #cccccc;">Non-Diluted</th> <th style="background-color: #cccccc;">Fully Diluted</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>94,400,000</td> <td>96,344,000</td> </tr> <tr> <td>NED Options</td> <td>1,000,000</td> <td>Nil</td> </tr> <tr> <td>Executive Director Options</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Other staff options</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Lead Manager Options</td> <td>944,000</td> <td>Nil</td> </tr> </tbody> </table>	Class of Security	Non-Diluted	Fully Diluted	Shares	94,400,000	96,344,000	NED Options	1,000,000	Nil	Executive Director Options	Nil	Nil	Other staff options	Nil	Nil	Lead Manager Options	944,000	Nil	For further details refer to section 7.6 “Shareholder Structure”
Class of Security	Non-Diluted	Fully Diluted																		
Shares	94,400,000	96,344,000																		
NED Options	1,000,000	Nil																		
Executive Director Options	Nil	Nil																		
Other staff options	Nil	Nil																		
Lead Manager Options	944,000	Nil																		

3.3 Financial Overview

What is Aerometrex's financial performance?

A summary of the financial performance of Aerometrex is set out below:

	FY 2019 \$'000	FY 2018 \$'000	FY 2017 \$'000
Revenue	16,109	13,129	9,706
NPAT	2,570	1,828	2
EBITDA	5,189	4,128	1,566
Total Equity	6,869	5,729	3,896
Net Cash from Operating Activities	5,095	2,368	1,264

For further details refer to section 8 "Financial Information"

Aerometrex has achieved strong revenue growth (29% CAGR) over the last 2 financial years from \$9.7 million to \$16.1 million.

Photo-contracting/mapping revenue made up \$6.5 million (67%) in FY17 – in FY19 similar revenue accounts for 40% of total revenue.

At the same time LiDAR revenue has grown from \$1.7 million (17%) in FY17 to \$6.5 million (40%) in FY19 driven by investment in LiDAR sensor technology and diversifying the client industry base.

Additionally in the last quarter of FY19, there has been a conscious effort to transition Photo-contracting customers (particularly local government councils) towards the MetroMap™ subscriptions based revenue model.

Aerometrex have benefited from trust and reputation with key annuity clients and from consistency and quality of deliverables. Additionally the business is now benefiting from the ability to cross-sell four established and distinct product lines.

Through the introduction of additional product lines, Aerometrex has been able to attract customers across all States & Territories; managed to lower their Top 10 customer reliance from 50% to 42% since FY17; improved significantly their revenue contribution from private sector and State Government customers in particular. Revenue seasonality resulting from timing of work for various government clients typically results in approximately 60% of revenue being achieved in the second half of the financial year based on the last two financial years.

This change in revenue mix to the higher margin LiDAR, 3DPro and MetroMap™ revenue streams has resulted in Aerometrex achieving strong EBITDA growth from \$1.6 million in FY17 to \$5.2 million in FY19, whilst improving EBITDA margin from 16% to 32% over the same period.

As detailed at section 8.3 "Historical Statement of Profit or Loss and Other Comprehensive Income", Aerometrex's use of funds will result in additional costs as it seeks to achieve its long term growth ambitions as outlined in section 6.10 "Growth Strategy". The additional costs have the potential to impact short term profitability. However Aerometrex intends to incur these additional costs in order to allow Aerometrex to achieve its potential as a business and its targeted revenue growth.

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What is Aerometrex's financial position?

A summary of the balance sheet of Aerometrex immediately post raising is set out below:

For further details refer to section 8 "Financial Information"

Assets	\$'000
Current Assets	30,973
Non-Current Assets	17,597
Total Assets	48,570
Liabilities	
Current Liabilities	7,441
Non-Current Liabilities	4,296
Total Liabilities	11,737
NET ASSETS	36,833

What debt facilities does Aerometrex have?

Aerometrex has a total of \$6,700,000 in available debt facilities with Westpac, secured by a general security agreement from Aerometrex and a guarantee and general security agreement from Atlass-Aerometrex Pty Ltd. The facilities have the following financial covenants:

For further details refer to section 8 "Financial Information"

- at all times Aerometrex's equity ratio must not be less than:
 - 30% in the period up to 31 December 2019
 - 40% in the period after 31 December 2019.
- at all times Aerometrex's financial debt to EBITDA ratio must be less than 2.5 times.

The facility provides financial flexibility for Aerometrex with the ability to draw and redraw against the value of Aerometrex's assets at Aerometrex's discretion.

What is Aerometrex's dividend policy?

Aerometrex does not intend to pay dividends in the two years following the Offer, as capital will be deployed to pursue growth opportunities. Aerometrex will review this policy on an annual basis and provide updates to the market in accordance with its disclosure obligations if it changes its dividend policy.

For further details refer to section 13.2 "Dividend Policy"

3.4 Directors and Senior Staff

Board and management	The Board and management possess considerable experience in the aerial imaging and information technology industry. That experience is spread across a variety of areas including information technology, aerial surveying, aviation, project development, corporate, accounting, finance and investment.	For further details refer to section 10 "Directors, Management and Corporate Governance"
Knowledge and expertise	Aerometrex considers that the knowledge and experience of its Directors and employees, supported by its experienced technical advisers, will enable it to readily undertake its proposed activities.	For further details refer to section 10 "Directors, Management and Corporate Governance"

3.5 Material Agreements and Related Party Transactions

Underwriting Agreement	Aerometrex entered into an underwriting agreement with the Lead Manager and Underwriter on or about the date of this Prospectus, under which the Lead Manager and Underwriter has agreed to be the underwriter, bookrunner and lead manager of the Offer (Underwriting Agreement).	For further details refer to section 11 "Material Agreements"
Lead Manager Mandate	Aerometrex has entered into a mandate with the Lead Manager and Underwriter in respect of its lead management services on 1 April 2019, which provides for the Lead Manager to act as lead manager for Aerometrex in relation to the Offer.	For further details refer to section 11 "Material Agreements"
Corporate Advisor Mandate	<p>Aerometrex has entered into a mandate with the Corporate Advisor to provide corporate advisory and investor relations services to Aerometrex in relation to the capitalisation requirements of Aerometrex and the Offer.</p> <p>Mark Lindh, who is a Director of Aerometrex, is a Director of the Corporate Advisor and is a beneficiary of a trust for which shares in the Corporate Advisor are held.</p>	For further details refer to section 11 "Material Agreements", section 13.9 "Disclosure of Interests and Fees of Directors and Other Persons" and section 13.5 "Related Party Transactions"

Business Initiatives Engagement	Aerometrex has an ongoing engagement with Business Initiatives Pty Ltd (ACN 007 938 650) (Business Initiatives), pursuant to which Business Initiatives provides accounting, taxation and other business related services to Aerometrex.	For further details refer to section 13.5 "Related Party Transactions"
Lease Agreement	Aerometrex has leased its head office at 51-53 Glynburn Road, Glynde SA 5070 from AMX Capital Pty Ltd as trustee for the AMX Capital Trust under a lease agreement dated 4 May 2018, as amended by deeds of variation dated 4 February 2019 and 1 October 2019.	For further details refer to section 11 "Material Agreements"
Managing Director employment agreement	Aerometrex has entered into an employment agreement with Mark Deuter, under which Mark Deuter is employed as Aerometrex's Managing Director on an annual salary package of up to \$302,200 (inclusive of short term incentives and superannuation), which provides for 20 days' annual leave per annum and is terminable on six months' notice by either party.	For further details refer to section 11.5 "Managing Director Employment Agreement" and section 13.5 "Related Party Transactions"
Deeds of Access, Indemnity & Insurance	Aerometrex has entered into deeds with each of the Directors under which the Directors are granted rights of access to company records and are indemnified by Aerometrex to the extent permitted by law and under which Aerometrex agrees to take out insurance in favour of the Directors.	For further details refer to section 13.4 "Deeds of Access, Indemnity and Insurance"
Director fees	The Directors will continue to be paid annual directors' fees following Aerometrex's admission to the Official List.	For further details refer to section 10.5 "Remuneration" and section 13.9 "Disclosure of Interests and Fees of Directors and Other Persons"

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3.6 Risks

An investment in the New Shares offered under this Prospectus has similar general risks to those associated with any share market investment, as well as a number of business risks specific to an investment in Aerometrex. These are set out in detail in section 12 "Risk Factors". Before deciding to invest in the New Shares, Applicants should read this Prospectus in its entirety and consider the risk factors as set out in section 12 "Risk Factors".

Reliance on Key Personnel	<p>Aerometrex currently employ or engage as consultants a number of key management and personnel, and Aerometrex's future depends on retaining and attracting suitable qualified personnel.</p> <p>There is no guarantee that Aerometrex will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.</p>	<p>For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"</p>
Technology and product development	<p>The success of Aerometrex is dependent on the technology and products offered and used by Aerometrex being suitable for Aerometrex to undertake the projects and opportunities available in a viable and cost-effective manner. Factors which may create risk include data storage costs, cost of production and the functioning of image processing software and computing resources.</p>	<p>For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"</p>
Suppliers and customers	<p>Aerometrex depends on continued relationships with its current suppliers and clients. There can be no guarantee that Aerometrex's supplier and client relationships will continue or will continue to be successful. Aerometrex's contracts with suppliers and clients, as with all other contracts, allow for termination.</p> <p>Further, there is a risk that new agreements formed with clients in the future may be less favourable to Aerometrex, such as key terms and pricing, due to unanticipated changes in the market.</p>	<p>For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"</p>

Competition	<p>Aerometrex competes with other geospatial mapping companies. Some of these companies have greater financial and other resources than Aerometrex and as a result may be in a better position to compete for future business opportunities. There is no assurance that Aerometrex can compete effectively with these companies.</p>	<p>For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"</p>
International operations	<p>Aerometrex intends to increase its investment into the expansion of its international operations.</p> <p>There is a risk that this investment may not be profitable or succeed long-term, due to poor execution or external factors beyond Aerometrex's control.</p>	<p>For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"</p>
Aviation operations	<p>Aerometrex conducts aviation operations under its Air Operator Certificate (AOC).</p> <p>All aviation activity involves a degree of risk and is managed by rigorous attention to aviation safety standards. It is a key element of Aerometrex's risk management procedures to understand the nature and full dimensions of the inherent risks to its aviation operations and how best to mitigate them.</p>	<p>For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"</p>
Operational, assets and equipment	<p>Aerometrex's proposed activities will be subject to numerous operational risks, many of which are beyond Aerometrex's control. Aerometrex's operations may be curtailed, delayed or cancelled as a result of factors such as mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.</p> <p>Further, Aerometrex has a number of assets and equipment that are crucial to Aerometrex's operations and would result in serious but temporary disruption to Aerometrex's ability to deliver its products, particularly in the area of aerial surveying.</p> <p>The occurrence of any one or a combination of these events may have a materially adverse effect on Aerometrex's performance and the value of its assets.</p>	<p>For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"</p>

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Other risks relating to Aerometrex	Other risks that are specific to Aerometrex, and are therefore relevant to an investment in Aerometrex, include risks in relation to insurance, demand for services, contractors, potential acquisitions, growth, counterparties, intellectual property, technical failure, operational failure, disputes, litigation, non-payment, currency exchange rates, debt and interest rates, financial performance, legal compliance and project management.	For further details refer to section 12 "Risk Factors", particularly section 12.2 "Risks Relating to Aerometrex"
Overview of general risks	Risk factors which may affect Aerometrex and its business in general, and are therefore relevant to an investment in Aerometrex, include risks in relation to general investment, general economic climate, share market and liquidity, share price volatility, dividends, government policy and legislation, accounting policies, war and terrorist attacks, data security, catastrophic loss and natural hazards.	For further details refer to section 12 "Risk Factors", particularly section 12.3 "General Risks"

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4.

**IMPORTANT
DATES
AND KEY
STATISTICS**

4.1 Important Dates

Event	Date
Lodgement of Prospectus with ASIC	1 November 2019
Opening Date for Applications	15 November 2019
Closing Date for Applications	25 November 2019
Settlement date	29 November 2019
Issue of New Shares	2 December 2019
Expected dispatch of holding statements	5 December 2019
Expected date of quotation of New Shares on ASX	10 December 2019

The dates shown in the table above are indicative only and may be varied. Aerometrex, in consultation with the Lead Manager and Underwriter, reserves the right to vary the Closing Date without prior notice, which will have a consequential effect on other dates, or any of the other dates and times without prior notice.

4.2 Key Statistics

The Offer	
Current Shares on issue	60,200,000
New Shares being offered under this Prospectus	25,000,000
Issue price per New Share	\$1.00
Shares issued on conversion of Convertible Notes	9,200,000
Shares on issue following the Offer	94,400,000
Options on issue following the Offer	1,944,000
Market capitalisation following the Offer (undiluted and based on issued price)	\$94,400,000

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5.

INDUSTRY OVERVIEW



5.1 Background

The aerial surveying industry in Australia is an important contributor to the development of our cities and society as well as the use of our natural resources and management of our environment. Geospatial technology underpins many of our key institutions such as security of land tenure and local government asset management. It also provides the information needed to plan and cost major engineering and infrastructure projects. Aerial imagery, LiDAR and 3D modelling are data sources for planning and have become ubiquitous in industry, providing the base mapping data for many types of thematic information.

The role of provision of aerial survey information in Australia has progressed from wholly government-owned and managed operations, to private contractors vying for government contracts and private sector work, to subscription-based models based entirely on private enterprise and offering pre-packaged datasets for broad consumption.

5.2 Aerial Imagery Market

Research into the global aerial imagery market reveals a range of estimated current turnover and long-range forecasts. For example, "The global aerial imagery market¹ stood at \$1.4 billion in 2016, which is expected to grow at a CAGR of 13.4% during 2017 to 2023. The increasing adoption of aerial imagery in multiple application areas, such as surveillance and monitoring, geospatial, energy and resource management, conservation and research, exhibition and live entertainment, disaster management, and construction and development has been the key driver for the market." (Source: Prescient and Strategic Intelligence, Nov 2017, Report code IM10301)

Aerometrex believes that the key factors that will continue to drive growth in aerial imaging are:

- Technology improvements: sensor technology improvements such as the very large-format digital cameras and high-sampling LiDAR sensors continually evolving and appearing in the markets;
- Improvements in analytical and artificial intelligence-based information extraction: this has been evident in recent years, resulting in easier extraction of value-added information from aerial imagery and LiDAR data sets. The ability to provide industry-specific information to customers will serve to broaden the demand for these products;
- Emergence of 3D mapping: a strong trend towards 3D mapping, which is expected to become the standard base map product of the future as the industry evolves and technology improves;
- Urbanisation and planning: aerial imagery and LiDAR data products have become important tools for engineers and planners. As metropolitan areas continue to expand and densify, the importance of high-resolution data to document, manage and provide services to facilitate growth are essential; and
- Environmental management: with an increasingly environmental-conscious society, environmental management of forests, reefs, wetlands, coasts and parks is creating further demand for aerial imagery.

Within Australia, Aerometrex believes that the current demand for aerial imagery is approximately \$80 to \$90 million per annum but that figure is increasing in line with global industry forecasts.

¹ Note that the quoted figure is for aerial imagery including drone imagery, but not satellite imagery.

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5.3 LiDAR Market

The global LiDAR market is perceived to be experiencing strong growth with CAGR of approximately 20%, according to various industry reports, as shown in the sample figure below.

Elevation and topographic products derived from aerial LiDAR surveys have been utilised by many different industries including agriculture, infrastructure, engineering, transport, forestry, mining, renewable energy and water resources. Further applications can be found in bushfire prediction and analysis, climate change management, coastal erosion, vegetation clearance for electricity powerlines, and many other fields.

Aerometrex believes that this growth is consistent with a developed society's ongoing need for more detailed knowledge of our environment, measurement of human activity, development of the renewable energy industry and need for sophisticated transport systems, engineering infrastructure and utilities.

5.4 3D Imagery Market

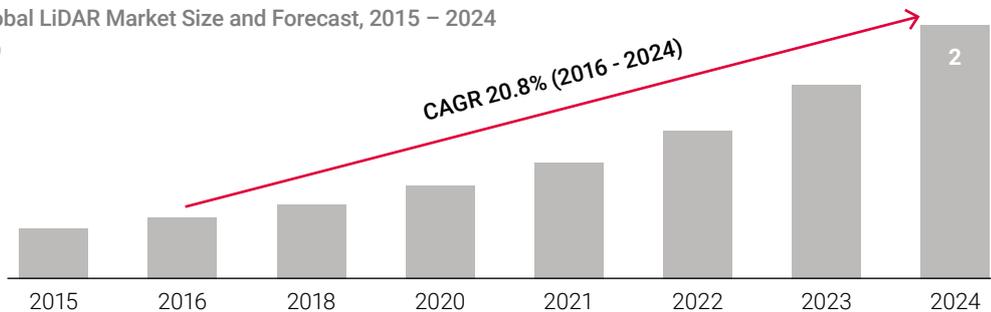
As with other forms of geospatial data, the global market for 3D modelled data (aka 3D imagery) is seen to be rapidly growing, as shown in the following example:

Aerometrex released its first 3D modelling service, *aero3Dpro™*, based on the new photogrammetric technique of massive multi-ray modelling, in October 2012. The product was well ahead of its time in the industry as most software systems at that time were unable to display true 3D data of such detail and complexity. There is now widespread acceptance of these datasets in geospatial markets, and the mainstream geospatial software providers such as Skyline Software, ESRI, Bentley Systems and others now have the ability to display, manipulate and apply 3D data to real-life problems.

The market for 3D modelled data has now expanded to include urban planning, architecture, property development, real estate, heritage documentation, engineering and construction, telecommunications (wireless and 5G network analysis), among many other applications.

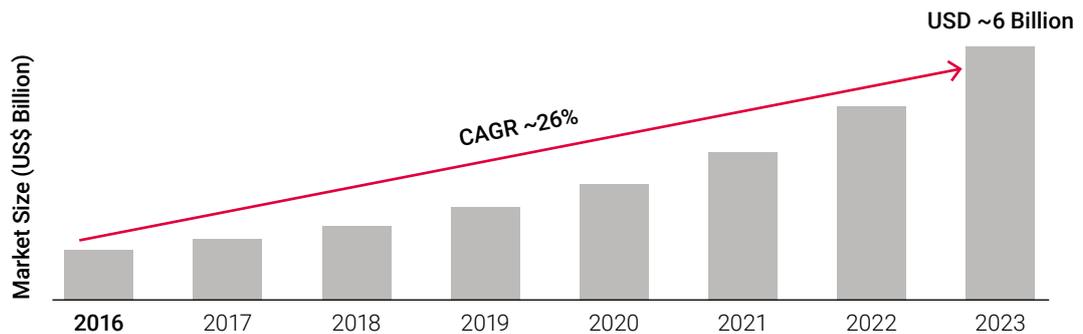
In addition to the geospatial user market there has been strong interest from industries as diverse as computer games, movie production, cemeteries, event management and advertising agencies.

Figure 1: Global LiDAR Market Size and Forecast, 2015 – 2024 (US\$ Billion)



Source: Variant Market Research

Figure 2: Global market for 3D modelled data



Source: MarketResearchFuture.com

Aerometrex sees 3D modelled data as the future of mapping, and believes that it will eventually replace 2D mapping as the default mapping system for all applications. There is a very high potential for expansion of the 3D modelling service in the large US market, and for generating 3D model subscription services for capital cities.

Similarly, strong growth for 3D modelling services is expected in Europe over the next 5 year time frame. Aerometrex believes the applications of 3D modelling is global and growth opportunities are not limited by geography.

have shown that some of our competitors' products do not meet this standard. Aerometrex typically achieves better than 2 pixels RMSE horizontal accuracy.

LiDAR

In recent times, Aerometrex has seen a contraction of survey providers in the LiDAR market, with a down-grading of some competitors' capacities. There has also been some market specialisation by providers in specific roles such as powerline mapping, which has left fewer players in the general LiDAR project arena.

LiDAR technology is rapidly advancing and investment in the latest sensor technology has placed Aerometrex in a strong position in this market.

5.5 State of Competition

Aerial imagery and mapping

Aerometrex operates its project aerial survey businesses in a competitive landscape in Australia, in which much work is tendered by government agencies or large corporations and strong value-for-money cases must be made to win work. It has been Aerometrex's policy to pursue quality, accuracy, resolution and service as key company objectives, which has seen Aerometrex continue to build market share.

Aerometrex meets the standard accuracy specifications for aerial imagery on government-related work and for engineering projects. The horizontal accuracy specifications required for these projects are typically 2 to 3 pixels RMSE absolute accuracy compared to known ground surveyed control points. Aerometrex's accuracy analyses

3D Modelling

Aerometrex has no known competitor providing 2cm 3D models from unrestricted aerial platforms. This is a niche speciality that Aerometrex has made its own by continuing to innovate and refine its methodologies and applications.

Aerometrex's large metropolitan 3D coverages at 7.5cm pixel size and 5cm pixel size are also class-leading for this data type.

MetroMap™

The subscription market for aerial imagery services is more fragmented, enabling strong sales performance outside regulated Government procurement channels to drive rapid growth. The rise of MetroMap™ has created an effective competitor to the existing near-monopoly in this market.

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5.6 Competing Technologies

Drones

With the benefit of considerable experience using both drones and conventional aircraft, Aerometrex does not accept that drone imagery is the aerial imagery technology of the future. A drone is simply a platform for a sensor, and must be compared against larger scale solutions to form a view on cost-effectiveness. There has been rapid growth in the number, sophistication and type of drones available in the market, but there are serious scale limitations with the technology and drone operations are tightly regulated. There are specific instances in which a drone platform may be cheaper, i.e. for very small areas which require very frequent capture updates. However, the decision of which technology to use should always be based on product quality, accuracy, safety and cost-effectiveness.

Satellite imagery

Satellite imagery is useful for continental-scale imagery captures at relatively very low resolution. The highest resolution imagery captured by satellites is in the order of 30cm pixel size, which is the coarsest resolution captured by aerial imagery platforms. There is an increasing demand for image resolution in the 2cm to 20cm GSD range and the physical limitations of satellites do not allow imaging at these resolutions.

Non-competing aerial survey technologies

Aerometrex does not currently provide airborne geophysical survey services for mineral exploration.

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6.

COMPANY OVERVIEW

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6.1 Background and Business Model

Aerometrex is an established professional aerial mapping company, with specialist expertise in aerial imaging, photogrammetry, LiDAR, 3D modelling and subscription services based on aerial imagery web serving.

Established in 1980, Aerometrex has achieved strong technical and commercial progress with limited external capital resources. Aerometrex has nevertheless made significant investments for growth. This includes a strong and on-going research and development program which has delivered its 3D modelling service and its own camera development, MetroCam. Aerometrex has also established an internal aviation operation and jointly purchased its own building.

Aerometrex's business model is twofold:

- A DaaS model which leverages the skills, expertise, technology and the geospatial data generated by Aerometrex to reach a wider subscriber base through its web-serving application MetroMap™. This strategy requires Aerometrex to fly surveys specifically for its own purposes and ownership, as well as negotiating shared intellectual property rights on data generated for project work.
- A project aerial survey service model. Aerometrex will continue to provide project-based aerial surveying services, on which it has built client confidence and reputation.

The majority of Aerometrex's revenue in FY19 was derived from project-based revenue however, Aerometrex's subscription service is a significant focus of the business and a growing revenue stream.

Figure 3: Consolidated sales by state

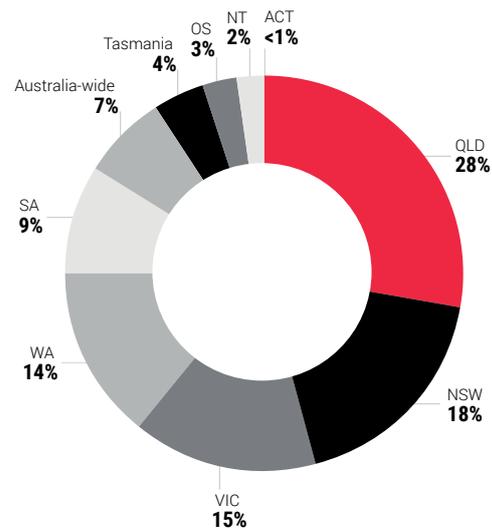
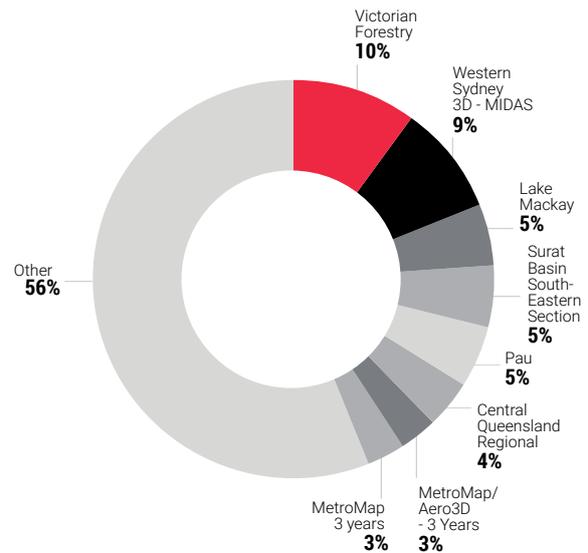


Figure 4: Consolidated sales by project value (top 50 projects)



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Aerometrex’s services are also used in private industry, which also account for approximately 56% of Aerometrex’s sales revenues. Clients in the private sector are diverse across a broad range of industries.

Aerometrex’s surveys have provided essential data for many major engineering projects undertaken in Australia throughout the last 10 years. This trend has continued with major new infrastructure programs currently being undertaken in Sydney, Brisbane, Melbourne, and Adelaide.

In addition, Aerometrex has been commissioned by internet media companies such as Google and Microsoft for their aerial imagery capture programs in 2D and 3D.

Aerometrex provides services and products to as many as 18 different industries as highlighted in the Figures below. This broad client base assists in insulating Aerometrex from downturns in any one industry.

Figure 5: Consolidated sales by market sector

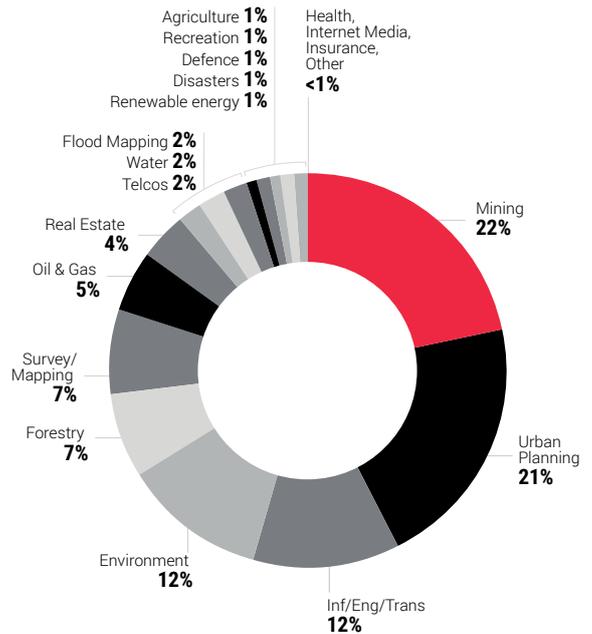
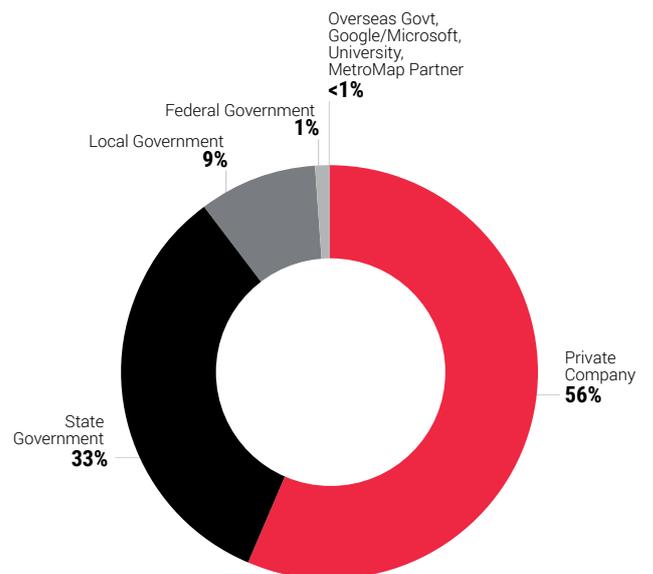


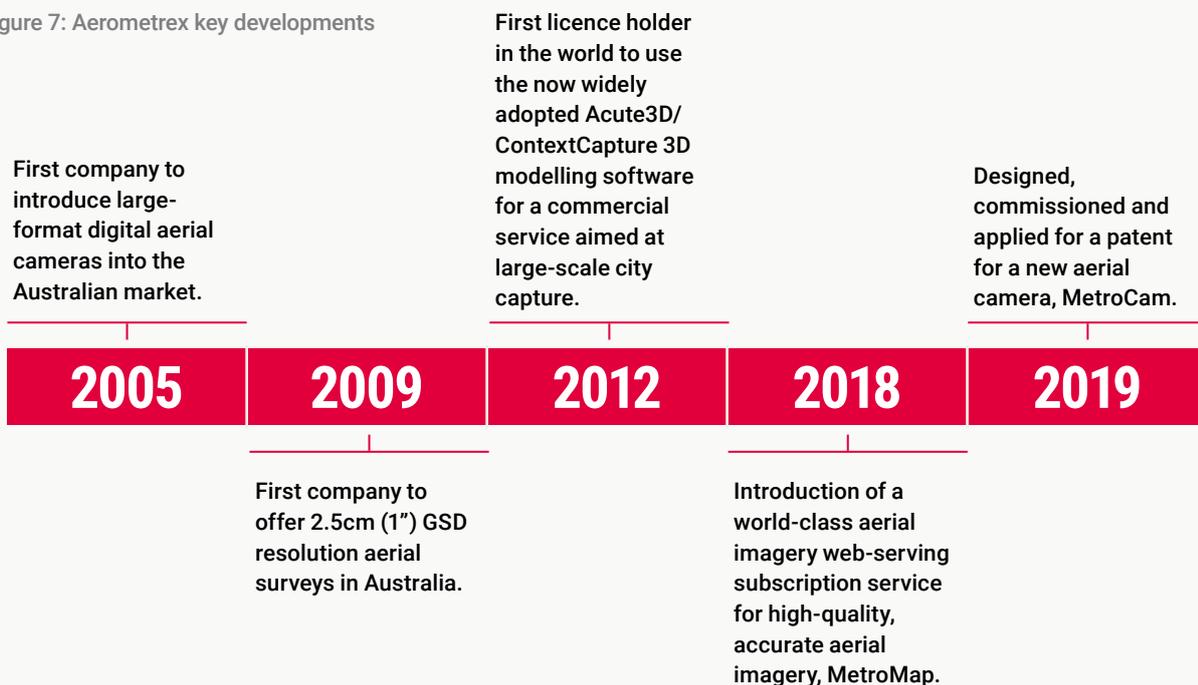
Figure 6: Consolidated sales by client type



6.2 Innovation

Aerometrex is a leader and innovator in the aerial surveying industry, having been responsible for the following key developments:

Figure 7: Aerometrex key developments



6.3 Group Structure

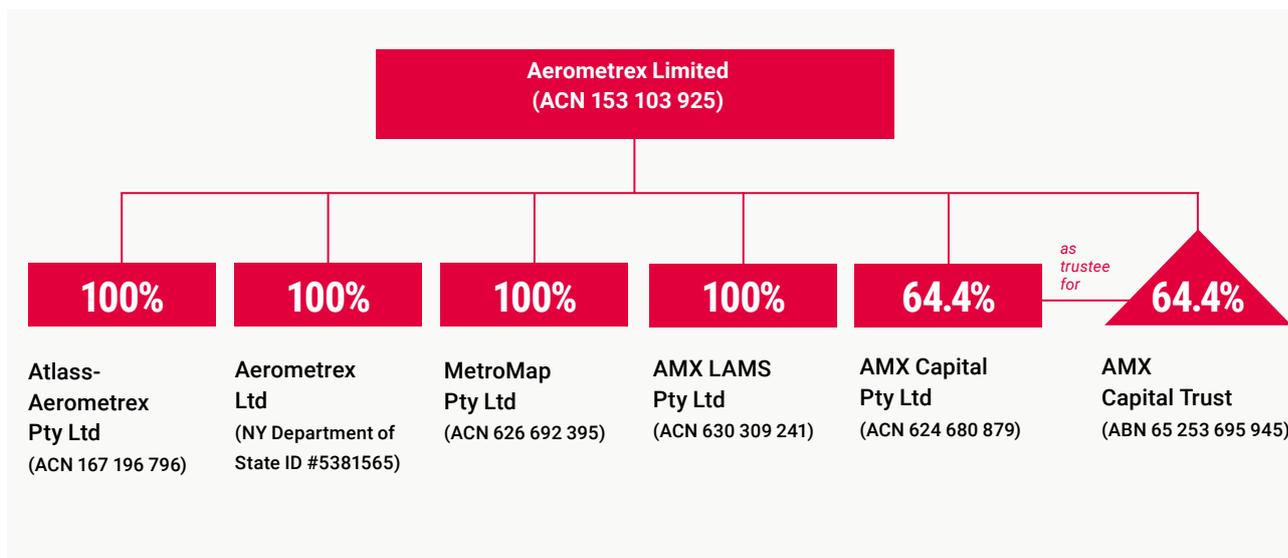
Aerometrex has a simple corporate structure. Aerometrex has four wholly-owned subsidiary companies:

- Atlas-Aerometrex Pty Ltd (ACN 167 196 796), an Australian company which is no longer trading but holds some capital assets;
- Aerometrex Ltd (NY Department of State ID #5381565), a United States company established in New York, which undertakes the United States based operations of the Aerometrex group, including marketing and conducting the imagery capture operations of its 3D modelling service;
- MetroMap Pty Ltd (ACN 626 692 395), an Australian company which holds no assets and which has not traded to date; and
- AMX LAMS Pty Ltd (ACN 630 309 241), an Australian company which holds no assets and which has not traded to date.

Aerometrex also owns 64.4% of the units in the AMX Capital Trust (ABN 65 253 695 945), which owns the building leased by Aerometrex, as well as 64.4% of shares in AMX Capital Pty Ltd (ACN 624 680 879), which is the trustee of the AMX Capital Trust. The remaining shares in AMX Capital Pty Ltd and units AMX Capital Trust are held by Beer & Skittles Superfund Pty Ltd as trustee for the Beer & Skittles Superfund (10.6%), M & L Deuter as trustees for the Marlin Super Fund (10.6%), Tomo's Super Pty Ltd as trustee for Tomo's Superfund (4.8%), SuperDunow Pty Ltd as trustee for the SuperDunow Superfund (4.8%) and Beata Maria Serafin & Wojciech Misiara as trustees for the Serafin Misiara Family Trust (4.8%).

AMX Capital Pty Ltd as trustee for AMX Capital Trust has a total of \$2,040,000 in available debt facilities with Westpac following a refinance of its existing ANZ property loan. The security for the debt facility includes a general security agreement from AMX Capital Pty Ltd as trustee for the AMX Capital Trust, a mortgage over the property owned by AMX Capital Trust, a guarantee from Aerometrex and a guarantee from Atlas-Aerometrex Pty Ltd.

A diagram showing the corporate structure of Aerometrex is set out below.



6.4 Group History and Staff Experience

The Aerometrex business was founded in Queensland in 1980. The business was re-located in South Australia in 2000 and was acquired by the current corporate vehicle in 2011.

Aerometrex is currently owned primarily by the staff and management.

In September 2015, Aerometrex acquired the business of Atlas (Australia) Pty Ltd, now known as MBHM (AUST) Pty Ltd (ACN 122 815 936) and Atlas Aviation Pty Ltd, now known as MBHM Aviation Pty Ltd (ACN 124 260 108), an aerial LiDAR operation then based in Rockhampton, Queensland. The business was initially owned and operated by Atlas-Aerometrex Pty Ltd (ACN 167 196 796), a 100% subsidiary of Aerometrex, but has now been transferred to Aerometrex in March 2019.

Aerometrex's head office is currently located at 51-53 Glynburn Rd, Glynde SA 5070. The LiDAR business has been relocated to the Sunshine Coast in Queensland and is currently operating from Unit 4, 99 Burnett Street, Buderim QLD 4556.

Aerometrex raised \$7 million in pre-IPO capital in 2019 through the issue of Convertible Notes, which will convert to Shares as part of the initial public offering of Aerometrex (see section 7.6 "Shareholder Structure").

Aerometrex has assembled a management, aviation and production team with high skill levels and experience. The key executives and managers in Aerometrex average over 20 years' experience in aerial surveying and some as much as 40 years. The key managers and executives are tertiary-qualified. The management team is led by Mark Deuter, who has more than 40 years' experience in the aerial photography and mapping industry, including more than eight years' experience as the Managing Director of Aerometrex. The technical and production team is led by David Byrne, who has acted as the driving force behind Aerometrex's product quality, accuracy and reputation. Mark Deuter and David Byrne are supported by a long standing and experienced executive team which has a solid track record of performance in every aspect of the business.

Aerometrex's key statistics summarise the experience held within Aerometrex.

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KEY STATISTICS

Figure 8

3.7M
SQUARE KMS
MAPPED

WITH ORTHOPHOTOS (AS AT 24 SEP 2019)

4.1M
SQUARE KMS
PHOTOGRAPHED
(EST.)

3M+
FRAMES EXPOSED

773
YEARS

COMBINED INDUSTRY EXPERIENCE

5,000+
PROJECTS
(SINCE 01 JUNE 2000)

82
STAFF MEMBERS
(75 FTE)

386
YEARS STAFF EXPERIENCE
WITH AEROMETREX

39
YEARS IN BUSINESS

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Such a pool of staff talent and experience is difficult to replicate and forms a considerable barrier to new entrants into the industry.

6.5 Core Products

Aerometrex generates income through its 4 key product lines, Aerial imagery and mapping, Aerial LiDAR surveys, 3D modelling and MetroMap™, each of which are summarised below.

Aerial photography and mapping

Aerometrex's historic business is in the area of aerial photography, photogrammetry and mapping services. Aerometrex has provided these services for many years. Aerometrex has a very large archive of digital aerial imagery dating back to 2002, and has access rights to many older data sets dating back to 1943. The key products from this activity are:

- aerial orthophotography (scale-corrected 2D aerial imagery maps);
- Digital Terrain Models (DTMs) and Digital Surface Models (DSMs); and

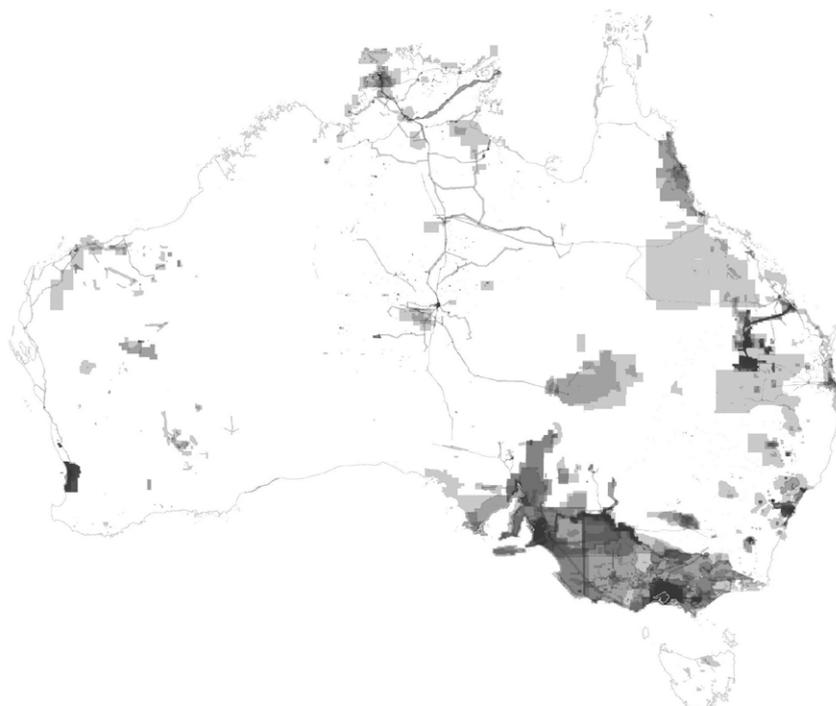
- digitised 3D feature data for Geographic Information Systems.

Aerometrex has operated in a business environment in which accuracy and reliability of the products has been paramount. Government clients and survey and mapping companies require professional-standard aerial surveying products.

In order to achieve high standards of data quality and accuracy Aerometrex uses the highest-quality professional-standard commercial aerial mapping cameras. It is essential to service both the qualitative and quantitative market for aerial imagery that the source aerial imagery is of the highest quality and accuracy. These cameras are very sophisticated compound-lens metric cameras with stable sensors, calibrated lenses, image motion correction, 4-band spectral capability and state-of-the-art positioning technology, including airborne GPS and inertial measurement systems.

Aerometrex has now developed, and has a provisional patent for, its own MetroCam camera, which has a comparable level of sophistication and will enable Aerometrex to continue to provide a high-quality service using its own hardware.

Figure 9: Aerometrex total aerial orthophoto coverage of the Australian continent to 28 June 2019, 3.6 million km².



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Aerial LiDAR surveys

Aerometrex also provides an aerial LiDAR surveying service. LiDAR (Light Detection And Ranging) is an advanced aerial surveying technique which utilises active laser pulses generated by the sensor to measure the distance of aircraft to ground. The absolute position of the aircraft is determined by sophisticated airborne GPS and inertial measurement systems, so the subtraction of the distance to ground from the aircraft height gives the height of the terrain. The sensors can sample up to a million light pulses per second, and create a very detailed, high-sampled model of the terrain surface in XY and Z coordinates.

LiDAR can be used for a wide variety of applications including creation of Digital Terrain Models (DTMs) and Digital Surface Models (DSMs), measurement of mining stockpile volumes, sampling of tree heights, measurement of buildings in urban areas, monitoring major construction and infrastructure projects involving mass movements of overburden, and other applications. The laser pulses are of sufficient number and strength to penetrate to the ground through moderate to dense canopy vegetation, allowing the terrain level or features to be mapped even under forests and woodland canopies. This is particularly helpful in such disciplines as archaeology and forestry.

Aerometrex has greatly diversified its LiDAR business since acquiring it in 2015, when it was almost exclusively working in the coal mining industry. It is currently servicing many industries including agriculture, environment, forestry, infrastructure/engineering/transport, mining, surveying and mapping, urban planning, renewable energy, and water resources.

LiDAR is a rapid growth area for Aerometrex and recent investments have been made in 3 state-of-the-art LiDAR sensors (Riegl VQ780i) at a cost of approximately \$1 million each. The results of this investment are readily apparent in the financial performance of the LiDAR business.

LiDAR projects undertaken to date have been mapping projects commissioned both by governments at various levels (federal, state, local) and major private companies. There is also potential for urban mapping and presentation of LiDAR data for each capital city under the MetroMap™ subscription model.

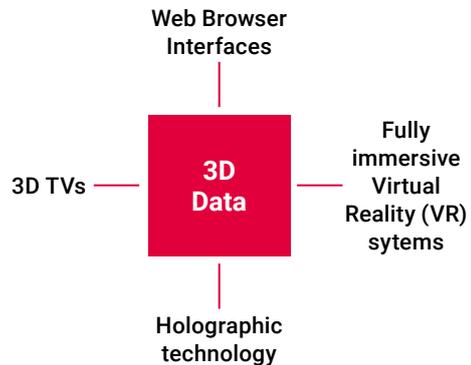
3D modelling

Aerometrex has developed its own 3D modelling service, which is a revolutionary implementation of the “massive multi-ray matching” photogrammetric method. It offers 3D models of the highest resolution (2cm pixel) and absolute accuracy (5cm in XY & Z) derived from aerial platforms. It has attracted world-wide attention via Aerometrex’s YouTube channel and social media and has become a mainstream 3D modelling system for high-value capital projects as well as high-value investment centres such as capital city CBDs.

Aerometrex also offers a lower-resolution 3D product for larger areas, at 7.5cm pixel size. This product is offered for sale for metropolitan and suburban areas through the website ‘www.metromap.com.au’. This 3D product resolution is superior to other offerings in the Australian market, which are generally at 15cm or even 50cm resolution.

3D data can be viewed in many viewing systems, ranging from projection onto flat computer screens in a web browser interface, to 3D TVs, holographic technology or fully immersive Virtual Reality (VR) systems. Aerometrex caters for most known data formats, software systems and hardware viewing systems in delivering its 3D data products.

Figure 10: 3D data viewing systems



MetroMap™

MetroMap™ is an online imagery web-serving application, offering Aerometrex's high-quality and accurate imagery to a subscriber base. MetroMap™ offers its subscribers 4 captures per annum for each major capital city, in addition to rural and regional city captures. MetroMap™ fulfils all of the quality and accuracy requirements of sophisticated geospatial data users and provides an easy-to-consume product for the corporate market, via a web browser interface.

A by-product of aerial imagery terrain corrections, DSMs are a depiction of the terrain surface including buildings, vegetation and surface features. These products are for applications involving line-of-sight calculation, such as telecommunications. MetroMap™ will offer high-quality, accurate DSMs as part of its suite of geospatial data types.

In addition to standard natural colour imagery, MetroMap™ offers near-infra-red (nIR) imagery coverages for several cities. nIR imagery is useful for all applications involving vegetation vigour as the nIR spectral band is sensitive to plant chlorophyll. These applications include management of parks and gardens, irrigation systems, agriculture and horticulture, as well as bushfire burn severity.

The MetroMap™ web browser interface is intended to incorporate 3D viewing capability as well as 2D imagery capability in the near future. Aerometrex has already produced such viewing systems for several project clients.

Information extraction

The ability to extract industry-specific information from aerial imagery (RGB/nIR), DSMs and LiDAR data is a rapidly developing area and substantial research is being conducted world-wide to use artificial intelligence (AI) methods to supplement existing extraction methods (classification, digitising, modelling). Aerometrex is already using these systems internally with the use of commercially available AI software, but is also in discussions with key specialist providers in this area. Spatial accuracy of input data is critical to the usefulness of derived data products, and this is a key distinctive of Aerometrex products.

6.6 Key Strengths

Aerometrex's point of difference is quality. The business is well known in private sector industries which demand quality and accuracy. Aerometrex considers the business has the following strengths:

- Imagery and LiDAR data quality. Aerometrex is recognised internationally and throughout Australia as a producer of high quality imagery and LiDAR data, as measured by established Government qualitative standards for these products.
- Accurate products which meet established government, industry and surveying standards for the quantitative application of measurement. Routine achievement of these standards over literally thousands of projects shows Aerometrex's pedigree as a professional mapping company.
- High standards of customer service. Aerometrex consults closely with clients to ensure that the products generated meet their use case. Client feedback is taken seriously and any errors discovered are dealt with promptly. The subscription service product MetroMap™ is subject to the widest user scrutiny with strongly positive feedback to date.
- 3D model resolution: Aerometrex has implemented the highest possible resolutions and accuracy standards right from the start of its 3D modelling services. Aerometrex utilises 2cm pixel source imagery. Its standard-resolution 3D product for larger metropolitan areas is based on 7.5cm pixels. These are market-leading resolutions for these data types. Aerometrex's 3D data is now being used as a trusted geospatial framework for major engineering projects such as Brisbane's Cross River Rail, Sydney's Parramatta Light Rail, Melbourne's Fisherman's Bend, and Adelaide's Smart Cities project.
- A long operating history with a highly experienced workforce is a key strength of Aerometrex. Aerometrex's key executives and Board members are qualified in specialist areas such as photogrammetry, mapping/GIS, aviation, 3D and digital terrain modelling and LiDAR. Aerometrex's people are a very strong asset and the assemblage of skills and experience would be very difficult to replicate by new entrants to the market.
- Aerometrex's data archive is very substantial. Every survey flown by Aerometrex since 2002 is held in digital form in Aerometrex's archive. There are in excess of 5,745 separate orthophoto coverages as well as raw imagery, airborne GPS data and metadata for each survey. This archive forms a data resource for future requests of historic data as well as the raw information needed to make further data products.

6.7 Intellectual Property

Aerometrex's intellectual property holdings can be summarised as:

Geospatial data holdings

These data represent a considerable capital investment over an extended period of time, and ownership or negotiation of access rights is an important part of the Aerometrex business.

Aerometrex either:

- owns the intellectual property; or
- owns shared intellectual property with unrestricted rights of use; or
- has negotiated the right to use third party intellectual property in MetroMap™ via a licence agreement; for all surveys on its MetroMap™ database.

New datasets flown exclusively by Aerometrex for MetroMap™ are continually being added to the database. Wherever possible, Aerometrex negotiates shared intellectual property on project surveys to allow their inclusion in the MetroMap™ database.

Trade marks

Aerometrex has registered the logo trade marks:



Aerometrex has applied to register the trade marks 'Aerometrex' and 'MetroCam' and the new logo trade marks:



Patents

Aerometrex has designed, and has a provisional patent for, its own aerial camera system, MetroCam. The first MetroCam has been built by a specialist camera manufacturer in the USA. It will be the most efficient aerial camera system known to Aerometrex and will enable the capture of very high-resolution imagery from high altitude.

Procedural know-how

The procedural know-how held by Aerometrex is considerable and is a valuable intellectual property asset. This knowledge relates to all aspects of aerial photography, photogrammetry, LiDAR and 3D modelling as well as the more generic knowledge of computer/IT infrastructure and transacting business on the internet.

Specific procedural knowledge developed by Aerometrex is protected by staff employment agreements, which include specific confidentiality protections for company knowledge.

6.8 Significant Dependencies

Aerometrex's main dependencies in recent times have been on aircraft charter providers and the suppliers of professional standard aerial mapping cameras (Vexcel Imaging GmbH of Austria and Visionmap, a Division of Rafael Defence Systems, of Israel) and LiDAR sensors (Trimble of Germany and Riegl of Austria).

Aerometrex has taken the following substantial steps to become more self-sufficient in the areas of aircraft and aerial cameras:

Aerometrex aviation operations – Aerometrex has established its own aviation operations. Aerometrex bought its first aircraft in 2014 and now operates a fleet of six of its own aircraft, with two more to be put into service in October 2019. Additional aircraft are available on hire arrangements as required. This strategy has not only secured a vital supply requirement, but has resulted in a substantial improvement in operating margin. Aerometrex will continue to operate a core fleet of aircraft to maintain an optimal balance of owned-and-operated fleet, in addition to chartered aircraft.

Aerometrex designed aerial camera system – It is intended that MetroCam will enable Aerometrex to control a much greater degree of the supply and maintenance costs of these sophisticated aerial camera systems, as well as representing a significant technological advance. However, it is anticipated that Aerial LiDAR sensors will continue to be purchased from specialist manufacturers at this stage and so this remains a significant dependency.

6.9 Finance Arrangements

Aerometrex has a total of \$6,700,000 in available debt facilities with Westpac. The debt facilities are:

- a bank bill business loan of \$4,400,000, which was used to refinance Aerometrex's previous equipment financier;
- a pre-approved equipment line of \$2,000,000, which is intended to be used to assist with new capital purchases of plant and equipment;

- corporate credit cards of \$200,000; and
- a \$100,000 bank guarantee.

The security for the debt facilities will include a general security agreement from Aerometrex over fixed and floating assets and a guarantee and general security agreement from Atlass-Aerometrex Pty Ltd.

The facilities have the following financial covenants:

- at all times Aerometrex's equity ratio must not be less than:
 - 30% in the period up to 31 December 2019; and
 - 40% in the period after 31 December 2019; and
- at all times Aerometrex's financial debt to EBITDA ratio must be less than 2.5 times.

In addition, AMX Capital Pty Ltd as trustee for the AMX Capital Trust, a controlled entity of Aerometrex and the owner of Aerometrex's head office premises, has a \$2,040,000 bank bill business loan which was used to refinance its previous financier. The security for this debt facility includes a general security agreement from AMX Capital Pty Ltd as trustee for AMX Capital Trust, a first mortgage over 51-53 Glynburn Road, Glynde and guarantees from Aerometrex and from Atlass-Aerometrex Pty Ltd.

6.10 Growth Strategy

Aerometrex's strategy is to continue to grow both the imagery/geospatial data subscription services (MetroMap™) and professional aerial survey project services.

Aerometrex has, as part of its MetroMap™ business, embarked on an aggressive aerial imagery capture and processing programme for all Australian capital cities. All major capital cities are being captured 4 times per annum. MetroMap™ has outstanding potential for strong growth from a modest base. The technical issues of data capture, processing and web delivery are largely solved. The MetroMap™ web browser interface is fast, reliable and intuitive to use. A wide range of data types can be sold through MetroMap™ and aerial imagery is an ideal base to derive value-added information products using AI and other classification and interpretation tools.

Aerometrex's LiDAR operation also has shown outstanding growth after significant investments were made in the latest technology. This growth is expected to continue

strongly, with geographic expansion within Australia as well as strong performance in capturing more market share and the development of value-added products from LiDAR data.

Aerometrex intends to continue to invest strongly in its LiDAR business by increased sales and marketing efforts, by obtaining more resources, such as aircraft and sensors, and by building LiDAR data and products into its subscription model where there are strong resale opportunities.

It is anticipated that Aerometrex's regular aerial imagery and project work will continue to benefit from increased exposure to the market via MetroMap™ and LiDAR services. Despite strong growth, Aerometrex's investment in marketing and sales has been constrained by a lack of capital. However, it is anticipated that increased investment in marketing and sales will result in positive effects on all aspects of the business.

Aerometrex believes that its 3D modelling service will have strong growth potential in Australia as well as internationally. A United States subsidiary (Aerometrex Ltd) has already been established and Aerometrex is in the process of establishing a small team of employees to market the service and conduct imagery capture operations in this much larger market.

Aerometrex has multiple sales strategies for tackling the United States market, involving direct project sales as well as developing sales channel partner relationships and subscription models.

In Europe, major project tenders in France and Germany have been won to deliver 3D models of the cities of Pau, France and Karlsruhe, Germany. Both of these cities have now been captured.

This service can be scaled up to meet international demand relatively easily. The camera systems used are comparatively lightweight, inexpensive, and can be used with locally-sourced helicopters as aerial platforms, so there is no requirement to relocate aircraft or large equipment around the world. Imagery can be processed in the cloud or at Aerometrex's Head Office. This service can be mobilised anywhere in the world and ready to fly within 48-72 hours, weather permitting.

Wherever possible, Aerometrex intends that intellectual property rights on imagery and 3D models collected for project requirements will be retained so those products can be used within MetroMap™. This strategy allows the lowest cost base for MetroMap™ collections and enables multiple sales of the same data.

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7

DETAILS OF
THE OFFER



7.1 The Offer

The Prospectus relates to an initial public offering of Shares by Aerometrex at the issue price of \$1.00 per Share. The Offer is an invitation to apply for 25,000,000 New Shares to raise gross proceeds of \$25,000,000.

New Shares issued will rank equally in all respects with other Shares. The rights and liabilities attaching to Shares are summarised in section 13.1 "Constitution and Rights and Liabilities Attaching to Shares" of this Prospectus.

7.2 Offer Structure

The Offer comprises:

- the Institutional Offer, which comprises an invitation to bid for New Shares made to institutional Investors (see section 7.8 "Broker Firm Offer"); and
- the Broker Firm Offer, which is open to investors who have received a firm allocation from their broker (see section 7.9 "Institutional Offer")

The allocation of New Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between Aerometrex and the Lead Manager having regard to the allocation policies described in sections 7.8 "Broker Firm Offer" and 7.9 "Institutional Offer".

No general public offer of New Shares will be made under the Offer. Members of the public wishing to apply for New Shares under the Offer must do so through a broker with a firm allocation of New Shares.

Aerometrex reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant. The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus and is fully underwritten by the Lead Manager and Underwriter pursuant to the Underwriting Agreement summarised in section 11 "Material Agreements".

7.3 Purpose of the Offer

The primary objectives of the Offer and ASX listing are to:

- provide Aerometrex with financial flexibility to pursue growth initiatives domestically and abroad;
- provide Aerometrex with the benefits of increased public awareness that arises as an ASX-listed entity; and
- broaden Aerometrex's shareholder base and provide a liquid market for its Shares.

Aerometrex intends to use the proceeds of the Offer in the manner set out in section 7.4 "Use of Funds".

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7.4 Use of Funds

The purpose of the Offer is to provide Aerometrex with sufficient funds to meet the stated objectives over a 2-year period:

Use of funds	Total spending amount	Percentage of total spend
MetroMap™ ²	\$8,000,000	32.0%
3D modelling ³	\$5,000,000	20.0%
Project services ⁴ capital	\$3,543,738	14.2%
US Expansion ⁵	\$3,500,000	14.0%
R&D	\$3,000,000	12.0%
Advisory, underwriting, prospectus and ASX listing costs	\$1,956,262	7.8%
Total use of funds	\$25,000,000	100.0%

The Directors consider that the amount sought to be raised by this Offer, in conjunction with cash flow from existing operations and current cash reserves, will provide sufficient working capital to achieve the objectives of Aerometrex in the two years following its listing on the ASX as set out in this Prospectus. Other than the advisory, underwriting, prospectus and ASX listing costs, which will be paid shortly after completion of the Offer, Aerometrex expects that the funds will be used over a two year period.

This section has been prepared based on Aerometrex's current intentions for the use of the funds raised from the Offer. Aerometrex's actual allocation and use of funds may change based on changes in the circumstances of Aerometrex's business, changes in its strategy and/or for other reasons.

The Board will consider further equity or debt funding if appropriate to further accelerate growth or fund a specific project, transaction or opportunity.

7.5 Offer Period

The proposed opening date for acceptance of the Offer will be 15 November 2019 or such later date as may be prescribed by ASIC.

The Offer is expected to remain open until 5.00pm ACDT on 25 November 2019. However, Aerometrex, in consultation with the Lead Manager and Underwriter, reserves the right to vary the Closing Date without prior notice.

Please refer to section 4.1 "Important Dates" for a summary of the key dates for the Offer.

² MetroMap™ capture program, Sales and marketing, computer and data storage, software licensing fees, MetroCam camera.

³ 3D modelling: Sales and marketing, capture programs.

⁴ Aerial photography and LIDAR capital equipment, aircraft and sensor purchases or financing costs.

⁵ US expansion of 3D modelling service, establishment and operational costs.

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7.6 Shareholder Structure

Capital structure before and after the Offer

Aerometrex's capital structure before and after the Offer on Aerometrex's capital structure before the Offer is shown below:

Class of Security	Number
Shares	60,200,000
Convertible Notes	7,000,000

Aerometrex's capital structure after completion of the Offer on a non-diluted and fully-diluted basis is shown below:

Class of Security	Non-Diluted	Fully-Diluted
Shares	94,400,000	96,344,000
NED Options ¹	1,000,000	Nil
Executive Director Options	Nil	Nil
Other staff options	Nil	Nil
Lead Manager Options	944,000	Nil
Convertible Notes	Nil	Nil

Shareholder structure post the Offer

Aerometrex's capital structure after completion of the Offer is shown below:

Shareholder	Shares			
	Number pre-Offer	Percentage	Number post-Offer	Percentage
Existing Shareholders	60,200,000	100%	60,200,000 ²	63.7%
Convertible Note Holders	Nil	0%	9,200,000	9.8%
IPO Shareholders	Nil	0%	25,000,000	26.5%
TOTAL	60,200,000	100%	94,400,000³	100.0%

¹ See section 10.5 "Remuneration" for further details about shares issued to directors and senior staff.

² Assumes existing shareholders do not apply for New Shares under the Offer.

³ Assumes none of the options is exercised.

Structure

The table below summarises the interests of various stakeholders as at the date of this Prospectus and immediately following completion of the Offer.

	Shares held at date of Prospectus		Shares held at Quotation Date	
	Number	%	Number	%
Directors	32,320,091	53.7%	32,320,091 ¹	34.2%
Other Senior Management ²	18,448,410	30.6%	18,448,409	19.5%
Other Existing Shareholders ³	9,431,499	15.7%	9,431,499	10.0%
Convertible Note Holders	Nil	Nil	9,200,000	9.8%
New Shareholders	Nil	Nil	25,000,000	26.5%
TOTAL⁴	60,200,000	100.0%	94,400,000	100.0%

Some Existing Shareholders hold their interests in Shares directly or indirectly through holdings by companies or trusts. The table does not reflect any Shares which the Existing Shareholders or Convertible Note Holders may subscribe for under the Offer. To the extent Existing Shareholders or Convertible Note Holders (or their associated entities) acquire additional Shares in the Offer, those additional Shares will not be subject to the voluntary escrow arrangements.

¹ This figure does not include New Shares acquired by the Directors under the Offer, noting that Mark Lindh has indicated that he will apply for 100,000 New Shares and Peter Foster has indicated that he will apply for 50,000 New Shares.

² Senior management of Aerometrex who are not Directors.

³ All other Existing Shareholders that are not affiliated with Directors or senior management.

⁴ Assumes none of the options is exercised.

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Substantial shareholders

The table below sets out the substantial shareholders of Aerometrex as at the date of this Prospectus and what their interest in Aerometrex will be immediately following completion of the Offer.

Name of substantial holder	Associated Director or employee	Shares held at date of Prospectus		Shares held at Quotation Date	
		Number	%	Number	%
199 Investment Pty Ltd and Beer & Skittles Superfund Pty Ltd	Matthew White	12,335,376	20.5%	12,335,376	13.1%
Mark and Lynette Deuter	Mark Deuter	11,400,865	18.9%	11,400,865	12.1%
DAIJ Pty Ltd	David Byrne	8,583,850	14.3%	8,583,850	9.1%
Scott Tomlinson	Scott Tomlinson	8,362,230	13.9%	8,362,230	8.9%
Beata Serafin and Wojciech Misiara	Beata Serafin	6,660,999	11.1%	6,660,999	7.1%
Warren and Margaret Darley	None	6,018,993	10.0%	6,018,993	6.4%
Todd and Jane Dunow	Todd Dunow	3,425,181	5.7%	3,425,181	3.6%
TOTAL		56,787,494	94.4%	56,787,494	60.3%

Details of Options

Pursuant to the Lead Manager Mandate (see section 11 "Material Agreements"), the Lead Manager and Underwriter will, as part of the Offer, be granted 944,000 options with an exercise price of \$1.25 per option. These options will vest two years from the date the options are granted and will expire four years from the date the options are granted. Aerometrex has granted 1,000,000 options with an exercise price of \$1.25 per option to the Non-Executive Directors of Aerometrex, including 500,000 options to each of Chairman, Mark Lindh, and Non-Executive Director, Matthew White. These options will expire two years from the Quotation Date.

Further options may be issued up to ASIC recommended guidelines to executives, managers and staff subsequent to listing, with shareholder approval where required.

Convertible Notes

Between 24 June and 2 July 2019, Aerometrex issued 7,000,000 series 'A' convertible notes at an issue price of \$1.00 per note to investors in a number of tranches to raise \$7,000,000 (before costs) in pre-IPO funding, on the terms of a subscription deed and convertible note deed poll (Convertible Notes). The Convertible Notes will convert into 9,200,000 Shares immediately prior to the issue of New Shares.

7.7 Escrow Arrangements

As Aerometrex intends to apply for admission to the official list of the ASX under the profit test, the ASX does not impose any mandatory restrictions on dealings in respect of Existing Shares or Convertible Note Shares.

However, Existing Shareholders and Convertible Note Holders have agreed to a voluntary escrow on the Existing Shares and/or Convertible Note Shares they hold, as set out in the table below.

Existing Shareholder / Convertible Note Holder	Existing Shares and Convertible Note Shares held	Existing Shares and Convertible Note Shares subject to voluntary escrow	Period of escrow (from the date of Official Quotation of the New Shares)
Directors	32,320,091	32,320,091	12 months
Other Senior Management	18,448,410	18,448,410	12 months
Other Existing Shareholders	9,431,499	9,431,499	12 months
Convertible Noteholders	9,200,000	4,600,000	6 months
TOTAL	69,400,000	64,800,000	

The holder of Shares that are subject to a voluntary escrow have entered into an escrow agreement with Aerometrex on the same terms as the restriction agreement prescribed by ASX for the purposes of the ASX Listing Rules. As such, for the duration of the applicable escrow period, a holder of escrowed Shares will not be able to dispose of their escrowed Shares, sell their escrowed Shares, create a security interest over their escrowed Shares, do (or omit to do) any act that would have the effect of transferring effective ownership or control of their escrowed Shares or participate in a return of capital, without the agreement of Aerometrex. Aerometrex does not intend to agree to any of the above actions unless it considers such action to be in the best interests of Aerometrex and its shareholders.

7.8 Broker Firm Offer

Who can apply?

The Broker Firm Offer is open to persons who have received a firm allocation of New Shares from their Broker and who are entitled to receive the Offer. Applicants who have received a firm allocation of New Shares from their Broker will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of New Shares from them under the Broker Firm Offer.

How to apply?

If you have received an allocation of New Shares from your Broker and wish to apply for those New Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must not send their Application Form or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Amount are received by Aerometrex before 5.00pm (ACDT) on the Closing Date.

Applications for New Shares must be for a minimum of 2,000 New Shares and payment for the New Shares must be made in full at the issue price of \$1.00 per Share. There is no maximum number or value of New Shares that may be applied for under the Offer.

The Offer opens at 9:00am (ACDT) on 15 November 2019 and is expected to close at 5.00pm (ACDT) on 25 November 2019. Aerometrex may elect to close the Offer early or extend the Offer, or accept late Applications either generally or in particular cases. Applicants are therefore encouraged to submit their Applications as early as possible.

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If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Aerometrex, the Lead Manager and Underwriter and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

Payment methods

Applicants under the Broker Firm Offer must pay their Application Amounts to their Broker in accordance with instructions provided to you by that Broker.

Allocation policy

The allocation of New Shares under the Broker Firm Offer will be determined by the Lead Manager and Underwriter, in consultation with Aerometrex, at their discretion. There is no assurance that any person will be allocated any New Shares or the total number of New Shares for which they apply.

Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to apply for the amount of New Shares specified in the Broker Firm Offer Application Form, at the Offer Price, on the terms and conditions set out in this Prospectus and the Application Form. To the maximum extent permitted by law, an Application by an Applicant under the Broker Firm Offer is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Broker Firm Offer Application Form, or reject the Application, for any reason and without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of New Shares to Applicants whose Applications are accepted. The Lead Manager and Underwriter, in agreement with Aerometrex, reserves the right to not accept any Application in their sole discretion, including any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer. The Lead

Manager and Underwriter, in agreement with Aerometrex, also reserves the right to waive or correct any errors in any Application Form.

Application Amounts

Application Amounts received under the Broker Firm Offer will be held on trust in a special purpose bank account until New Shares are issued to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied, will be mailed a refund (without interest) for all or part of their Application Amounts, as applicable. No refunds due solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Amounts pending the allocation or refund will be retained by Aerometrex.

To participate in the Offer, the Application Form must be completed and received, together with the Application Amounts, in accordance with the instructions on the Application Form.

7.9 Institutional Offer

Who can apply?

The Institutional Offer consists of an invitation prior to or after the date of the Prospectus to certain Institutional Investors. Application procedures for the Institutional Offer have been, or will be, advised to the Institutional Investors by the Lead Manager and Underwriter. New Shares acquired by Institutional Investors as part of the Institutional Offer will be issued under this Prospectus.

Allocation policy

The allocation of New Shares for Institutional Investors applying for New Shares in the Institutional Offer will be by the Lead Manager and Underwriter, in consultation with Aerometrex. Participants in the Institutional Offer have been, or will be, advised of their allocation of New Shares, if any, by the Lead Manager and Underwriter.

Aerometrex and the Lead Manager and Underwriter have absolute discretion regarding the allocation of New Shares among the Institutional Investors and there is no assurance that any Institutional Investor will be allocated any Shares, or the number of New Shares for which it has applied for.

7.10 Application Amounts

Application Amounts received under the Institutional Offer will be held on trust in a special purpose bank account until New Shares are issued to successful Applicants. Interest will not be paid on any monies refunded and any interest earned on Application Amounts pending the allocation or refund will be retained by Aerometrex.

7.11 Brokerage, Commission and Stamp Duty

You do not have to pay brokerage, commission or stamp duty if you acquire New Shares under the Offer. Fees are payable by Aerometrex to the Lead Manager and Underwriter and other advisers in relation to the Offer, details of which are set out in section 13.9 "Disclosure of Interests and Fees of Directors and Other Persons".

7.12 ASX Listing

Aerometrex intends to apply for admission to the Official List of ASX and quotation of the Shares on ASX.

No New Shares will be issued unless and until ASX grants approval on conditions acceptable to the Directors for Aerometrex to be admitted to the Official List. The fact that ASX may admit Aerometrex to the Official List is not to be taken in any way as an indication by ASX of the merits of Aerometrex or the New Shares offered by this Prospectus. ASX takes no responsibility for the contents of, including any expert's report in, this Prospectus.

Application will be made to ASX within 7 days of the date of this Prospectus for quotation of the New Shares. If an application for quotation is not made within 7 days after the date of this Prospectus, approval is not granted for Aerometrex to be admitted to the Official List, or permission for quotation is not granted by ASX within three months after the date of this Prospectus or such longer period as is permitted by the Corporations Act, no New Shares offered under the Prospectus will be issued. If no issue is made, all Application Amounts will be refunded to Applicants as soon as practicable and without interest.

7.13 Overseas Distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Investors outside Australia should consult their professional advisers as to whether governmental or other consents are required, or other formalities need to be observed, before taking up Shares pursuant to this Prospectus. It is the responsibility of investors outside Australia to obtain all necessary approvals for applying for New Shares pursuant to this Prospectus. The return of a completed Application Form constitutes a representation and warranty by the Applicant that all approvals necessary in the jurisdiction in which the Applicant resides have been obtained.

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia.

The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

This Prospectus may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

Nominees applying for New Shares on behalf of overseas residents are responsible for ensuring that such an Application does not breach any regulation applicable to any such overseas resident. If you are a nominee, or a person proposing to act as a nominee, you should seek independent advice as to how you should proceed.

7.14 Share Registry

Aerometrex's share register will be maintained by Computershare Investor Services. Its contact details are as follows:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Telephone: 1300 556 161

7.15 CHES and Issuer Sponsorship

Aerometrex will apply to participate in the CHES system for the clearing and settlement of transactions in Aerometrex's Shares and the transfer of Aerometrex's Shares. CHES is an automated transfer and settlement system for securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become CHES-approved securities, a security holder's Shares will be registered in one of two sub-registers, an electronic issuer sponsored sub-register or an electronic CHES sub-register. The two sub-registers together will make up Aerometrex's register of Shares. Applicants will have the choice of holding their New Shares on an issuer sponsored sub-register or on the CHES sub-register.

Aerometrex will not be issuing certificates for the New Shares. Instead, Applicants electing to use the issuer sponsored sub-register will be issued with holding statements setting out the number of New Shares they hold. Participants in the issuer sponsored sub-register system will receive a Shareholder Reference Number (SRN). Participants in the issuer sponsored sub-register system will be registered on the issuer sponsored sub-register.

Applicants electing to use the CHES sub-register will receive a letter from Aerometrex confirming the number of New Shares issued to them and at the end of the month following issue of the New Shares will receive CHES holding statements confirming the number of New Shares that have been issued. Participants in the CHES sub-register will receive a Holding Identification Number (HIN). A CHES participant or a person sponsored by a CHES participant will have their Shares registered on the CHES sub-register.

Following distribution of these initial holding statements, a holding statement will only routinely be provided to a security holder at the end of any subsequent month during which the balance of the security holder's holding of securities changes.

The Existing Shares that are the subject of a restriction agreement will be subject to a holding lock under the CHES System preventing them being dealt with during the period of restriction.

7.16 Lead Manager and Underwriter to the Offer

Morgans Corporate Limited (ACN 010 539 607) (AFSL 235407) has been appointed as Lead Manager and Underwriter to the Offer. The Lead Manager and Underwriter will be entitled to fees payable by Aerometrex as set out in section 13.9 "Disclosure of Interests and Fees of Directors and Other Persons".

The underwriting agreement is summarised in section 11.6 "Underwriting Agreement".

7.17 Taxation Implications

Aerometrex will be taxed as a public company in Australia.

The taxation obligations and the effects of participating in the Offer can vary depending on the circumstances of each individual investor, the particular circumstances relating to his or her holdings of securities and the taxation laws applicable to investors as residents of different jurisdictions.

Investors who are in doubt as to their taxation position should seek professional advice. It is solely the responsibility of individual applicants to inform themselves of their taxation position resulting from participation in the Offer.

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FINANCIAL INFORMATION

8.1 Introduction

The financial information set out in this section includes the following:

- Summary historical consolidated statement of profit or loss and other comprehensive income for Aerometrex for the 12 months ended 30 June 2017 ("FY2017"), 12 months ended 30 June 2018 ("FY2018"), and the 12 months ended 30 June 2019 ("FY2019");
- Summary historical statement of financial position for Aerometrex as at "FY2017", "FY2018", and "FY2019";
- Summary historical consolidated statements of cash flows for Aerometrex for FY2017, FY2018, and FY2019;
- The Pro Forma consolidated statement of financial position of the Group at 30 June 2019 and supporting notes which includes the Pro Forma transactions, subsequent events, consolidation adjustments and capital raising together referred to as the 'Historical Financial Information'.

The Historical and Pro Forma Financial Information should be read together with the other information contained in this Prospectus, including:

Management's discussion & analysis set out in this section;

- The risk factors described in section 12;
- The Independent Limited Assurance Report on the Historical and Pro Forma Financial Information set out in this section of the Prospectus; and
- The other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

8.2 Basis of Preparation of the Historical and Pro Forma Financial Information

Background

The Historical Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act. The Historical and Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. Changes in accounting policies and significant accounting policies applied to the Historical and Pro Forma Financial Information are noted at the end of this section under the headings 'Changes in accounting policies and 'Significant Accounting Policies'.

The consolidated general purpose financial statements of Aerometrex Limited will be prepared in accordance with the Corporations Act, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with IFRS as issued by the International Accounting Standards Board.

The Historical and Pro Forma Financial Information is presented in this section includes a consolidation of the following entities historical financial performance:

- Aerometrex;
- Atlas-Aerometrex Pty Ltd; and
- AMX Capital Pty Ltd as trustee for the AMX Capital Trust.

Basis of preparation of the Historical and Pro Forma Financial Information

The historical and Pro Forma consolidated statement of profit or loss and other comprehensive income for FY2017, FY2018, and FY2019 has been prepared on a consolidated basis.

Aerometrex's historical consolidated financial performance has been audited by Grant Thornton Australia for the periods FY2017, FY2018 and FY2019. An unqualified audit opinion was issued for each of those periods.

Aerometrex was incorporated on 7 September 2011 and is involved in professional aerial imaging and mapping, including aerial imaging, photogrammetry, LiDAR, 3D modelling and image web serving. Aerometrex converted to an Australian public company on 3 October 2019.

The Directors are responsible for the inclusion of all financial information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance.

The Historical and Pro Forma Financial Information has been reviewed by Grant Thornton Corporate Finance Pty Ltd, whose Independent Limited Assurance Report is contained in section 9 of the Prospectus. Investors should note the scope and limitations of that report. The information in this section should also be read in conjunction with the risk factors set out in section 12 and other information contained in this prospectus.

All amounts disclosed in this section are presented in Australian Dollars unless otherwise noted.

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8.3 Historical Statement of Profit or Loss and Other Comprehensive Income

The table below presents the summarised historical pro forma statement of profit or loss and other comprehensive income for the periods ended FY2017, FY2018 and FY2019.

	Audited FY2019 \$'000	Audited FY2018 \$'000	Audited FY2017 \$'000
Revenue	16,109	13,129	9,706
Cost of sales	(4,512)	(2,738)	(2,581)
Gross Profit	11,597	10,391	7,125
Other income	182	38	14
Employee benefits expense	(4,712)	(4,264)	(3,833)
Depreciation of property, plant and equipment	(1,502)	(990)	(867)
Amortisation of intangible assets	(479)	(141)	(281)
Travel and accommodation	(740)	(693)	(581)
Other expenses	(1,292)	(1,360)	(1,169)
Finance costs	(191)	(231)	(285)
Finance income	3	3	5
Profit before income tax	2,866	2,753	128
Income tax expense	(296)	(925)	(126)
Other comprehensive income	-	-	-
Total comprehensive profit for the year	2,570	1,828	2

8.4 Management Discussion and Analysis of the Historical Financial performance and key operating metrics

Below is a discussion of the main factors which affected the operations and relative financial performance in FY2017, FY2018 and FY2019 which Aerometrex Limited expects may continue to affect it in the future. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the group's historical operating and financial performance, nor everything which may affect Aerometrex Limited's operations and financial performance in the future.

- **Revenue:** Historically revenue has been generated through the provision of aerial imaging, photogrammetry, 3D modelling and LiDAR survey services. Aerometrex operates primarily in Australia but revenue recorded also includes major international projects in the USA, Africa, the Middle East, SE Asia, Papua New Guinea and New Zealand.
- **Cost of goods sold:** refers to the direct costs associated with the services provided and includes aerial photography costs, computer expenses, survey costs and contractors.
- **Gross profit:** is revenue less cost of goods sold.
- **Other income:** is made up of refunds and recoveries, grants, rebates and rent received in relation to a subleasing arrangement.
- **Employee benefits expense:** includes wages and on-costs (superannuation, work cover, leave provisions) for employees of the business.

- **Depreciation of property, plant and equipment:** expenses in relation to the depreciation of buildings and plant and equipment.
- **Amortisation of intangible assets:** expense for the amortisation of datasets.
- **Travel and accommodation:** costs related to travel and accommodation for employees and directors.
- **Other expenses:** refers to general company overheads including consulting fees, insurance costs, telephone expenses, directors fees and accounting and financial control costs.
- **Finance costs and income:** finance costs include interest expenses for chattel mortgage arrangements and other facilities. Finance income refers to interest income on cash and cash equivalents.

Aerometrex's intended use of funds (as detailed in section 7.4 "Use of Funds") will result in a change to the underlying cost base of the business as the Group seeks to achieve its long term growth ambitions (as detailed in section 6.10 "Growth Strategy"). The additional costs have the potential to impact short term profitability. However Aerometrex intends to incur these additional costs in order to allow Aerometrex to achieve its potential as a business and its targeted revenue growth.

8.5 Management Discussion and Analysis of the Historical Statement of Cash Flows

The table below presents the summarised historical statement of cash flows for the periods ended FY2017, FY2018, and FY2019.

	Audited FY2019 \$'000	Audited FY2018 \$'000	Audited FY2017 \$'000
Cash flows from operating activities			
Receipts from customers	16,115	11,484	9,978
Payments to suppliers and employees	(10,291)	(8,888)	(8,435)
Income taxes paid	(541)	-	-
Interest received	3	3	5
Interest paid	(191)	(231)	(284)
Net cash from operating activities	5,095	2,368	1,264
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,615)	(4,717)	(169)
Units acquired in AMX Capital	-	(670)	-
Purchase of other intangible assets	(1,564)	(22)	-
Net cash used in investing activities	(4,179)	(5,409)	(169)
Cash flows from financing activities			
Net (repayments)/proceeds from bank loans	(430)	3,435	(567)
Net proceeds from convertible note issue	5,080	-	-
Return of capital	(750)	-	-
Dividends paid	(680)	(365)	(180)
Net cash from financing activities	3,220	3,070	(747)
Net increase/(decrease) in cash and cash equivalents	4,136	29	348
Cash and cash equivalents at the beginning of year	974	945	598
Cash and cash equivalents at end of year	5,110	974	945

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Operating cash flows

Aerometrex has historically operated at a surplus operating cash flow position.

Investing cash flows

In FY2018 Aerometrex acquired 64.42% of units in the AMX trust for \$670,000. Additions of plant and equipment include the premises at 51-53 Glynburn Road in Glynde, South Australia which is held in AMX trust.

Investment in plant and equipment mostly comprised of cameras, sensors, and aircraft parts.

Financing cash flows

In FY2018 \$3,147,757 of finance from bank loans was required by Aerometrex for it to fund the purchase of its interest in the abovementioned property.

In FY2019 there was a \$5,499,980 inflow as a result of a pre-IPO convertible notes being issued. In addition a \$750,000 return of capital to founding shareholders at an amount of \$0.42 per share occurred.

8.6 Historical Statement of Financial Position

The table below presents the summarised historical statement of financial position as at FY2017, FY2018 and FY2019.

	Audited 30 Jun 2019 \$'000	Audited 30 Jun 2018 \$'000	Audited 30 Jun 2017 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5,110	974	945
Trade and other receivables	2,759	2,860	1,481
Contract assets	1,276	797	639
Other assets	97	-	-
TOTAL CURRENT ASSETS	9,242	4,631	3,065
NON-CURRENT ASSETS			
Property, plant and equipment	9,800	8,761	3,994
Goodwill	1,785	1,785	1,785
Intangible assets	1,317	162	281
Deferred tax assets	349	225	209
TOTAL NON-CURRENT ASSETS	13,251	10,933	6,269
TOTAL ASSETS	22,493	15,564	9,334
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,103	464	273
Current tax liabilities	293	553	206
Contract liabilities	522	138	246
Financial liabilities	8,520	3,575	728
Employee benefits	890	689	716
TOTAL CURRENT LIABILITIES	11,328	5,419	2,169
NON-CURRENT LIABILITIES			
Financial liabilities	3,112	3,406	2,819
Employee benefits	93	58	52
Deferred tax liabilities	1,091	952	398
TOTAL NON-CURRENT LIABILITIES	4,296	4,416	3,269
TOTAL LIABILITIES	15,624	9,835	5,438
NET ASSETS	6,869	5,729	3,896
EQUITY			
Share capital	2,377	3,127	3,127
Retained earnings	4,122	2,240	769
Non-controlling interest	370	362	-
TOTAL EQUITY	6,896	5,729	3,896

8.7 Consolidated Pro Forma Statement of Financial Position

The table below sets out the audited historical statement of financial position of Aerometrex Limited, the pro forma adjustments that have been made to it (further described below) and the pro forma consolidated statement of financial position as at 30 June 2019.

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of Aerometrex Limited's view of its future financial position.

As at 30 June 2019	Reference	Audited		
		Aerometrex Limited \$'000	Pro forma Adjustments \$	Pro forma \$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		5,110	21,725	26,835
Trade and other receivables		2,759	-	2,759
Contract assets		1,276	-	1,276
Other assets		97	-	97
TOTAL CURRENT ASSETS		9,242	21,731	30,973
NON-CURRENT ASSETS				
Property, plant and equipment		9,800	4,346	14,146
Goodwill		1,785	-	1,785
Intangible assets		1,317	-	1,317
Deferred tax assets		349	-	349
TOTAL NON-CURRENT ASSETS		13,251	4,346	17,597
TOTAL ASSETS		22,493	26,077	48,570
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		1,103	-	1,103
Current tax liabilities		293	-	293
Contract liabilities		522	-	522
Financial liabilities		8,520	(3,887)	4,633
Employee benefits		890	-	890
TOTAL CURRENT LIABILITIES		11,328	(3,887)	7,441
NON-CURRENT LIABILITIES				
Financial liabilities		3,112	-	3,112
Employee benefits		93	-	93
Deferred tax liabilities		1,091	-	1,091
TOTAL NON-CURRENT LIABILITIES		4,296	-	4,296
TOTAL LIABILITIES		15,624	(3,887)	11,737
NET ASSETS		6,869	29,964	36,833
EQUITY				
Share capital		2,377	33,695	36,073
Retained earnings		4,122	(3,545)	577
Non-controlling interest		370	-	370
Reserves		-	(193)	(193)
TOTAL EQUITY/(DEFICIENCY)		6,869	29,964	36,833

Pro forma transactions

The following transactions contemplated in this Prospectus which are to take place on or before the completion of the Offer, referred to as the subsequent events and pro forma adjustments, are presented as if they, together with the Offer, had occurred subsequent to 30 June 2019 and are set out below.

With the exception of the subsequent events and pro forma transactions noted below no other material transactions have occurred between 30 June 2019 and the date of this Prospectus which the Directors consider require disclosure.

Subsequent Events:

- a. **"Pre IPO convertible notes"**: between 24 June 2019 and 2 July 2019, Aerometrex issued convertible notes with total proceeds of \$7,000,000. We note that \$5,499,980 of this was received prior to 30 June 2019 with the remaining \$1,500,020 received subsequently;
- b. **"Pre IPO capital expenditure"**: Aerometrex acquired \$4,346,117 of plant and equipment between 30 June 2019 and listing date which included the following key assets: Riegl VQ780i with camera and peripherals, 2015 Vulcan P68c Aircraft, 2008 Vulcanair P68c Aircraft, and 2020 Metrocam

- c. **"Working capital"**: since 30 June 2019 there has been a material movement in working capital as a result of cash receipts following on from seasonal revenue whereby revenue in the second half of the financial year is typically higher in particular June being the annual peak revenue month.

Pro forma transactions:

- d. **"Issue of options to the lead advisor"**: the issue of 944,000 new options to the lead manager ("Morgans Financial Limited") which are exercisable at \$1.25 and vest two years after the date of issue with an expiry of four years from date of issue. We note there is a two year escrow period. Utilising acceptable finance valuation methodologies the options have a fair value of \$0.132 per option totalling \$124,353. These are a deemed cost of the capital raise that have been offset against contributed equity.
- e. **"Issue of options to directors"**: the issue of up to 1,000,000 new options to the directors which are exercisable at \$1.25 on or before two years from date of issue. The allocation of new options to the directors are as follows:

Director	Number of options issued
Matthew White	500,000
Mark Lindh	500,000
Total	1,000,000

Utilising acceptable finance valuation methodologies the options have a fair value of \$0.069 per option totalling \$68,602. The fair value of the options issued have been recognised as a share based payment in accordance with AASB 2 "Share Based Payments";

- f. **"The Offer"**: the issue of 25 million ordinary shares at an issue price of \$1.00 per share, amounting to \$25 million under the Offer;
- g. **"Offer costs"**: total expenses associated with the Offer (including broking, legal, accounting and administrative fees as well as printing, advertising and other expenses)

are estimated to be \$1.95m (exclusive of GST) under the Offer. Those costs which directly related to the issue of new shares totalled \$625,672 have been offset against contributed equity, while the remaining costs totalling \$1,324,590 have been expensed to retained profits.

- h. **"Conversion of Convertible Notes"**: conversion of 7,000,000 convertible notes to 9,200,000 ordinary shares at the date of listing.

Reviewed pro forma cash and cash equivalents

The reviewed pro forma cash and cash equivalents has been set out below:

	Pro forma adjustment	Pro Forma \$'000
Audited cash and cash equivalents at 30 June 2019		5,110
<i>Subsequent events:</i>		
Pre IPO convertible notes	8.6(a)	1,338
Pre IPO capital expenditure	8.6(b)	(3,153)
Working capital	8.6(c)	496
<i>Pro forma transactions:</i>		
Proceeds from shares issued under the offer	8.6(f)	25,000
Payment of the costs relating to the offer	8.6(g)	(1,956)
Pro forma cash and cash equivalents		26,835

Contributed equity

The reviewed pro forma contributed equity has been set out below:

	Pro forma adjustment	Pro Forma \$'000
Audited share capital at 30 June 2019		2,377
<i>Pro forma transactions:</i>		
Lead manager options offset against contributed equity	8.6(d)	124
Minimum subscriptions received under the offer (before costs)	8.6(f)	25,000
Offer costs offset against contributed equity	8.6(g)	(629)
Conversion of convertible notes to equity upon listing	8.6(h)	9,200
Pro forma share capital		36,073

Number of shares

	Pro forma adjustment	Pro Forma no. of shares
Audited number of shares issued at 30 June 2019		60,200,000
<i>Pro forma transactions:</i>		
Shares issued under the offer	8.6(f)	25,000,000
Conversion of convertible notes to equity upon listing	8.6(h)	9,200,000
Pro forma shares issued		94,400,000

Reserves

	Pro forma adjustment	Pro Forma \$'000
Audited reserves at 30 June 2019		-
<i>Pro forma transactions:</i>		
Fair value of the options issued to the lead manager	8.6(d)	(124)
Fair value of the options issued to directors	8.6(e)	(69)
Pro forma reserves		(193)

Retained earnings

The reviewed pro forma retained earnings have been set out below:

	Pro forma adjustment	Pro Forma \$
Audited retained earnings at 30 June 2019		4,121
<i>Subsequent events:</i>		
Working capital	8.6(c)	496
<i>Pro forma transactions:</i>		
Fair value of the options issued to directors	8.6(e)	69
Offer costs expensed	8.6(g)	(1,327)
Conversion of convertible notes to equity upon listing	8.6(h)	(2,782)
Pro forma accumulated losses		577

8.8 Change in Accounting Policies

Changes in accounting policies effective for these financial statements

MetroMap™ capture costs

In accordance with AASB 138 Intangible Assets, the Group has re-assessed the accounting treatment associated with the capture costs for MetroMap™ data sets. Once captured and processed, the resultant datasets are served online to client subscribers. The datasets are a resource owned and controlled by the Group from which future economic benefits are expected to flow. The datasets are identifiable, distinguishable and the cost of capture can be reliably measured.

In the past, the Group has received economic benefit from historical datasets in the areas of legal disputes, mine rehabilitation and native vegetation clearance

It is acknowledged that most of the demand for aerial imagery is for recent coverage, with change detection typically assessed over the most recent one to two years.

On this basis, for the 2019 financial year, capture costs have been capitalised to the statement of financial position and will be amortised over a period of two years from the completed date of capture.

In previous financial years, the Group expensed such costs as they were incurred as internal systems and reporting for data capture were not sufficient to specifically capture.

Changes in accounting policies and disclosures

New and amended standards and interpretations

AASB 15 Revenue from contracts with customers (effective for periods commencing on or after 1 January 2018)

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction contracts and some revenue-related Interpretations. The new standard seeks to:

- Establish a new revenue recognition model;
- Change the basis for deciding whether revenue is to be recognised over time or at a point in time;
- Provide new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return warranties and licensing); and
- Expand and improve disclosures about revenue.

This process confirmed that no material change in revenue recognition would be required. This standard has been adopted from 1 July 2018. The standard has not been applied to comparatives, as the financial effect thereon is immaterial. There are no new accounting policies as a result of the new standard.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when / as performance obligation(s) are satisfied.

Project revenue

Project revenue relates to revenue to be recognised over time as the project is being completed. The Group recognises revenue from aerial mapping and digital imagery services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Subscription services

Revenue from the Group's subscription services is recognised over time, over the contract term beginning on the date the Group's services are made available to the customer. Subscription periods are typically annual, or multiyear in duration and are billed in advance and are usually non-refundable.

Revenue from the Group's subscription services represents a single promise to provide continuous access to its digital aerial imagery. As each day of providing access to the software is substantially the same and the customer simultaneously receives and consumes the benefit as access is provided, the Group has determined that its subscription service arrangement include a single performance obligation comprised of a series of distinct services.

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Revenue recognition for annual subscription services remained unchanged as a result of the adoption of AASB 15.

AASB 15 principally affects the timing of revenue recognition for the Group's multi-year contracts. Prior to the adoption of AASB 15, the revenue for these contracts mirrored the billing cycle and was recognised over the duration of the contract. Applying AASB 15, revenue continues to be recognised over time and is calculated as the total contract value amortised over the contract period.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, this has not had a material impact on the Group and therefore the adoption of the new standard did not impact the Group.

Impairment of trade receivables and contract assets

For trade receivables and contract assets under AASB 15 the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component.

While this represents a change in accounting standards, the implementation of this new standard did not have a significant impact on the Group during the year or prior years.

■ 8.9 Significant Accounting Policies

Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with

the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combination

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

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Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Revenue

Revenue arises from the sale of goods and the rendering of services. It is measured by reference to the fair value of consideration received or receivable.

The Group often enters into sales transactions involving a range of the Group's products and services. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these multiple-component transactions are allocated to the separately identifiable component in proportion to its relative fair value.

Sale of goods and services – including project revenue

Sale of goods and services (data sets) is recognised in full when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods or service.

Generally, for project work, the Group will invoice a component up front as a deposit to mobilise the air crew, a further component upon acquisition and the balance upon delivery of the data set.

The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase, i.e., by comparing the Group's overall contract revenue with the expected profit for each corresponding milestone. Progress and related contract revenue in-between milestones is determined by comparing input method of costs incurred to date with the total estimated costs estimated for that particular milestone (a procedure sometimes referred to as the cost-to-cost method).

The gross amount due from customers for contract work is presented as contract assets for contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

The gross amount due to customers for contract work is presented as contract liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The cost value of any unbilled work-in-progress is recognised as a contract asset in the statement of financial position.

Subscriptions are recognised systematically over the period that the term of the subscription relates to.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised.

Other intangible assets**Recognition of other intangible assets****Acquired intangible assets**

Acquired computer software licences are expensed as they are annual licenses.

MetroMap™ datasets are capitalised to the statement of financial position as an asset and amortised over a 2-year period.

Subsequent measurement

All intangible assets, including internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

- MetroMap™ data sets: 2 years

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

Property, plant and equipment**Land**

Land is currently carried at cost as no finite useful life for land can be determined. Related carrying amounts are not depreciated.

Buildings, IT equipment and other equipment

Buildings, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Buildings, IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- buildings: 40 years
- IT equipment: 3 years
- other equipment: 3-12 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

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Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash generating unit's recoverable amount exceeds its carrying amount.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

- Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient,

the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset

- Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

- Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the

maximum amount of consideration that the Group could be required to repay.

- Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial liabilities

- Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

- Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any

discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Income taxes

During the financial year, the Group registered as a consolidated tax entity with the Australian Taxation Office.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their

respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Aerometrex and its wholly-owned controlled entities formed a tax consolidated group in February 2019. The head entity within the tax consolidation group for the purposes of the tax consolidation is Aerometrex.

Aerometrex and each of its own wholly-owned subsidiaries recognise the current and deferred tax assets and deferred tax liabilities applicable to the transaction undertaken by it, after elimination of intra-group transactions. Aerometrex recognises the entire tax consolidated group deferred tax assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

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Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

Rounding of amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Impairment of Goodwill

The Group has assessed impairment at 30 June 2019 by determining the recoverable amount of the CGUs with the goodwill and comparing it to the recoverable amount of the CGUs. The recoverable amount of the CGUs is based on value in use calculations using a discounted cash flow for a period not exceeding five years. The calculations are based on cash flow projections on the most recent financial budgets approved by the directors. The budgets prepared by management are based on historical data.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected use of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the use of certain software and IT equipment.

Useful lives of datasets

Management reviews its estimate of the useful life of capitalised datasets at each reporting date. Uncertainties in these estimates relate to technical obsolescence that may change the use of datasets in future periods.

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9.

**INDEPENDENT
LIMITED
ASSURANCE
REPORT**





The Board of Directors

Aerometrex Limited
51-53 Glynburn Road
Glynde SA 5070

31st October 2019

**Grant Thornton Corporate
Finance Pty Ltd**
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000

PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

Dear Directors,

AEROMETREX LTD – INVESTIGATING ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

We have been engaged by Aerometrex Limited (“Aerometrex”, or the “Company”) to report on the Historical and Pro forma Financial Information of the Company for inclusion in a Prospectus (the “Prospectus”) to be dated on or about 1 November 2019 to be issued by Aerometrex in respect to the offer of new shares in the Company (“Public Offer”).

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

Scope of this Report

You have requested Grant Thornton Corporate Finance to review the following Historical and Pro Forma Financial Information included in the Prospectus.

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

ABN-59 003 265 987 ACN-003 265 987 AFSL-247140

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Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Historical and Pro Forma Financial Information

The Historical and Pro Forma Financial Information of Aerometrex, as set out in the Prospectus comprises:

- Summary historical statement of profit or loss and other comprehensive income for Aerometrex for the 12 months ended 30 June 2017 ("FY2017"), 12 months ended 30 June 2018 ("FY2018"), and the 12 months ended 30 June 2019 ("FY2019");
- Summary historical statements of cash flow for Aerometrex for FY2017, FY2018, and FY2019;
- Summary historical statements of financial position for Aerometrex for FY2017, FY2018, and FY2019; and
- The historical pro forma statement of financial position as at 30 June 2019 which assumes completion of the proposed transactions outlined in section [8.7] of the 'Financial Information' section which includes the Offer (the 'Pro Forma Transactions') as though they had occurred on that date.

(Hereafter the "Historical and Pro Forma Financial Information").

The Historical and Pro Forma Financial Information presented in the Financial Information section includes the consolidated details of the following entities historical financial performance:

- Aerometrex Limited (formerly Aerometrex Pty Ltd);
- Atlass-Aerometrex Pty Ltd; and
- AMX Capital Trust

The Historical Financial Information of Aerometrex has been extracted from the audited financial statements from 1 July 2016 to 30 June 2019. No other pro forma adjustments have been made to the historical financial statements.

The historical financial statements of Aerometrex Limited for the financial years FY2017, FY2018 and FY2019 were audited by Grant Thornton Australia Limited. The FY18 audit report concludes the financial statements of Aerometrex presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2018 and of its performance and cash flows for the year ended 30 June 2018. A qualified audit opinion was issued in respect of the comparative 30 June 2017 balances. This was due to the 2016 year not being audited as these opening balances enter into the determination of financial performance and cash flows for the presented comparative 30 June 2017. An unqualified audit opinion was issued for the 2019 statutory financial statements.

The stated basis of preparation is the recognition and measurements principles contained in the International Financial Reporting Standards ("IFRS") and Aerometrex's adopted accounting principles applied to the Historical and Pro Forma Financial Information.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaim any assumption of responsibility for any reliance on this report or on the Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

Directors' Responsibility

The Directors of Aerometrex Limited are responsible for the preparation and presentation of the Historical and Pro Forma Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical and Pro Forma Financial Information that are free from material misstatement.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical and Pro Forma Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3420: "Assurance Engagements to Report on the Compilation of Pro Forma Historical Pro Forma Financial Information" and ASAE 3450: "Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Pro Forma Financial Information". Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical and Pro Forma Financial Information.

These procedures are 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. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical and Pro Forma Financial Information.

Our engagement did not involve updating or re-issuing any previously issued audit reports on any Historical and Pro Forma Financial Information used as a source of the Historical and Pro Forma Financial Information.

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Conclusion

Historical and Pro Forma Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical and Pro Forma Financial Information of Aerometrex Limited described in the "Financial Information" section of the Prospectus does not present fairly:

- Summary historical statement of profit or loss and other comprehensive income for Aerometrex for FY2017, FY2018 and FY2019;
- Summary historical statements of cash flow for Aerometrex for FY2017, FY2018, and FY2019;
- Summary historical statements of financial position for Aerometrex for FY2017, FY2018, and FY2019; and
- The pro forma transactions set out in paragraph [8.7] of the 'Financial Information' section are a reasonable basis for the historical pro forma consolidated statement of financial position as at 30 June 2019.

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under the IFRS as if the Pro Forma Transactions set out in paragraph [8.7] of the 'Financial Information' section had occurred at 30 June 2019.

We have assumed, and relied on representations from certain members of management of Aerometrex Limited, that all material information concerning the historical operations of Aerometrex Limited has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Restriction on Use

Without modifying our conclusion, we draw attention to the "Financial Information" section, which describes the purpose of the Historical and Pro Forma Financial Information, being for inclusion in the Prospectus. As a result, the Historical and Pro Forma Financial Information may not be suitable for use for another purpose.

Consent

Grant Thornton Corporate Finance has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

Liability

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

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Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

A handwritten signature in black ink, appearing to read 'M Ramji', with a long horizontal flourish extending to the right.

Mitesh Ramji

Partner and Authorised Representative

31st October 2019



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Appendix A (Financial Services Guide)

This Financial Services Guide is dated 26 June 2019.

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987 and Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Aerometrex Limited ("Aerometrex" or the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the "Report") in relation to the offer of CHESD Depository Interests ("CDIs") of the Company (the "Offer"). This report is included in the prospectus dated on or about 18 July 2019 (the "Prospectus"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

Grant Thornton Corporate Finance Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000

PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

ABN-59 003 265 987 ACN-003 265 987 AFSL-247140

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4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

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

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$25,000, which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of Aerometrex in order to provide this report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

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"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Aerometrex (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Offer."

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Offer.

Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

Australian Financial Complaints Authority

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287
Email: info@afca.org.au

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000

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10.

DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE



10.1 The Board

MARK LINDH **INDEPENDENT CHAIRMAN**

Mark Lindh was appointed as a non-executive Director of Aerometrex on 20 May 2019 and as Chairman on 21 October 2019. He also chairs the Remuneration Committee.

Mark is a founder and co-principal of Adelaide Equity Partners, an investment bank established in 2004. Prior to that, he was executive director of Rundle Capital Partners which was a division of Washington H Soul Pattinson.

Mark is a corporate advisor with significant experience in advising predominantly listed companies encompassing a range of industries including technology, energy, resources, infrastructure and utilities.

He has acted as the principal corporate and financial advisor to a number of Australian corporate success stories and has extensive experience in Australian equity and debt markets and advising clients on capital raisings, mergers and acquisitions and investor relations.

In addition, he is a non-executive director of ASX listed companies Bass Oil Ltd (BAS.ASX) and Advanced Braking Technology Ltd (ABV.ASX).

MARK DEUTER **MANAGING DIRECTOR**

Mark Deuter is Aerometrex's Managing Director and served as Chairman of the Board from 2011 to 2019.

Mark is a graduate of the University of Adelaide and has a B.Sc.(Maths) degree with majors in Computer Science and Geography.

Mark joined Aerometrex in 2005 under the previous ownership as Aerometrex's General Manager, overseeing the expansion of Aerometrex as it introduced digital aerial camera technology. He established Aerometrex's aerial operations and managed human resources, sales and marketing. He also set strategic directions for Aerometrex's growth in Australia. On the change of ownership under MBO in 2011, Mark was appointed Managing Director and Chairman of the Board. Under his direction, Aerometrex has experienced a period of sustained growth and corporate innovation. The business now employs 82 staff.

Prior to joining Aerometrex, Mark worked in airborne geophysics data processing for 13 years as General Manager and later Managing Director of Pitt Research Pty Ltd, a small airborne geophysics data processing consultancy servicing the requirements of the mineral exploration industry throughout Australia.

He also had a 15 year career in cartography, aerial surveying, photogrammetry, aerial photography and topographic mapping with the South Australian Department of Lands (1977-1992). Mark has also held the position of non-Executive Director on two other Boards, namely Airborne Research Australia Pty Ltd, a commercial company offshoot from Flinders University involved primarily in high-altitude atmospheric physics, and also Primary Resources Ltd, a junior mineral exploration start-up company.

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DAVID BYRNE
CHIEF TECHNICAL OFFICER AND DIRECTOR

David Byrne is Aerometrex's Chief Technical Officer and has been a member of the Board since 2011.

David has a Bachelor of Surveying (Hons.) from the University of South Australia, School of Geoinformatics and received his degree in 1994. He also was employed as a research assistant and tutor at Uni SA for four years.

David joined Aerometrex in 2000 as Aerometrex's Chief Photogrammetrist. He has been largely responsible for Aerometrex's successful technical programme, he has managed and overseen its IT infrastructure, and has until recently also filled the role of Production Manager, establishing high technical standards and a strong work ethic in Aerometrex. David has also headed up Aerometrex's R&D team, which has delivered several outstanding commercial results.

David has published several technical papers and has represented Aerometrex at major Australian Spatial Science conferences on many occasions. He has managed hundreds of aerial survey projects and several high-end engineering aerial surveys, and was the key influence on Aerometrex's achievements in very high-accuracy photogrammetry. He is a member of the Surveying and Spatial Sciences Institute and served on the National Remote Sensing and Photogrammetry Committee for three years. He was awarded Spatial Professional of the Year at the SA Spatial Excellence Awards in 2013.

Prior to joining Aerometrex David was employed by Kevron Aerial Surveys Pty Ltd in Perth as a Digital Photogrammetrist for two years (1999-2000).

MATTHEW WHITE
NON-EXECUTIVE DIRECTOR

Matthew was appointed as Financial Controller of Aerometrex in 2008. He was appointed Finance Director of the company in 2011 after guiding the company through the management buyout process that occurred in that year. He has been instrumental in all financial strategies and decisions of the company during the current successful growth period.

Matthew has over 27 years' experience as an accountant, business and tax advisor. He has over 12 years' experience as a registered mortgage broker and over three years' experience as a financial planner.

Matthew has a degree in Accountancy from the University of South Australia and has completed the Chartered Accountancy qualification with Certificates of Merit in Taxation and Ethics. He is also a Registered Tax Agent, an Accredited MFAA mortgage/finance consultant and a Financial Planner.

Matthew is the founder and sole director of Business Initiatives Pty Ltd, an Adelaide based Chartered Accountancy firm. The firm offers a holistic approach to clients' financial needs, offering a wide range of services with a strong focus on continuous business improvement and wealth creation. Matthew works in a client advisory role for small to medium sized businesses.

DR PETER FOSTER
NON-EXECUTIVE DIRECTOR

Dr Peter Foster was appointed as a non-executive Director of Aerometrex on 15 October 2019.

Peter has extensive business experience across a variety of industries. He is a creative entrepreneur with wide-ranging experience in developing innovative technologies for global markets, having founded and grown numerous technology and commercial ventures.

Peter received his PhD in Physics from the University of Adelaide in lasers and non-linear optical technology. He has extensive experience with the invention and intellectual property protection process and holds over 40 international patents in optics and precision electronics.

Peter is currently Managing Director of Longwood Audio Pty Ltd, owners of the Halcro high-end hifi brand, and Managing Director of VentureNext Pty Ltd, which he formed in 2010 as a vehicle for consulting and early stage company investment. He has also held senior scientific positions with a local medical laser manufacturer and with the Department of Metallic Materials, University of Bayreuth, Germany, and has delivered intensive courses on startups and technology commercialisation for the University of Adelaide.

Peter currently serves on the Board of Directors for Vivonoetics, a San Diego based pharmaceutical services company and leads its commercial advisory board whose members are located across the US.

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10.2 Other Key Personnel

CHRIS MAHAR **CHIEF FINANCIAL OFFICER**

Chris Mahar has over 10 years' experience as a manager/director of finance and over 17 years' experience as a manager in business advisory services.

Chris has a degree in Accountancy from the University of South Australia and is a member of the Institute of Chartered Accountants in Australia (now Chartered Accountants Australia and New Zealand).

Chris' previous engagement was as Commercial Financial Manager for Navitas Ltd (NVT. ASX), a global education company which was until early July 2019 listed on the Australian Securities Exchange providing commercial financial support, strategy and business partnering to 6 business units.

Chris works in a commercial financial support role at Aerometrex and excels in the areas of strategic business planning, managing commercial finance operations, developing financial budgets and forecasts, reporting of financial performance using data analytics, management of internal controls and risk assessment, resource allocation, problem solving, education of financial impact of decision making, audits, and contract negotiations.

TODD DUNOW **SALES MANAGER**

Todd Dunow has 25 years' experience in the aerial survey industry and has guided the Aerometrex Sales team for the last eight years. Todd was a founding shareholder in the 2011 purchase of Aerometrex and has provided advice to the Board since that time. Todd has an Associate Diploma in Cartography from the University of South Australia. Todd combines his technical knowledge, sales experience and business acumen to lead his team.

SCOTT TOMLINSON **CHIEF AVIATION OFFICER**

Scott Tomlinson is a fully qualified commercial pilot with extensive experience in the aerial photography industry over a period of 32 years. He is Aerometrex's Chief Pilot (CP) and also Head of Aircraft Airworthiness and Maintenance Control (HAAMC). Scott established Aerometrex's internal aviation operations in 2014 with a successful application for our Air Operator's Certificate and has since been the driving force of our aviation operations, now numbering 8 aircraft and 8 to 10 pilots. Scott was a Director of Aerometrex from 2011 but has recently stepped down from the Aerometrex Board to allow for the introduction of non-executive Directors.

BEATA SERAFIN **CHIEF PEOPLE OFFICER**

Beata Serafin has over 13 years' extensive experience within various disciplines in aerial photography, ranging from hands on production to team and project management and department head, and over three years' experience within a director role for human resources.

As the Chief People Officer at Aerometrex, Beata is responsible for setting the direction of company culture and human resource management.

Excelling in the areas of people management and leadership, human resource management, advising on reviews and remuneration, mentoring and counselling, company programs and training, internal and external negotiations, handling employee concerns, grievance and disciplinary actions, recruitment and orientation, interpreting and advising on employment law, creating and implementing policies, project management including the co-ordination of resources, staff scheduling and assessment of budgetary and time constraints to meet deadlines.

Beata was a Director of Aerometrex from 2011 but has recently stepped down from the Aerometrex Board to allow for the introduction of non-executive Directors.

10.3 Reports to Shareholders

As required by the ASX Listing Rules, quarterly and half yearly reports will be available to all Shareholders. The reports will contain an update on operations, cash position and a summary of any significant corporate changes.

10.4 Independence

Mark Lindh is an independent, non-executive Chairman and Peter Foster is an independent non-executive Director. David Byrne and Mark Deuter, as employees of Aerometrex, and Matthew White, as a substantial beneficial shareholder of Aerometrex and founder and director of Aerometrex's accountants, are not independent. From time to time, at the request and approval of the Board, Directors may provide consulting services above their normal duties as a Director.

10.5 Remuneration

The Board has reviewed over 20 similar-sized companies and negotiated remuneration packages commensurate with the operational requirements and complexity of Aerometrex at this time, and the skills and value-add of each of the Directors.

Aerometrex's constitution provides that all non-executive Directors may be paid remuneration for their services. The total amount of the remuneration of non-executive Directors may not exceed the higher of \$300,000 and the amount fixed by Aerometrex in general meeting for that purpose. Aerometrex's constitution provides that the remuneration of a director may be any combination of salary, fixed sum for attendance at a directors' meeting and for a non-executive director, a share of the amount fixed by a general meeting of Aerometrex. However, Aerometrex's constitution also provides that a Director's remuneration must not include a commission on, or percentage of, operating revenue.

Upon admission to the Official List, the non-executive Directors will be paid annual directors' fees as follows:

Non-Executive Directors' annual directors' fees

Name	Role	Directors' fees
Mark Lindh	Chairman	\$70,000 p.a.
Peter Foster	Non-Executive Director	\$60,000 p.a.
Matthew White	Non-Executive Director and Company Secretary	\$60,000 p.a.

The aggregate remuneration for non-executive Directors has been fixed at an amount not to exceed \$300,000 per annum. Mark Deuter's remuneration is described in section 11.5 "Managing Director Employment Agreement" and David Byrne's remuneration is described in section 13.5 "Related Party Transactions".

10.6 Directors' Interests

Board members are directors of the following listed ASX companies:

- **Mark Lindh:** Bass Oil Ltd (BAS.ASX) and Advanced Braking Technology Ltd (ABV.ASX).

All Board members hold directorships in various proprietary companies, trusts, foundations, or hold board positions in unlisted companies.

The interests in Aerometrex held by Directors are set out in the table below.

Some Directors have their interests in Shares directly or indirectly through holdings by companies or trusts. The table assumes that none of the Directors, aside from Mark Lindh and Peter Foster, will participate in the Offer. To the extent Directors (or their associated entities) acquire New Shares, those New Shares will not be subject to the voluntary escrow arrangements.

Directors' Interests

	Shares held at date of Prospectus		Options at date of Prospectus	Fully diluted Shares after Offer	
	Number	%	Number	Number	%
Matthew White	12,335,376	20.5%	500,000	12,835,376	13.3%
Mark Deuter	11,400,865	18.9%	Nil	11,400,865	11.8%
David Byrne	8,583,850	14.3%	Nil	8,583,850	8.9%
Mark Lindh ¹	Nil	Nil	500,000	600,000 ²	0.6%
Peter Foster ³	Nil	Nil	Nil	50,000	0.1%
TOTAL	32,320,091	53.7%	1,000,000	33,470,091	34.7%

¹Adelaide Equity Partners Limited, of which Mark Lindh is an executive director and a beneficiary of a trust for which shares in Adelaide Equity Partners Limited are held, will hold 394,286 Shares after the Offer as a result of the conversion of Convertible Notes it holds, Those Shares are not included in the table.

² Mark Lindh has indicated an intention to apply for 100,000 New Shares under this Prospectus.

³ Peter Foster has indicated an intention to apply for 50,000 New Shares under this Prospectus.

10.7 Corporate Governance

Having regard to the size and nature of Aerometrex and its operations, Aerometrex has adopted most of the Corporate Governance Principles and Recommendations (4th edition) issued by the ASX Corporate Governance Council. Below is a table setting out the departures and anticipated departures by Aerometrex from those principles and recommendations and an explanation as to why the Directors believe such departures to be reasonable.

Details of Aerometrex's policies regarding corporate governance, trading and associated matters are available on Aerometrex's website and will also be disclosed in its annual report. These policies will be updated and/or amended, as appropriate, to suit the business of Aerometrex.

ASX Corporate Governance principle or recommendation	Nature of the departure	Explanation of the departure
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • have and disclose a diversity policy; • through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and • disclose in relation to each reporting period: <ul style="list-style-type: none"> ◦ the measurable objectives set for that period to achieve gender diversity; ◦ the entity's progress towards achieving those objectives; and • either: <ul style="list-style-type: none"> ◦ the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or ◦ if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 	Partial	<p>Aerometrex has a diversity policy in place.</p> <p>The Board fully supports diversity and multi-culturalism in its workforce. Aerometrex already has a wide diversity of employees from many different countries and cultural backgrounds.</p> <p>Aerometrex operates in a traditionally male dominated industry.</p> <p>Currently around 22% of its current workforce comprised of women.</p> <p>As Aerometrex grows, there will be more opportunity for women to be promoted to senior and executive roles and more opportunity for women in the workforce.</p> <p>Aerometrex's policy is to appoint the right person for each role, regardless of cultural background or gender.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	Full	<p>The Board has formed the view that, given the size and technical nature of the business of the Company, the current Board structure is appropriate for the Company at its current stage of development.</p>

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10.8 Continuous Disclosure

Aerometrex is currently an unlisted public company and has certain reporting and disclosure requirements under the Corporations Act. If Aerometrex is admitted to the Official List, it will also need to comply with continuous disclosure requirements under the ASX Listing Rules in addition to its obligations under the Corporations Act. Aerometrex intends to make continuous disclosure announcements available on its website and for investors who request to be alerted to those announcements by email.

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MATERIAL AGREEMENTS



11.1 Introduction

The Directors consider that certain agreements are significant or material to Aerometrex or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for New Shares pursuant to this Offer.

The main provisions of the Material Agreements are summarised below.

11.2 Lead Manager Mandate

Aerometrex entered into a mandate with the Lead Manager and Underwriter (Lead Manager) in respect of its lead management services on 1 April 2019, which provides for the Lead Manager to act as lead manager for Aerometrex in relation to the Offer (**Lead Manager Mandate**).

The key terms of the Lead Manager Mandate are as follows:

- **Services by Lead Manager** – the Lead Manager is required to (among other things):
 - provide advice on and assist Aerometrex to coordinate the presentation and marketing of Aerometrex and the Offer to potential investors in Aerometrex including by way of institutional roadshows, presentations to equity analysts and publicity to the market generally;
 - in conjunction with Aerometrex's senior executives and its legal, accounting, taxation and other advisers, assist Aerometrex in the overall management of the Offer, provide advice and recommendations on the structure of the Offer including terms and pricing, distribution policy, market perception and impact, size and capital structure of Aerometrex following the Offer, and assist with the drafting by Aerometrex of the prospectus and any other documentation required in connection with the Offer; and
 - participate in the due diligence process for the Offer, liaise with regulatory bodies as required and assist Aerometrex with the implementation of the Offer by conducting a volume bookbuild, as agreed with Aerometrex;
- **Fees** – the Lead Manager is entitled to a fee of 5.0% of the gross proceeds of capital raised prior to the Offer, a management fee of 1.0% of the gross proceeds of the Offer, an underwriting fee of 4.0% of the gross proceeds of the Offer and options comprising 1.0% of the total issued capital of Aerometrex at the date of the Offer, with an exercise price equal to a 25% premium to the issue price of New Shares;
- **Expenses** – Aerometrex must reimburse the Lead Manager for all costs and expenses incurred by the Lead Manager in providing services under the Lead Manager Mandate or otherwise in connection with the Offer including, without limitation, roadshow expenses, travel and accommodation expenses, document production and printing costs, courier cost and legal costs;
- **Indemnity** – Aerometrex indemnifies the Lead Manager and its related bodies corporate, branches and affiliates and their respective officers, directors, employees, advisors, representatives and agents against all actions, claims, demands, proceedings, investigations, inquiries or judgments and any losses, damages, costs, charges, liabilities, interest and expenses, which refer or relate to or arise from the services provided under the Lead Manager Mandate;
- **Issues of securities** – Aerometrex must ensure that during the term of the Lead Manager Mandate, other than a corporate restructure in connection with the Offer or pursuant to employee incentive arrangements, none of its securities will be offered in any public offering or private placement and no shares of itself, or any securities convertible or exchangeable into such shares, will be offered or issued in any manner without full consultation with, and the prior written consent of, the Lead Manager. Aerometrex must not, during the term of the Lead Manager Mandate and for the 12 months after settlement of the Offer, offer, issue or agree to issue any securities, or any warrants or other rights to acquire shares without prior consultation with, and written consent of, the Lead Manager;
- **Sub-underwriters, co-managers and brokers** – The Lead Manager and Underwriter is entitled to appoint, at its own cost, sub-underwriters to sub-underwrite the Offer and co-manager and brokers to the Offer to act on behalf of Aerometrex. The Lead Manager and Underwriter has appointed Taylor Collison Limited as a co-manager for the Offer and agreed to pay Taylor Collison Limited a fee equal to 5.0% of the gross proceeds of the Offer that are allocated to Taylor Collison Limited; and
- **Termination** – either party may terminate the Lead Manager Mandate at any time by written notice to the other, subject to the valid termination of the underwriting agreement.

11.3 Corporate Advisor Mandate

Aerometrex entered into a mandate with the Corporate Advisor on 26 June 2018, which provides for the corporate advisor to provide corporate advisory and investor relations services to Aerometrex in relation to the capitalisation requirements of Aerometrex and the Offer (**Corporate Advisor Mandate**).

The key terms of the Corporate Advisor Mandate are as follows:

- **Services by Corporate Advisor** – the Corporate Advisor is required to provide:
 - capitalisation advisory services, including advising on the most appropriate capital raising methods to pursue, working with Aerometrex to establish solid investment fundamentals, formulating an effective marketing and communications strategy for investors and other key financial stakeholders in the business, assisting with the preparation of board papers, investor presentations and marketing material, market sounding and feedback from a range of investor participants, monitoring peer announcements, financial results, news coverage, analyst research, and general sector developments and preparation of and participation in corporate results road-shows, forums and other engagements that Aerometrex may utilise to increase its profile;
 - IPO advisory services, including advising on the commercial parameters within which Aerometrex would be prepared to pursue an IPO, assisting Aerometrex in dealings with counterparties involved in the Offer, providing Aerometrex with an assessment of the Offer, its impact on Aerometrex and evaluations from a financial market perspective, advising on the most appropriate method of funding, providing assistance to Aerometrex in relation to IPO funding including selection of and negotiating with appropriate broking firms and institutions to assist with the raising, funding strategy and timetable, assisting Aerometrex with marketing through investor roadshows and investor briefings, investor presentations and public announcements as required and alongside the legal counsel for Aerometrex, liaising with ASX and ASIC to ensure compliance with relevant laws and listing rules;
- **Fees** – the Corporate Advisor was entitled to a monthly retainer fee of \$7,500 for the first three months of the engagement, which will continue on an ongoing basis. The Corporate Advisor is entitled to a success fee equal

to 1% of the total capital raised under the Offer;

- **Indemnity** – Aerometrex indemnifies the Corporate Advisor against all actions, claims, demands or proceedings that may be instituted against the Corporate Advisor and all liabilities, losses, damages, costs and expenses (including reasonable legal costs and expenses) that may be suffered or incurred by the Corporate Advisor in connection with or arising out of the engagement;
- **Exclusivity** – the Corporate Advisor has exclusivity in respect of the services set out above until such time as the Corporate Advisor Mandate is terminated; and
- **Termination** – either party may terminate the Corporate Advisor Mandate at any time by written notice to the other.

11.4 Lease Agreement

Aerometrex has leased its head office at 51-53 Glynburn Road, Glynde SA 5070 from AMX Capital Pty Ltd as trustee for the AMX Capital Trust (AMX Capital) under a lease agreement dated 4 May 2018, as amended by deeds of variation dated 4 February 2019 and 1 October 2019 (**Lease Agreement**).

The key terms of the Lease Agreement are as follows:

- **Term** – the Lease Agreement is for a term of 10 years, which commenced on 4 May 2018 and will expire on 3 May 2028;
- **Rent** – Aerometrex is required to pay \$253,800 (plus GST) per annum in rent, payable in equal consecutive monthly instalments, one month in advance. The rent is subject to an annual rent review for CPI (based on the Consumer Price Index (Adelaide – All Groups) published by the Australian Bureau of Statistics). In the event that AMX Capital is required by statute to carry out structural work to the premises, the rent payable by Aerometrex at the date of completion of such work will be increased by an amount equivalent to 9% of the amount of the completed value of the work;
- **Outgoings** – Aerometrex must pay all outgoings, including all charges for electricity, gas, water uses, telephone and all other like services, for the term of the lease and renewals, excluding land tax and outgoings relating to structural alteration, repair, improvement or capital expenditure in respect of the premises;

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- **Indemnity** – Aerometrex indemnifies AMX Capital from and against any actions, claims, demands, losses, damages, costs and expenses incurred or arising from the negligent misuse, waste or abuse by Aerometrex of the water, electricity, lighting and other services and facilities to or in the premises, the overflow or leakage of water caused or contributed to by any act or omission by Aerometrex and the loss, damage or injury to property or persons caused by the use of the premises by Aerometrex or by any act, omission, neglect, breach or default by Aerometrex;
 - **Release** – Aerometrex releases, to the full extent permitted by law, AMX Capital and its agents, employees and contractors from all and any claims, demands, losses and damages of every kind resulting from any accident, damage or injury occurring on the premises, except where deriving from any wilful or negligent act of AMX Capital or any agent of AMX Capital;
 - **Re-entry** – AMX Capital is entitled to re-enter and take possession of the premises in circumstances where Aerometrex has not paid rent due and payable for 7 days, breaches any term of the Lease Agreement, an order or resolution is made for Aerometrex's winding up, a receiver or administrator is appointed to Aerometrex or Aerometrex goes into liquidation or is unable to pay its debts within the meaning of the Corporations Act;
 - **Termination** – AMX Capital is entitled to terminate the Lease Agreement with immediate effect where Aerometrex does not comply with an obligation under the Lease Agreement and it cannot be remedied, or is not remedied within 21 days, where Aerometrex is wound up, has a liquidator or administrator appointed to it, enters voluntary administration or is unable to pay its debts within the meaning of the Corporations Act, or where AMX Capital has given Aerometrex at least 6 months' notice of a genuine redevelopment of the land the subject of the Lease Agreement; and
 - **Expiration** – immediately prior to the expiration of the lease (or immediately prior to the surrender or determination of the lease), Aerometrex is required to (among other things) remove all alternations or additions to the premises made by Aerometrex, make good any damage to the premises and yield up the premises in good and substantial repair and condition.

11.5 Managing Director Employment Agreement

Aerometrex has engaged Mark Deuter as its managing director pursuant to an employment agreement dated 1 October 2019 (**Employment Agreement**).

The key terms of the Employment Agreement are as follows:

- **Remuneration** – Mark Deuter is paid a full time base annual salary of \$240,000, exclusive of superannuation. Aerometrex may review Mark Deuter's performance and remuneration each year, having regard to the financial performance of Aerometrex, Mark Deuter's performance, market conditions and any other conditions that Aerometrex may consider relevant. Aerometrex may also provide Mark Deuter with the ability to participate in additional bonuses and benefit schemes. Mark Deuter is also entitled to four weeks' annual leave per annum;
- **Termination** – Either party may terminate the Employment Agreement by giving at least six months' notice. However, Aerometrex may terminate the agreement without notice in cases of serious misconduct; and
- **Restraint** – Mark Deuter must not (without Aerometrex's consent), for a period of 9 months after his employment with Aerometrex ceases, solicit or attempt to solicit, customers or prospective clients of Aerometrex, undertake any paid work for a competitor, encourage any person to leave their engagement with Aerometrex, or encourage, condone or entice any Aerometrex representative to engage in conduct which, if Mark Deuter engaged in such conduct personally, would cause Mark Deuter to breach the restraint.

11.6 Underwriting Agreement

Aerometrex entered into an underwriting agreement with the Lead Manager and Underwriter on or about the date of this Prospectus, under which the Lead Manager and Underwriter has agreed to be the underwriter, bookrunner and lead manager of the Offer (**Underwriting Agreement**).

The key terms of the Underwriting Agreement are as follows:

- **Shortfall applications** – if all obligations of Aerometrex under the Underwriting Agreement that are required to be fulfilled up to and including the time at which the Lead Manager and Underwriter is required to perform, the Lead Manager and Underwriter must lodge with Aerometrex valid applications for New Shares to the extent that there is a shortfall in subscriptions for New Shares and pay to Aerometrex in cleared funds of the offer price for each share that forms part of that shortfall;
- **Fees** – the Lead Manager and Underwriter is entitled to a management fee of 1.0% of the total proceeds of the Offer, an underwriting fee of 4.0% of the total proceeds of the Offer and options comprising 1.0% of the total issued capital of the Company at the date of the Offer, with a strike price equal to a 25% premium to the issue price;
- **Expenses** – Aerometrex is required to reimburse the Lead Manager and Underwriter for all costs, charges and expenses of and incidental to the Offer, including any duty (including stamp duty) payable in respect of the Underwriting Agreement, the issue of the New Shares, expert's fees in connection with the preparation of the Prospectus and any supplementary prospectus, reasonable legal expenses of the Lead Manager and Underwriter, costs, charges and expenses in connection with the conduct of the due diligence investigations and the preparation of any documents issued or published by or on behalf of Aerometrex in respect of the Offer, the roadshow and investor presentations, any review of any documents by any regulatory body and any other out of pocket expenses of the Lead Manager and Underwriter in connection with the Offer;
- **Allocation** – the allocation of New Shares to persons who lodge valid applications under the Offer (including any scale-back policy or policies to be applied to such persons) will be determined by the Lead Manager and Underwriter in conjunction with Aerometrex;
- **Representations and warranties** – Aerometrex provides a number of representations and warranties to the Lead Manager and Underwriter in respect of, among other things, the conduct of Aerometrex, documents and publications issued by Aerometrex in respect of the Offer, authorisations required to be obtained and maintained, material adverse effects on Aerometrex, insolvency, litigation and compliance with legally binding instruments;
- **Undertakings** – Aerometrex provides a number of undertakings to the Lead Manager and Underwriter, including, among other things, to use best endeavours to:
 - notify the Lead Manager and Underwriter of any breach of representation, warranty or undertaking given by it under the Underwriting Agreement or the occurrence of any termination event;
 - procure that Aerometrex and its directors will not commit, be involved in or acquiesce in any activity likely to breach the Corporations Act, the ASX Listing Rules, its constitution, any legally binding requirements of ASIC or ASX, or any other applicable laws relation to the Offer;
 - procure that Aerometrex does not vary any term of its constitution or the composition of its board of directors or alter its share capital, without the prior consent of the Lead Manager and Underwriter;
 - procure that Aerometrex does not, within 90 days of all New Shares being issued, issue or transfer, offer for subscription or grant any option over, any Shares, options or other securities of Aerometrex, other than under the Offer;
 - procure that Aerometrex does not, until all New Shares have been issued under the Offer, dispose of or charge the whole or any part of its business or its property, vary in any material respect any term of any contract, deed or other agreement which is material to the making of an informed investment decision in relation to the Offer or enter into any agreement or commitment which is material to the making of an informed investment decision in relation to the New Shares or which contains a substantial or onerous obligation for Aerometrex, without the prior written consent of the Lead Manager and Underwriter; and
 - procure that Aerometrex does not lodge or issue a supplementary prospectus without the prior written consent of the Lead Manager and Underwriter;
- **Indemnity** – Aerometrex unconditionally and irrevocably indemnifies and holds harmless the Lead Manager and Underwriter and its related bodies corporate, affiliates and their respective officers, employees, advisors and agents against all losses, liabilities, claims, damages, costs, charges and expenses whatsoever reasonably incurred or suffered in connection with the Offer or the Underwriting Agreement;

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- **Termination** – the Lead Manager and Underwriter may at any time, without cost or liability to itself, terminate the Underwriting Agreement so that it is relieved of all its obligations under the Underwriting Agreement if any of the following events occur:
 - the S&P/ASX 200 Index is at any time more than 10% below its level as at 5pm on the Business Day immediately preceding the date of the Underwriting Agreement;
 - there is a material adverse effect on the success of the Offer, on matters which would affect a decision of an investor or on the trading or financial position and performance, assets and liabilities, profits and losses, results, prospects, business or operations of Aerometrex or its related bodies corporate;
 - ASIC makes an order or interim order under section 739 of the Corporations Act concerning the prospectus, applies for an order under part 9.5 of the Corporations Act in relation to the Offer, holds a hearing or investigation in relation to the Offer under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth) or prosecutes or commences proceedings against Aerometrex or any of its officers, employees or agents, in relation to the Offer;
 - the Takeovers Panel makes a declaration that circumstances in relation to Aerometrex are unacceptable circumstances under the takeover provisions of the Corporations Act, or indicates an intention to do so in the absence of undertakings given by Aerometrex, and Aerometrex refuses to give those undertakings or the Lead Manager and Underwriter refuses to give those undertakings;
 - any person who has consented to the issue of the Prospectus as required by the Corporations Act withdraws such consent or gives a notice under section 733(3) of the Corporations Act;
 - any person (other than the Lead Manager and Underwriter) who has previously consented to the inclusion of their name or any statement in the Prospectus withdraws that consent;
 - Aerometrex withdraws the Prospectus or the Offer;
 - Any circumstances arises after lodgement of the Prospectus that results in Aerometrex being required to repay the money received from persons who have applied for New Shares or to offer persons who have applied for New Shares, an opportunity to withdraw their application for New Shares and be repaid their application money;
 - ASX provides notice in writing to Aerometrex that official quotation has not been granted, is unlikely to be granted, or is granted and then subsequently withdrawn;
 - any required ASIC waiver is withdrawn, revoked or amended without the prior written approval of the Lead Manager and Underwriter;
 - there is an omission from the Prospectus, supplementary prospectus or offer document of material required by the Corporations Act to be included, contains a statement which is untrue, inaccurate, misleading or deceptive or does not contain all information required to comply with all applicable laws and Aerometrex fails to lodge a Supplementary Prospectus in a form and time as the Lead Manager and Underwriter requires;
 - a person gives a notice to the Lead Manager and Underwriter under section 730 of the Corporations Act;
 - Aerometrex becomes insolvent, or is likely to become insolvent;
 - an authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Lead Manager and Underwriter;
 - any event specified in the timetable is delayed for more than one Business Day without the prior written approval of the Lead Manager and Underwriter;
 - Aerometrex breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement which has a material adverse effect on Aerometrex, the success of the Offer, on matters which would affect a decision of an investor or on the trading or financial position and performance, assets and liabilities, profits and losses, results, prospects, business or operations of Aerometrex, or there occurs an event of default, a review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or any other similar event under or with respect to any such debt or financing arrangement or related documentation of Aerometrex or a related body corporate of Aerometrex;
 - a Director or any member of the senior management is charged with a criminal offence relating to any financial or corporate matter, any government agency commences any public action against Aerometrex, any of the Directors or any member of the senior management, or announces that it intends to take such action, or any Director is disqualified under the Corporations Act from managing a corporation;

- a restriction agreement is terminated, void, avoided, illegal, invalid, unenforceable or materially limited in its effect, any condition precedent in the restriction agreement is not satisfied by its due date, or any party commits a material breach of the restriction agreement or any party has the right to, or purports in writing to, terminate, rescind or avoid all or a material part of the restriction agreement or is amended in any material respect without the prior written consent of the Lead Manager and Underwriter.

Further, the Lead Manager and Underwriter may at any time by notice in writing given to Aerometrex, without cost or liability to itself, terminate the Underwriting Agreement so that it is relieved of all its obligations under the Underwriting Agreement if any of the following events occur before completion of the Offer and, in the reasonable opinion of the Lead Manager and Underwriter, the event had had or is likely to have a material adverse effect on the success of the Offer on matters which would affect a decision of an investor or on the trading or financial position and performance, assets and liabilities, profits and losses, results, prospects, business or operations of Aerometrex, or has given rise to a material contravention by the Lead Manager and Underwriter of, or the Lead Manager and Underwriter being involved in a material contravention of, the Corporations Act or any other applicable law in relation to the Offer or a material liability for the Lead Manager and Underwriter:

- Aerometrex lodges a supplementary prospectus or the Lead Manager and Underwriter forms the view that a supplementary prospectus must be lodged under the Corporations Act;
- Aerometrex fails to comply with any of its obligations under the Underwriting Agreement or any representation or warranty by Aerometrex is or becomes incorrect;
- in respect of a number of countries, including Australia, the United States, a member state of the European Union, Indonesia, Japan, Russia, the People's Republic of China, Hong Kong, North Korea, South Korea or the Middle East, hostilities not presently existing commence, a major escalation in existing hostilities occurs, a declaration is made of a national emergency or war or a terrorist act is perpetrated in any of those countries or a diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
- there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law, or any government body adopts a new policy;
- there is any material adverse change or disruption to the political conditions or financial markets of Australia, Japan, the People's Republic of China, Hong Kong, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions;
- a general moratorium on commercial banking activities, in respect of Australia, the United States of America, the People's Republic of China, Hong Kong, Japan, or the United Kingdom, is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading;
- a change in the senior management or the Directors occurs or a Director or any member of the senior management dies or becomes permanently incapacitated;
- a statement in a certificate required by the Underwriting Agreement is untrue, incorrect or misleading or deceptive in a material respect;
- it transpires that any of the results of the due diligence investigation or any part of the verification materials was false, misleading or deceptive or that there was an omission from them;
- a contravention by Aerometrex of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX.
- litigation, arbitration, administrative or industrial proceedings are commenced against Aerometrex, other than any claims foreshadowed in the Prospectus;
- any person is appointed under any legislation to investigate the affairs of Aerometrex;
- any contract, deed or other agreement which is material to the making of an informed investment decision in relation to the New Shares is terminated, rescinded, altered or amended without the prior written consent of the Lead Manager and Underwriter or found to be void or voidable;
- Aerometrex alters its share capital or its constitution

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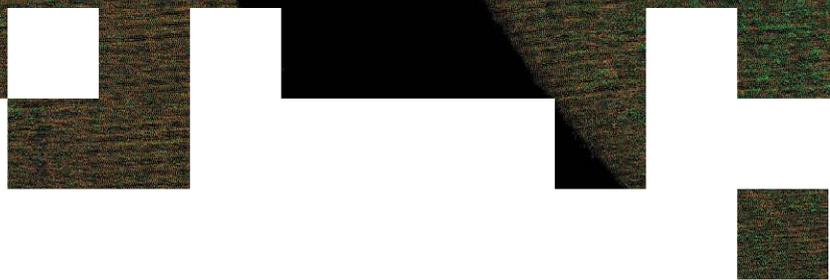
without the prior written consent of the Lead Manager and Underwriter; or

- any of the sub-underwriters that are introduced by Aerometrex do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements;
- **Access to information** – Aerometrex is required to provide the Lead Manager and Underwriter and its authorised representatives and advisers with full and free access to, and copies, when requested, of, the due diligence and verification materials and any other materials or documents used or created in connection with the Offer and must maintain those materials until the retention date which is the later of the seventh anniversary of completion of the Offer and the date on which any regulatory inquiry or review, legal proceeding or claim arising in connection with the Offer is finally concluded. Aerometrex must allow the Lead Manager and Underwriter and its authorised representatives and advisers full and free access to examine and inquire into the business, assets, liabilities, books, accounts and records of Aerometrex from the date of the Underwriting Agreement until completion of the Offer and during any regulatory inquiry or review or legal proceedings in relation to the Offer.

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12.

**RISK
FACTORS**



12.1 Introduction

Applicants should consider the risk factors described in this section, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares.

Applicants should consider whether the New Shares offered by this Prospectus are a suitable investment having regard to their own individual investment objectives, financial circumstances, financial resources available to them, and the risk factors set out below. This Prospectus carries no guarantee with respect to the payment of dividends, return of capital or price at which the Shares will trade. Prospective investors should be aware that the market price of the Shares following admission to the Official List may be influenced by many unpredictable factors and that subscribing for Shares involves various risks.

This list is divided between risks relating to Aerometrex specifically and general risks, and is not an exhaustive statement of all potential risk factors applicable to Aerometrex. If in any doubt, Applicants should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

12.2 Risks Relating to Aerometrex

There are a number of specific risks associated with Aerometrex which may adversely affect Aerometrex's financial position, prospects and price of its Shares. The specific risk factors include:

- a. **Reliance on key personnel:** Aerometrex currently employs or engages as consultants a number of key management and personnel, and Aerometrex's future depends on retaining and attracting suitable qualified personnel. There is no guarantee that Aerometrex will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects. Aerometrex continually endeavours to recruit and retain employees with the desired competence and skills and to ensure that Aerometrex is recognised by its employees as a great place to work. Aerometrex focusses on developing a positive culture and management systems, which will help to mitigate the risks relating to recruitment and retention of staff.
- b. **Technology and product development:** the success of Aerometrex is dependent on the technology and products offered and used by Aerometrex being suitable for Aerometrex to undertake the projects and opportunities available in a viable and cost-effective manner. Factors which may create risk include data storage costs, cost of producing, maintaining and operating aircraft, and the functioning of image processing software and computing resources. The Board and management of Aerometrex are adequately skilled to assess the market to acquire technology and products appropriate for Aerometrex's operations. Prior to purchasing any new technology or product, Aerometrex undertakes extensive due diligence in respect of the acquisition and will seek external professional advice where necessary.
- c. **Suppliers and customers:** Aerometrex depends on continued relationships with its current suppliers and clients. There can be no guarantee that Aerometrex's supplier and client relationships will continue, or will continue to be successful. Failure to maintain good business relationships may negatively impact Aerometrex's business, operating results and financial prospects. Aerometrex mitigates this risk by having a diverse range of clients across various industries, and therefore does not depend on any one client for a significant portion of its income, and by being a market leader, thereby attracting new clients on a regular and increasing basis. The loss of particular clients will not significantly adversely impact the income and profitability of Aerometrex, but may increase marketing expenses to engage new clients.
- d. **Competition:** Aerometrex competes with other geospatial mapping companies. Some of these companies have greater financial and other resources than Aerometrex and as a result may be in a better position to compete for future business opportunities. There is no assurance that Aerometrex can compete effectively with these companies.
- e. **International operations:** there is a risk that this investment may not be profitable or succeed long-term, due to poor execution or external factors beyond Aerometrex's control. Aerometrex has experience in international operations, and understands most of the issues in working remotely. Aerometrex will not seek to operate in high-risk countries. Aerometrex will seek to establish operations primarily in the United States and Europe, in locations with rule of law, in good business environments, where language will not be a barrier.

- f. Aviation operations – Aviation and fixed-wing internal operations:** for any aviation operation, there is a risk of accident due to an aviation incident. Whilst the risks of an accident occurring are low, the consequences of an accident could be high, so it is a material risk. Aerometrex mitigates this risk by rigorous attention to aviation safety standards, and full compliance with all relevant regulations and safety standards for air work issued by the Civil Aviation Safety Authority (CASA). Aerometrex aircraft are maintained to strict servicing schedules issued by airframe and engine manufacturers, including the Cessna SIDS annual/timed maintenance program, 100-hourly servicing for aircraft and engines, and scheduled replacement of timed-life parts. Aerometrex has performed a number of avionics upgrades on its fleet during the 2018-19 financial year to ensure a very high standard of operational safety and reliability. Furthermore, Aerometrex has very strong relationships with various charter aircraft companies who could be relied upon to provide a replacement service to Aerometrex in the event it was required.
- g. Operational, assets and equipment:** Aerometrex's proposed activities will be subject to numerous operational risks, many of which are beyond Aerometrex's control. Aerometrex's operations may be curtailed, delayed or cancelled as a result of factors such as mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Further, Aerometrex has a number of aviation assets and camera equipment which are crucial to Aerometrex's operations. Temporary unserviceability of these assets would result in disruption to the business. The occurrence of any one or a combination of these events may have a materially adverse effect on Aerometrex's performance and the value of its assets. These risks are managed as best as can be achieved by ensuring that critical assets and equipment are regularly maintained and back up equipment can be obtained at short notice.
- h. Health and safety:** Aerometrex's operations may expose its personnel and contractors to health and safety risks inherent in field work. Field work involving ground surveying in remote areas is subject to a formal risk assessment and approval process designed to identify risks and take mitigation measures wherever possible. Aerometrex has further obligations to ensure the health and safety of its personnel and contractors in the work environment generally. Most Aerometrex staff operate in a low-risk office environment. The normal standards of work health and safety apply in these circumstances and are complied with by Aerometrex. New health and safety laws, regulations or stricter enforcement policies may oblige Aerometrex to incur significant expense and undertake significant investments in that respect which could have a material adverse effect on Aerometrex's business, financial conditions and results of operations.
- i. Demand for services:** demand for Aerometrex's services can fluctuate and affect the number of projects that Aerometrex is engaged to undertake, and the extent of Aerometrex's activities. This may negatively impact Aerometrex's business, operating results and financial prospects. Aerometrex mitigates this risk by having a diverse range of clients across various industries, and therefore does not depend on any one client for a significant portion of its income, and by being a market leader, thereby attracting new clients on a regular and increasing basis.
- j. Potential acquisitions:** as part of its business strategy, Aerometrex may make acquisitions of significant investments in complementary companies, projects or assets. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions. Encountering such risks may adversely impact on Aerometrex's operating and financial performance. The Board and management of Aerometrex are adequately skilled to make well reasoned decisions regarding the acquisition of significant businesses, projects or assets. Prior to making any acquisition, Aerometrex undertakes extensive due diligence in respect of the acquisition and will seek external professional advice where necessary.
- k. Important contracts:** Aerometrex is, and will in the future be, a party to numerous contracts and agreements. A number of these contracts and agreements relate directly or indirectly to the provision of funding, services and product by Aerometrex and include provisions which may impose financial and/or other claims on Aerometrex for non-performance

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of Aerometrex's obligations under the contract/ agreement. A material claim under such provisions could adversely impact on Aerometrex's operating and financial performance. Aerometrex mitigates this risk by carrying professional indemnity insurance.

- i. **Corporate knowledge:** there is a risk of loss of key skills and corporate knowledge through illness, forced retirement or injury. Aerometrex has implemented a strategy of cross-training staff to ensure a backup for each specific role in Aerometrex. There is also a risk of leakage of corporate knowledge relating to technical procedure and methodology. Each employee's employment contract contains confidentiality protection provisions. Aerometrex has a very low staff turnover rate with excellent staff-management relations, which also assists in reducing this risk.
- m. **Intellectual property:** There is also a risk of unauthorised copying of specific technology intellectual property. Aerometrex has applied for patents in respect of its new camera build, MetroCam. The loss of any intellectual property may adversely affect Aerometrex's business, operating results, financial prospects and competitive advantage. Each employee's employment contract contains intellectual property protection provisions.
- n. **Disputes:** disputes may result from communication or understanding issues, resulting in different expectations of the resulting products which may result in financial and/or other claims being brought against Aerometrex, reputational damage and loss of future work. Aerometrex works through disputes carefully and tries to find common ground or agreement as quickly as possible. In the event that Aerometrex processes were at fault, Aerometrex attempts to promptly correct the issue. In the event of a miscommunication or misunderstanding a compromise solution is sought. Aerometrex has never been the subject of legal action by a client or a supplier.
- o. **Litigation:** failing to comply with contractual obligations may lead to claims being brought against Aerometrex, reputational damage and loss of future work. Aerometrex is presently not involved in any litigation and Aerometrex is not aware of any basis on which any litigation against Aerometrex may arise. However, there is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

Aerometrex will seek external professional advice where necessary to assist it in understanding and complying with its obligations.

- p. **Non-payment:** bad debts may impact on profitability and cash flow. However, as approximately half of Aerometrex's business is conducted with government departments, and much of the balance is with major corporations, Aerometrex rarely encounters issues with non-payment. Since 2011, there has been only one bad debt for which there was no alternative but legal action.
- q. **Currency exchange rates:** currency exchange rates can affect Aerometrex's financial performance when entering into international contracts for major equipment purchases or for conducting business in the United States and European markets. Whilst this external factor is largely beyond Aerometrex's control, Aerometrex will seek to manage currency fluctuations to its advantage.
- r. **Financial performance:** adverse economic changes may cause clients to cancel, postpone or downsize projects as well as increase Aerometrex's risk associated with recovery of debts. Aerometrex's financial performance shows that Aerometrex has been largely insulated from generally poor market conditions. This is partly due to government and large corporations continuing to spend during poor economic times. Such clients account for a majority of Aerometrex's revenues. During periods of government-induced financial stimulus involving large infrastructure programs Aerometrex is invariably very busy. The diversity of industries in Aerometrex's client base also assists in mitigating the risk of a downturn in any one industry.
- s. **Debt and interest rates:** Aerometrex faces risk of exposure to debt in a rising interest rate market. Interest rates are currently at historically low levels and Aerometrex has traditionally used bank debt to finance large capital expenditure items. All debt is taken on with a view to paying down the principal as quickly as possible, usually within a 5 year time frame for sensors. Interest rates on equipment line loans are traditionally fixed for the period of the loan. The current Westpac Bank Bill Business Loan facility is variable, the corporate credit card limit is variable and the bank guarantee attracts a service fee only. Future draw downs against the pre-approved equipment line will be fixed at the time of drawing.

- t. **Legal compliance:** national and local laws and regulations directly impact on the activities of Aerometrex. These laws and regulations set various standards regulating certain aspects of aviation, environment, security, safety and privacy. There are certain risks inherent to Aerometrex's activities that could subject Aerometrex to extensive liability. Aerometrex will use its best endeavours to comply, in all material respects, with all applicable laws and regulations. However, Aerometrex is unable to predict the effect of additional laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase Aerometrex's cost of doing business, or affect its operations in any area.
- d. **Share price volatility:** the market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. New Shares issued under this Prospectus carry no guarantee in respect of profitability, dividends, return on capital or the price at which they may trade on ASX. The market price of Shares may be subject to general movements in local and international stock exchanges, economic conditions, currency fluctuations and interest rates. The Shares may trade at a price above or below the price at which they were acquired depending on a range of factors including the performance of the securities market generally, the performance of the technology sector of the market, national and international economic performance, market perceptions of Aerometrex, the degree of success of Aerometrex's business, and the financial performance of Aerometrex.

12.3 General Risks

Risk factors which may affect Aerometrex and its business in general include:

- a. **General investment risks:** there are general risks associated with any investment and with the securities market. The price of securities may rise or fall depending on a range of factors beyond Aerometrex's control and which are unrelated to Aerometrex's financial performance. Movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation, interest rates and royalties, legislation and other policy changes may affect the stock market generally and the market for the Shares.
- b. **General economic climate:** Aerometrex's future revenues and operating costs can be affected by such factors as supply and demand for goods and services, industrial disruption, interest rates, currency fluctuation, inflation and global economic conditions. Accordingly, the future profitability of Aerometrex and prices for the Shares may be affected by these factors. These factors are beyond the control of Aerometrex.
- c. **Share market and liquidity risk:** the New Shares are intended to be quoted on ASX and investors will be able to offer their New Shares for sale freely on that market. However, there is no assurance of the price at which the New Shares will trade or that there will be any buyers at all. Applicants should therefore be prepared to hold their Shares for extended periods pending the development of Aerometrex and potential opportunities emerging in the future.
- e. **Dividends:** until the pre-IPO capital raising in Aerometrex in June and July 2019, Aerometrex had a history of paying increasing dividends over a number of years. The Directors consider that once Aerometrex is admitted to the Official List, funds will be used to grow the business and no dividends are expected to be paid for two years. Aerometrex will review this policy on an annual basis and provide updates to the market in accordance with its disclosure obligations if it changes its dividend policy.
- f. **Government policy and legislation:** changes in government, monetary policies, taxation and other laws and actions can have a significant influence on the outlook for companies and returns to investors. These changes may also impact Aerometrex's clients and their business plans and objectives, therefore causing potential cancellation, postponement or downsizing of projects.
- g. **Accounting policies:** accounting standards and policies may change in the future especially in relation to the application of the International Financial Reporting Standards. Application of and changes to accounting standards and policies may have an adverse impact on Aerometrex's future reported financial results.
- h. **War and terrorist attacks:** the outbreak of war or occurrence of terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. Outbreak or material escalation of hostilities in any major countries in the world or any diplomatic, military, commercial or political establishment of any major countries in the

world may affect the global economic and commercial environment. There could also be a resultant effect on Aerometrex's operations, future revenues and operating costs, financial performance, Share price and the ability of Aerometrex to raise any needed additional equity or debt funding.

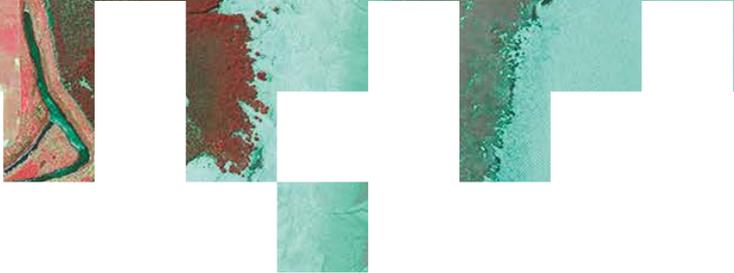
- i. **Data security:** a malicious attack from external sources over the internet is always a possibility, but is statistically unlikely. However, a malicious attack could result in virus infection, loss of data and data theft or fraud.
- j. **Catastrophic loss:** a serious fire in the major offices and operating facilities of a company would cause serious but temporary disruption to its operations, especially in the project sphere directly affected by the catastrophic loss.
- k. **Natural hazards:** natural disaster risks may occur within or outside of Australia that could impact a company and the value of its shares. These events within Australia predominantly include cyclones, flood and earthquake, which could adversely affect a company and its ability to conduct business.

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13.

**ADDITIONAL
INFORMATION**



13.1 Constitution and Rights and Liabilities Attaching to Shares

Aerometrex has adopted a constitution of a kind usually adopted by an ASX listed public company. The following is a summary of the key provisions in the constitution, as supplemented by provisions in the Corporations Act, in relation to rights attaching to Shares. The summary is not exhaustive and it does not constitute a definitive statement of the rights attaching to the Shares. The rights attaching to Shares are derived through a combination of statute, the constitution, common law and other applicable legislation.

Full details of the rights attaching to Shares are set out in the constitution of Aerometrex, a copy of which can be obtained through ASIC. The New Shares to be issued pursuant to this Prospectus will rank equally with all of the Existing Shares.

Voting rights: At a general meeting, each Shareholder present in person or by proxy, company representative or attorney is entitled to one vote on a show of hands. On a poll, every Shareholder present in person or by proxy, company representative or attorney is entitled to one vote for each Share that the Shareholder holds, except in respect of each partly paid Share held by the Shareholder, where the Shareholder has a fraction of a vote for each partly paid Share he, she or it holds. This is subject to any rights or restrictions attached to any Shares. Aerometrex may disregard any vote on a resolution by a shareholder who is not entitled to vote on that resolution, whether under the Corporations Act, Listing Rules, or otherwise. This may be the case, for example, where the Listing Rules require Aerometrex to disregard the Shareholder's vote, or there is a breach of the Listing Rules or of a restriction agreement. The Shareholder is not entitled to any votes in respect of the Shares while that breach continues.

General meetings: Each Shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of Aerometrex. Further, each Shareholder is entitled to receive all notice, accounts and other documents required to be furnished to Shareholders under the constitution of Aerometrex or the Corporations Act.

Dividend rights: Subject to any special rights or restrictions attached to a Share, the Directors may pay dividends as they decide and fix the amount, and the time for, and method of, payment. If dividends are payable, each Shareholder is entitled to the full dividend on the Shares and the holder of a partly paid Share is entitled to a proportion of the dividend that corresponds to the proportion paid up on the Share. The Directors may deduct

from any dividend payable to or for a Shareholder any money presently payable by the Shareholder to Aerometrex for calls or otherwise in respect of any Shares held by the Shareholder. If Shares are classified as restricted securities in relation to which there is a breach of the Listing Rules or of a restriction agreement, the Shareholder will not be entitled to receive any dividends in respect of the restricted securities while that breach continues. The Directors are not anticipating paying dividends at this stage of Aerometrex's life.

Capitalising profits and conversion of Shares: Subject to the Listing Rules, the Directors may capitalise any profits and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled in a distribution by Dividend. Aerometrex in a general meeting may convert its Shares into a larger or smaller number of Shares by resolution.

Rights on winding up: Subject to any special rights or restrictions attached to Shares, if on a winding up there are enough assets to repay all capital to Shareholders, all capital must be repaid to the Shareholders and any surplus must be distributed among the Shareholders in proportion to the number of fully paid Shares held by them (and for this purpose a partly paid Share is treated as a fraction of a Share equal to the proportion which the amount paid bears to the total issue price of the Share) before the winding up began and, if on a winding up there are not enough assets to repay all capital to Shareholders, the available assets must be distributed among the Shareholders in proportion to the numbers of Shares held by them irrespective of the amounts paid on their respective Shares (and for this purpose a partly paid Share is treated as a fraction of a Share equal to the proportion which the amount paid bears to the total issue price of the Share) before the winding up began (without the necessity of a call up). Subject to any special rights or restriction attached to Shares, on a winding up the liquidator may, with the sanction of a special resolution of Shareholders, distribute among Shareholders the whole or any part of the property of Aerometrex or decide how to distribute the property as between the Shareholder or different classes of Shareholders. At the commencement of the winding up, restricted securities (if Shares), which are subject to restrictions under any restriction agreement entered into by Aerometrex, rank on a return of capital behind all other Shares of Aerometrex.

Issue of Shares: Subject to the Corporations Act and the Listing Rules, Aerometrex may issue Shares and grant options over unissued Shares on any terms, with any rights

or restrictions attached to the Shares, at any time and for any consideration the Directors decide.

Transfer of Shares: Subject to the constitution of Aerometrex, the Corporations Act and the Listing Rules, Shares in Aerometrex are freely transferable. Shares may only be transferred by an instrument of transfer in any common form or other form approved by the Directors, in compliance with the CHES rules if the Shares are CHES securities, or by any other method of transferring securities recognised by the Corporations Act and ASX (if Aerometrex is admitted to the Official List). Subject to the CHES Rules, the transferor is deemed to remain the holder of the Shares until the name of the transferee is entered into Aerometrex's register of members.

Future increases, alterations and reductions of capital:

The issue of Shares is under the control of the Directors. Subject to restrictions on the issue of Shares to Directors or their associates, the Listing Rules, the constitution of Aerometrex and the Corporations Act, the Directors may issue or otherwise dispose of Shares on such terms and conditions as they decide. Aerometrex may reduce its Share capital and buy-back Shares in itself.

Variation of rights: Aerometrex may only modify or vary the rights attaching to any class of Shares by special resolution of Aerometrex, and with the consent in writing of the holders of at least 75% of the issued Shares of the class or the sanction of a special resolution passed at a meeting of the holders of the issued Shares of that class.

Directors: The minimum number of Directors is three and the maximum is ten unless Aerometrex in a general meeting determines otherwise. At the end of each annual general meeting, any Director appointed by the Directors since the last annual general meeting, one third of the other Directors, and any Director for whom this would be the third annual general meeting since their last appointment, automatically retire.

Indemnity: To the extent permitted by the Corporations Act, Aerometrex must indemnify each person who is or has been an officer against any liability incurred as an officer, and may pay a premium for a contract insuring an officer against that liability.

13.2 Dividend Policy

Aerometrex does not intend to pay dividends in the two years following the Offer, as all available capital will be deployed to pursuing growth opportunities identified by Aerometrex from time to time. Aerometrex will review this policy on an annual basis and provide updates to the market in accordance with its disclosure obligations if it changes its dividend policy.

13.3 Balance Date

The balance date of Aerometrex is 30 June.

13.4 Deeds of Access, Indemnity and Insurance

- a. Aerometrex has entered into deeds with each of the Directors under which the Directors are granted rights of access to company records, the Directors are indemnified by Aerometrex to the extent permitted by law against all liabilities incurred as an officer of Aerometrex and Aerometrex agrees to take out insurance in favour of the Directors to provide for their indemnification during a nominated period.

13.5 Related Party Transactions

Aerometrex is not aware of any related party transactions requiring disclosure in the Prospectus other than that:

- a. Mark Lindh has indicated an intention to apply for 100,000 New Shares under this Prospectus and Peter Foster has indicated an intention to apply for 50,000 New Shares under this Prospectus, but the other Directors have stated that they will not apply for New Shares under this Prospectus;
- b. Aerometrex has entered into deeds with each of the Directors under which the Directors are granted rights of access, indemnification and insurance as set out

in section 13.4 "Deeds of Access, Indemnity and Insurance". These deeds, except the deed with Peter Foster (see paragraph (c) below), were entered into when Aerometrex was a proprietary company, meaning that the financial benefit and material personal interest voting exclusion restrictions did not apply. If those provisions were applicable at the time of entry into the deeds, the deeds would have required member approval unless an applicable exception was available. On the basis that the financial benefit given under the deeds was an agreement to give an indemnity, exemption or insurance premium in respect of a liability incurred as an officer, and was reasonable in the circumstances of Aerometrex to give the relevant benefit, was on terms that would be reasonable in the circumstances if Aerometrex and the officer were dealing at arm's length and/or part of the officer's remuneration and it would be reasonable to give that remuneration to the officer given the circumstances of Aerometrex and the officer, member approval would not have been required for the entry into the deeds. Given Aerometrex's assessment that the financial benefit given under the deeds was on terms that would be reasonable in all of the circumstances, Aerometrex does not consider there to be any additional risks in respect of the agreement because of the related party nature of the deeds;

- c. Aerometrex has entered into a deed of access, indemnity and insurance with Peter Foster on the same terms as the deeds of access, indemnity and insurance entered into with the other Directors (see section 13.4 "Deeds of Access, Indemnity and Insurance"). As Aerometrex was a public company when it entered into the deed, the financial benefit and material personal interest voting exclusion restrictions applied to Aerometrex's entry into that deed. However, on the basis that the deed is on terms that would be reasonable in the circumstances if Aerometrex and the officer were dealing at arm's length and/or part of the officer's remuneration and it would be reasonable to give that remuneration to the officer given the circumstances of Aerometrex and the officer, member approval was not required for the entry into the deed;
- d. Aerometrex has leased its head office at 51-53 Glynburn Road, Glynde SA 5070 from AMX Capital under the Lease Agreement, the details of which are set out in section 11.4 "Lease Agreement". 10.58% of the interests in AMX Capital are held by Director Mark Deuter and 10.58% of the interests in AMX Capital are held by an entity associated with Director Matthew White, and each of them therefore receives benefits from the agreement. As that agreement was entered into when

Aerometrex was a proprietary company, the financial benefit and material personal interest voting exclusion restrictions did not apply. If those provisions were applicable at the time of entry into the agreement, such entry would have required member approval unless an applicable exception was available. On the basis that the financial benefit given under that agreement was on terms that would be reasonable in the circumstances if Aerometrex and AMX Capital were dealing at arm's length, member approval would not have been required for the entry into the Lease Agreement;

- e. Aerometrex has entered into an employment agreement with Mark Deuter, further details of which are set out in section 11.5 "Managing Director Employment Agreement". The financial benefit and material personal interest voting exclusion restrictions applied to Aerometrex's entry into that agreement. However, on the basis that the agreement is on terms that would be reasonable in the circumstances if Aerometrex and the officer were dealing at arm's length and/or part of the officer's remuneration and it would be reasonable to give that remuneration to the officer given the circumstances of Aerometrex and the officer, member approval was not required for the entry into the Employment Agreement;
- f. Aerometrex has entered into an employment agreement with David Byrne dated 1 October 2019 to engage David Byrne as Chief Technical Officer of Aerometrex. The key terms of David Byrne's employment agreement include that David Byrne is paid a full time base annual salary of \$200,000, exclusive of superannuation and is entitled to four weeks' annual leave per annum. Either party may terminate the agreement by giving at least six months' notice and Aerometrex may terminate the agreement without notice in cases of serious misconduct. The financial benefit and material personal interest restrictions applied to entry into the agreement. However, on the basis that the agreement is on terms that would be reasonable in the circumstances if Aerometrex and the officer were dealing at arm's length and/or part of the officer's remuneration and it would be reasonable to give that remuneration to the officer given the circumstances of Aerometrex and the officer, member approval was not required for the entry into the Employment Agreement;

- g. Aerometrex has an ongoing engagement with Business Initiatives, pursuant to which Business Initiatives provides accounting and other business related services to Aerometrex. Under this engagement, Aerometrex pays fees to Aerometrex of \$9,000 (excluding GST) per month in respect of the standard services and additional fees calculated based on hourly rates for non-standard services. Matthew White, who is a director of Aerometrex, is also a director and shareholder of Business Initiatives and therefore receives benefits from the engagement; and
- h. Aerometrex has engaged the Corporate Advisor to provide corporate advisory and investor relations services pursuant to the Corporate Advisor Mandate, further details of which are set out in section 11.3 "Corporate Advisor mandate". Mark Lindh, who is a director of Aerometrex, is also an executive director of the Corporate Advisor and is a beneficiary of a trust for which shares in the Corporate Advisor are held. Mark Lindh therefore receives an indirect benefit from Aerometrex's engagement of the Corporate Advisor and the Offer.

Except as set out in this Prospectus, including this section and section 10.5 "Remuneration", no amount has been paid or agreed to be paid, and no benefit has been given or agreed to be given, to a Director to induce him to become a Director or for services provided in connection with the formation or promotion of Aerometrex or the Offer.

Except as set out above or elsewhere in the Prospectus, no Director has, or in the last two years has had, an interest in

the formation or promotion of Aerometrex, in property to be acquired by Aerometrex in connection with its formation or promotion, or in the Offer.

Where a related party arrangement is being considered by Aerometrex, Aerometrex's policy is to seek appropriate legal and financial advice as part of the decision-making process. The Directors and senior management are responsible for monitoring this policy.

13.6 Expenses of the Offer

The expenses of the Offer, if completed, are estimated in the table below.

13.7 Litigation

Aerometrex is not involved in any legal or arbitration proceedings nor, so far as the Directors are aware, are any such proceedings pending or threatened against Aerometrex.

13.8 Consents

Adelaide Equity has given its written consent to be named in the Prospectus as corporate adviser in regard to the Offer, in the form and context in which it is named, for

Expenses of the Offer

Expense	Costs
Broker and Distribution Fees	\$1,250,000
Legal, Advisory, and Accounting Fees	\$486,500
Printing, Graphic Design and Marketing/Mailing	\$20,000
ASX Listing Fees (Initial and pro rata annual)	\$196,556
ASIC Fees	\$3,206
TOTAL	\$1,956,262

The above estimates exclude GST.

the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear.

Piper Alderman has given its written consent to be named in the Prospectus as legal adviser in regard to the Offer, in the form and context in which it is named, for the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear.

Grant Thornton Corporate Finance Pty Ltd has given its written consent to being named in this Prospectus as the Investigating Accountant in the form and context in which it is named, for the inclusion of its Investigating Accountant's Report in the form and context in which it is included, and for the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear.

Grant Thornton Audit Pty Ltd has given its written consent to being named in this Prospectus as the auditor of Aerometrex in the form and context in which it is named and for the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear.

Morgans Corporate Limited has given its written consent to being named in the Prospectus as lead manager and underwriter for the Offer in the form and context in which it is named, and for the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear.

Taylor Collison Limited has given its written consent to being named in the Prospectus as co-manager for the Offer in the form and context in which it is named, and for the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear.

Computershare Investor Services Pty Limited has given its written consent to being named in the Prospectus as share registry for Aerometrex in the form and context in which it is named, and for the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as the share registry to Aerometrex. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Business Initiatives Pty Ltd has given its written consent to being named in the Prospectus as the accountants for

Aerometrex in the form and context in which it is named, and for the inclusion of statements, or statements based on statements, made by it in this Prospectus in the form and context in which they appear.

Each of the parties named above as consenting parties:

- has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of its respective statements and reports (where applicable) noted next to its name above, and the references to those statements and reports in the form and context in which they are included in this Prospectus;
- does not make, or purport to make, any statement in this Prospectus other than those statements referred to above in respect of that person's name (and as consented to by that person);
- has not caused or authorised the issue of this Prospectus; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus.

Any third parties named in this Prospectus, and not specifically referred to above as having given their consent, have not consented to the inclusion of their names in this Prospectus, or to any statement attributed to them, or statement upon which a statement has been based.

13.9 Disclosure of Interests and Fees of Directors and Others Persons

Other than as identified below and as set out in the Prospectus, no Director or proposed Director, person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which such person is a partner or employed, or promoter of Aerometrex, holds or has held at any time during the last two years, any interest in the Offer, in the formation or promotion of Aerometrex, or in any property acquired or proposed to be acquired by Aerometrex in connection with its formation or promotion, or the Offer:

- (a) the grant by Aerometrex of 500,000 options to each of Matthew White and Mark Lindh (summarised above at section 7.6 "Shareholder Structure");

- (b) the Lead Manager Mandate and Underwriting Agreement, each of which is between Aerometrex and the Lead Manager and Underwriter (summarised above at sections 11.2 "Lead Manager Mandate" and 11.6 "Underwriting Agreement");
- (c) the Corporate Advisor Mandate between Aerometrex and Adelaide Equity Partners Limited (summarised above at section 11.3 "Corporate Advisor Mandate" and referred to in section 13.5 "Related Party Transactions"); and
- (d) the engagement of Business Initiatives by Aerometrex (summarised above at section 13.5 "Related Party Transactions").

Set out below are the amounts that anyone has paid or agreed to pay, and the nature and value of any benefit anyone has given or agreed to give, to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, or any promoter of Aerometrex. There are no amounts or benefits that anyone has paid, given, or agreed to pay or give to a Director or a proposed Director to induce them to become, or to qualify as, a Director.

The Lead Manager and Underwriter has acted as lead manager and underwriter to the Offer. Aerometrex has agreed to pay the Lead Manager and Underwriter \$1,250,000 and grant to the Lead Manager and Underwriter 944,000 options with an exercise price of \$1.25 per option for its work in these roles.

The Corporate Advisor has acted as the corporate advisor for the Offer and has performed work in connection with Offer. Aerometrex has agreed to pay the Corporate Advisor approximately \$7,500 per month in retainers for work in connection with the Offer, as well as a success fee of \$250,000 (being 1.00% of the total amount raised under the Offer). Mark Lindh, who is a Director of Aerometrex, is a director of the Corporate Advisor and is a beneficiary of a trust for which shares in the Corporate Advisor are held.

Piper Alderman has acted as legal adviser in regard to the Offer and has performed work in relation to certain of the Material Agreements, preparing the due diligence program and assisting Aerometrex with due diligence inquiries on legal matters. Aerometrex estimates that it will pay approximately \$107,000 to Piper Alderman for work in connection with the Offer and preliminary work leading up to the Offer.

Grant Thornton Corporate Finance Pty Ltd has acted as the Investigating Accountant, pursuant to which it has performed financial due diligence services and provided the Independent Limited Assurance Report in section 9 in relation to Financial Information. Aerometrex has paid, or has agreed to pay, approximately \$26,000 (excluding disbursements and GST) to Grant Thornton Corporate Finance Pty Ltd in respect of these services.

The payments above exclude disbursements and GST.

13.10 Regulatory Costs

The federal and state governments of Australia may impose additional costs on Aerometrex by way of new or amending legislation that may not have been taken into account in the preparation of this Prospectus.

13.11 Enquiries

Enquiries regarding this Prospectus should be directed to Aerometrex at finance@aerometrex.com.au.

13.12 Documentation

Copies of Aerometrex's constitution, the Material Agreements and consents are available for inspection during normal business hours, free of charge, at the registered office of Aerometrex for 12 months after the date of this Prospectus.

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14

DIRECTORS' STATEMENT



The Directors report that, in their opinion, since the date of the financial information set out in section 8 "Financial Information" of this Prospectus, there have not been any circumstances that have materially affected or will materially affect the value of the assets and liabilities of Aerometrex except as disclosed in the Prospectus.

The Directors state that they have made all inquiries that were reasonable in the circumstances and after doing so have reasonable grounds to believe that statements made by the Directors in this Prospectus are not misleading or deceptive. In relation to any statement made in this Prospectus by persons other than the Directors, the Directors have made inquiries that were reasonable in the circumstances and after doing so have reasonable grounds to believe that the persons making the statement or statements are reliable and competent in relation to the statements concerned.

This Prospectus is issued by Aerometrex. The issue of this Prospectus has been authorised by the Directors and this Prospectus has been signed by the managing director on behalf 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 has not withdrawn that consent.

Signed for and on behalf of Aerometrex.



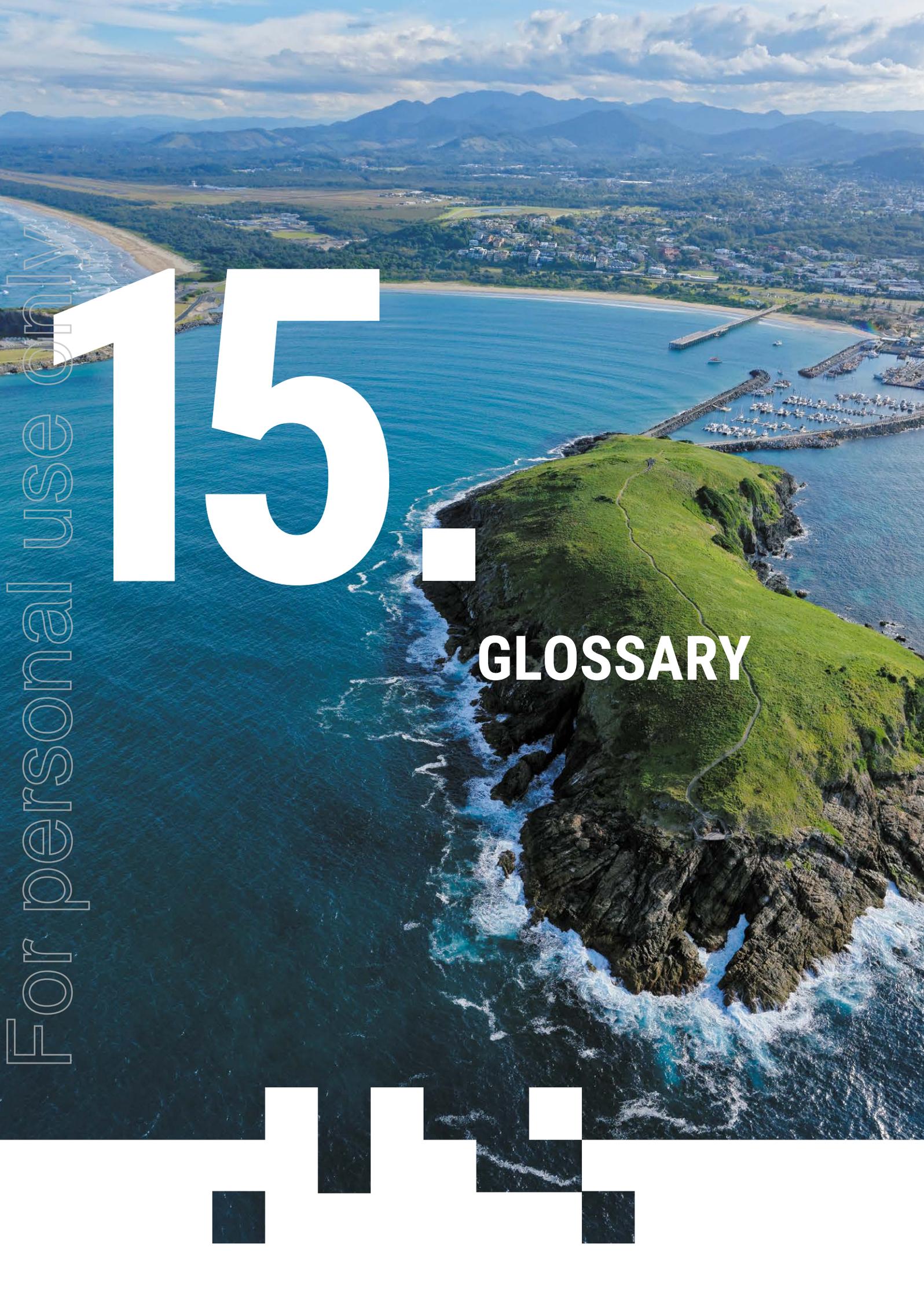
Mark Deuter
Managing Director

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15.

GLOSSARY



Glossary

Term	Meaning
\$	dollars of the currency of Australia. All amounts in this Prospectus are in Australian dollars unless otherwise stated.
3D feature data	digitised linework or area features representing interpreted features on the ground.
3D modelling	a mapping technique which allows the depiction of three dimensions instead of the two dimensions of conventional maps, plans and elevations.
ACDT	Australian Central Daylight Time.
Aerometrex	Aerometrex Limited (ACN 153 103 925).
aero3Dpro™	Aerometrex's original trade mark for its very high-resolution 3D modelling service.
Applicant	an applicant for New Shares who submits an Application Form under this Prospectus and pays the applicable Application Money.
Application	an application for New Shares under the Offer on an Application Form.
Application Amount	the amount of money payable for New Shares pursuant to the Offer, being \$1.00 multiplied by the number of Shares for which an Applicant has applied.
Application Form	any application form accompanying this Prospectus.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or Australian Securities Exchange, as the context requires.
ASX Listing Rules or Listing Rules	the official listing rules of ASX and any other rules of ASX which apply while Aerometrex is an ASX listed company, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.
Australian Accounting Standards	the accounting standards as set by the Australian Accounting Standards Board from time to time.
Board	the board of Directors as constituted from time to time.
Broker	any ASX participating organisation acting as a broker for the Broker Firm Offer.
Broker Firm Offer Applicant	an Applicant who submits an Application for New Shares under the Broker Firm Offer.
Broker Firm Offer Application Form	the Application Form for the Broker Firm Offer
Broker Firm Offer	that component of the Offer described in section 7.8 "Broker firm offer"
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, and any other day that ASX declares is not a business day.
CAGR	Compound Annual Growth Rate.
CASA	Civil Aviation Safety Authority, the federal government agency charged with aviation safety in Australia.
CHESS	ASX's Clearing House Electronic Subregister System.

Chief Pilot	the senior pilot in an aviation organisation with specific responsibility of maintaining safety and training.
Closing Date	the last date for receipt of Applications which is on 25 November 2019 or such other date and time as the Directors in their absolute discretion, determine.
Co-Manager	Taylor Collison Limited (ACN 008 172 450) (AFSL 247 083)
Convertible Note Holders	holders of Convertible Notes.
Convertible Note Shares	Shares issued on the conversion of the Convertible Notes.
Convertible Notes	has the meaning given in section 7.6 "Shareholder structure".
Corporate Advisor	Adelaide Equity Partners Limited (ACN 119 059 559) (AFSL 313143)
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended.
Data as a Surface (DaaS)	Data as a Service – a subscription model aimed at selling datasets via the Internet.
Digital Surface Model (DSM)	a model of the earth's surface including all above-ground features such as buildings and trees.
Digital Terrain Model (DTM)	a 'bare-earth' model of the earth's surface. Any features above the terrain surface such as building and trees have been removed.
Directors	the directors of Aerometrex.
Existing Shareholder	the holder of Existing Shares.
Existing Shares	the Shares on issue at the date of this Prospectus.
Exposure Period	the period of 7 days (or such longer period, being no longer than 14 days, as ASIC may direct) from the date of the lodgement of this Prospectus with ASIC.
Financial Information	Has the meaning given by section 8.
Geographic Information Systems	computer-based mapping systems which enable the geographic presentation and analysis of a range of data types, including aerial imagery, vector data, area data, thematic layers, etc.
GPS	a system which uses a network of satellites emitting low-energy radio signals to triangulate any location on earth.
GSD	Ground Sample Distance, the physical extent on the surface being mapped that is imaged onto a single pixel of the image capture system, also known as pixel size in the mapping industry.
ILUA	Indigenous Land Use Agreement (ILUA)
inertial measurement systems	a device for recording angles of orientation of a sensor in terms of yaw, pitch and roll. IMU results are used to refine the accuracy of GPS-derived locations.
Institutional Investor	a person to whom an offer or invitation in respect of securities can be made without disclosure (such as prospectus under the Corporations Act or other formality that Aerometrex is not willing to comply with), but not including a person to whom a prospectus does not need to be given because of the application of section 708(1) of the Corporations Act.
Institutional Offer	that component of the Offer described in section 7.9 "Institutional Offer"
Investigating Accountant	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987) (AFSL 247 140).

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Lead Manager and Underwriter	Morgans Corporate Limited (ACN 010 539 607) (AFSL 235 407).
LiDAR	light detection and ranging; a measurement technique using lasers to measure distances to remote objects.
Material Agreements	those agreements listed in section 11 "Material Agreements" of this Prospectus.
Maximum Subscription	the maximum raising of \$25 million, being 25,000,000 New Shares at the issue price of \$1.00 per New Share, pursuant to this Prospectus.
MetroCam	Aerometrex Limited's proprietary aerial camera development, aimed at application in its MetroMap™ program.
MetroMap™	Aerometrex Limited's subscription service for aerial imagery and other geospatial data types, under a DaaS model.
New Share	a Share which will be issued to a successful Applicant under the Offer.
Offer	the offer of 25,000,000 New Shares under this Prospectus.
Official List	the official list of the ASX.
Official Quotation	has the same meaning given to the term 'quotation' in the ASX Listing Rules.
Opening Date	the date this Prospectus is lodged with ASIC and the first date for receipt of Applications or such other date and time as the Directors in their absolute discretion, determine.
Photogrammetry	the science of taking measurements from photographs.
Privacy Act	<i>Privacy Act 1988</i> (Cth)
Prospectus	this prospectus.
RMSE	root mean square error, which is a statistical measure of accuracy incorporating a shift of the data mean from its true location as well as one standard deviation of variation.
Share	a fully paid ordinary share in the capital of Aerometrex.
Shareholder	the holder of a Share.
SIDS	a maintenance program established by the Cessna Aircraft company of Wichita Kansas USA to ensure the viability and safety of older Cessna aircraft.
US Person	has the meaning given to that term by Regulation S under the U.S. Securities Act of 1933.
Virtual Reality (VR)	an immersive viewing system for 3D data in which the user is presented with a digital environment created using 3D modelled data, usually via a set of goggles.