

**AZIANA LIMITED  
(TO BE RENAMED “BRAINCHIP HOLDINGS LTD”)  
ACN 151 159 812**

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**PROSPECTUS**

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For an offer of 20,063,695 Shares at \$0.157 per Share to raise \$3,150,000 (**Placement Offer**).

This Prospectus also contains an offer of the Consideration Shares to the BrainChip Shareholders (**Consideration Offer**) and separate offers for conversion of the funds drawn down under the D’Yquem Advance and Tripartite Advance (**Conversion Offers**).

The Placement Offer is fully underwritten by Metal X Limited and D’Yquem Investments Limited (together the **Underwriters**). Refer to Section 14.3 of this Prospectus for details regarding the terms of the Underwriting Agreements.

Completion of the Offers is conditional upon ASX conditional approval to re-admit the Shares to Official Quotation. No Shares will be issued pursuant to this Prospectus until such time as this condition is satisfied.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company’s activities.

**IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

**The Shares offered by this Prospectus should be considered highly speculative.**

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## 1. CORPORATE DIRECTORY

### Directors

Eric (Mick) Bolto  
*Non-Executive Chairman*

Neil Rinaldi  
*Current CEO, Executive Director*

Peter Cook<sup>1</sup>  
*Non-Executive Director*

### Additional Proposed Directors

Robert Mitro  
*Proposed CEO, Executive Director*

Peter van der Made  
*Proposed Chief Technology Officer,  
Executive Director*

Adam Osseiran  
*Proposed Non-Executive Director*

### Company Secretary

Scott Balloch

### Current ASX Code

AZK

### Proposed ASX Code

BRN

### Share Registry

Security Transfer Registrars Pty Limited  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

<sup>1</sup> To resign on Settlement of the Acquisition.

### Registered Office

Aziana  
Level 3, 18 – 32 Parliament Place  
West Perth, WA 6005

Telephone: + 61 8 9220 5750  
Facsimile: +61 8 9220 5757

Email: [admin@aziana.com.au](mailto:admin@aziana.com.au)  
Website: <http://www.aziana.com.au/>

### BrainChip

Email: [admin@aziana.com.au](mailto:admin@aziana.com.au)  
Website: <http://brainchipinc.com/>

### Investigating Accountant & Auditor

Somes Cooke  
Level 2  
35 Outram Street  
WEST PERTH WA 6005

### Solicitors to the Company

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

### Solicitors to BrainChip

Bellanhouse Legal  
Ground Floor, 11 Ventnor Avenue  
West Perth WA 6005

### Patent Lawyers

Wrays  
56 Ord Street  
West Perth WA 6005

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## **2. IMPORTANT NOTICE**

### **2.1 General**

This Prospectus is dated 18 August 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

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

### **2.2 Re-compliance Prospectus**

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

### **2.3 Investment Advice**

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

### **2.4 Conditional Offers**

The Offers are conditional on ASX conditional approval to re-admit the Shares to Official Quotation.

Accordingly, the Offers under this Prospectus are effectively inter-conditional on the successful completion of each other part of the Acquisition.

### **2.5 Expiry Date**

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

### **2.6 Website – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.aziana.com.au](http://www.aziana.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

There is no facility for the Offers to be accepted electronically or by applying online. Shares will not be issued under the electronic version of the Prospectus.



The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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

No document or information included on our website is incorporated by reference into this Prospectus.

## **2.7 Forwarding-looking statements and forecasts**

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

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

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

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Sections 5D and 9 of this Prospectus.

## **2.8 Photographs and Diagrams**

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

## **2.9 Defined terms**

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and

interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 17 of this Prospectus.

#### **2.10 Time**

All references to time in this Prospectus are references to Australian Western Standard Time.

#### **2.11 Risks**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section 9 of this Prospectus for details relating to risk factors.

#### **2.12 Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers, please call the Company Secretary, Scott Balloch on +61 8 9220 5750.

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### 3. INDICATIVE TIMETABLE\*

Lodgement of Prospectus with the ASIC	18 August 2015
Opening Date of Offers	18 August 2015
Closing Date of Offers	28 August 2015
Issue of Shares under the Offers	1 September 2015
Settlement of the Acquisition	1 September 2015
Despatch of holding statements	7 September 2015
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	15 September 2015
Re-quotation of Securities (including Shares issued under the Offers) on ASX	22 September 2015

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date of the Offers or close the Offers early without prior notice. The Company also reserves the right not to proceed with any of the Offers at any time before the issue of Shares to Applicants.*

*^ The above stated date for Settlement of the Acquisition is only a good faith estimate by the Directors and may have to be extended.*

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#### 4. CHAIRMAN'S LETTER

Dear Investor

The Board of Directors of Aziana Limited (to be renamed BrainChip Holdings Ltd) (**Company**) is pleased to present you with this Prospectus and the opportunity to increase your existing shareholding or to become a new shareholder in the Company as it transitions from its previous mineral and oil and gas explorations in Madagascar to focusing on developing and operating a neural computing technology business through its proposed acquisition of BrainChip Inc (**BrainChip**), a Delaware-incorporated company.

The Company has entered into the Acquisition Agreement with the BrainChip Shareholders to acquire all the BrainChip Shares. BrainChip is a Delaware incorporated company with operations in California that is at the forefront of neural computing technology. BrainChip is engaged in developing and operating a neural computing technology business (**Business**) and owns various patents and patent applications in relation to its Business.

Further to the advance of loan funds of \$500,000 to BrainChip announced on 19 May 2015, Aziana and BrainChip agreed to various unrelated lenders advancing funds of \$350,000 to BrainChip for further working capital under various tripartite loan agreements (**Tripartite Converting Loan Agreements**). The lenders have agreed to convert the Tripartite Converting Loan Agreements into Shares at the same price as the capital raising (\$0.157 per Share) upon Settlement of the Acquisition. The Tripartite Converting Loan Agreements total \$350,000 and have an interest rate of 15% per annum and a minimum term of 60 days.

A summary of the Acquisition Agreement and other material agreements to the Acquisition, including the D'Yquem Convertible Loan Agreement and Tripartite Converting Loan Agreements, are outlined in Section 14 of this Prospectus. Pursuant to receiving funds under the D'Yquem Convertible Loan Agreement and Tripartite Converting Loan Agreements, the Company has revised its total capital raising and is now seeking to raise \$3,150,000 through the issue of 20,063,695 Shares at a price of \$0.157 per Share (**Placement Offer**). The Placement Offer remains fully underwritten following the Company entering into revised underwriting agreements with Metal X Limited and D'Yquem Investments.

Pursuant to the Acquisition Agreement, the Company will issue Shares to the BrainChip Shareholders as part of the consideration to acquire BrainChip. This Prospectus also contains an offer of the Consideration Shares to the BrainChip Shareholders (**Consideration Offer**).

This Prospectus also contains an offer for the issue of Shares pursuant to the conversion of loans provided to the Company and BrainChip by D'Yquem Investments Limited and the Tripartite Advance lenders (**Conversion Offers**).

I commend the Company and its new direction to you and encourage you to consider the Placement Offer.

Investors should be aware of the potential risks inherent in this investment which are fully detailed in this Prospectus. Before making your decision to invest, I ask that you carefully read this Prospectus and seek professional advice if required.

Yours sincerely



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**Eric (Mick) Bolto**  
**Non-Executive Chairman**

## 5. INVESTMENT OVERVIEW

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

Item	Summary	Further information
<b>A. Company</b>		
Who is the issuer of this Prospectus?	Aziana Limited (ACN 151 159 812) (ASX:AZK)	Section 6.1
Who is AZK?	<p>AZK listed on the ASX on 9 November 2011 as an explorer focussed on gold and bauxite opportunities.</p> <p>Since listing, the Company has been a mineral and oil and gas explorer, with a specific focus on exploration for Bauxite, Graphite and Copper/Gold in Madagascar.</p> <p>The Company has three mineral projects in Madagascar, being the Manantenina Bauxite Project, the Anosivola Copper-Gold Project and the Antanisoa Graphite Project. In accordance with Shareholder approval obtained at the Annual General Meeting of the Company held on 27 May 2015, the Company intends to sell its interest in the Manantenina Bauxite Project following Settlement of the Acquisition.</p> <p>As announced on 18 March 2015 and on 17 June 2015, the Company has entered into a binding terms sheet with BrainChip and the BrainChip Shareholders for the option to acquire, via a new wholly owned Delaware based subsidiary of AZK named 'AZ Merger Subsidiary, Inc' (<b>US Subsidiary</b>) and by way of merger in accordance with the Delaware Merger Law, 100% of the BrainChip Shares, including BrainChip's business and assets (<b>Acquisition Agreement</b>).</p> <p>The Company announced to ASX on 8 April 2015 that it had exercised its option to acquire BrainChip and that AZK and BrainChip had completed all material aspects of their due diligence.</p>	Section 6.1
How will the Acquisition be implemented?	The Company called the General Meeting, held on 30 July 2015, to seek the approval of its Shareholders to the change in focus from its exploration projects to developing and	Sections 6.2, 6.5 and 6.6

Item	Summary	Further information
	<p>operating a neural computing technology business.</p> <p>At the General Meeting, Shareholders approved resolutions relating to the change in the nature and scale of the Company's activities, as well as resolutions required for Settlement of the Acquisition and undertaking the Offers.</p> <p>The Company intends to divest of, or allow to lapse, any of its remaining minerals projects including the Manantenina Bauxite Project, the Anosivola Copper-Gold Project and the Antanisoa Graphite leases following Settlement of the Acquisition and to focus on the development and commercialisation of the BrainChip SNAP Technology. As such, the Remaining Projects are not considered material in the context of the Offers.</p> <p>AZK will change its name to "BrainChip Holdings Ltd" on Settlement of the Acquisition, which in the Board's opinion will be better suited to the Company's new strategic direction.</p>	
Who is BrainChip?	BrainChip is a Delaware incorporated company with operations in California that are at the forefront of neural computing technology. BrainChip's primary focus is its SNAP technology and the company holds various patents and patent applications in relation to its business.	Sections 6.4 and 8
<b>B. Business Model</b>		
How will AZK generate income?	<p>Following Settlement of the Acquisition, AZK intends to develop and subsequently license the SNAP technology designs to potential technology partners.</p> <p>The Company anticipates that these potential technology partners will design and manufacture chips utilising the SNAP technology. The chip/s may then be incorporated into digital electronic products, which are then sold.</p> <p>BrainChip anticipates that it will generate income through receiving:</p> <ul style="list-style-type: none"> <li>(a) an upfront licensing fee; and</li> <li>(b) royalties, typically based on a</li> </ul>	Sections 8.2 and 8.3

Item	Summary	Further information
	<p>percentage of the chip price or product, for every chip/product sold using SNAP technology.</p> <p>(c) In certain instances and as required by potential technology partners a Non Recurring Engineering (NRE) fee where BrainChip provides engineering assistance to assist in the end design of a clients' application.</p>	
What are the key business strategies of AZK?	Upon successful Settlement of the Acquisition, the Company will focus on the further development of its SNAP technology and licensing the SNAP technology designs with potential technology partners.	Sections 8.2 and 8.3
What are the key dependencies of AZK's business model?	<p>The key factors that AZK will depend on to meet its objectives are:</p> <p>(a) ability to protect its intellectual property in the SNAP technology;</p> <p>(b) retaining key personnel;</p> <p>(c) competition; and</p> <p>(d) appropriate funding to support its business plan.</p>	Section 8.3
<b>C. Key Investment Highlights</b>		
What are the key investment highlights?	<p>The Directors and Proposed Directors are of the view that an investment in the Company provides the following non-exhaustive list of key highlights:</p> <p>(a) represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's Shares;</p> <p>(b) represents an attractive investment opportunity for the Company to change its business focus to that of a technology company;</p> <p>(c) the Company will obtain ownership of BrainChip and its patented SNAP Technology providing the Company an opportunity to diversify its interests;</p>	Section 6.3



Item	Summary	Further information
	<p>(d) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisition which may aid in the development of the BrainChip Business;</p> <p>(e) the Company will be managed by directors and officers with significant experience in the neural computing technology sector with a view to guiding the Company to be a significant player in that sector.</p>	
<b>D. Key Risks</b>		
What are the key risks of an investment in AZK?	<p>The business, assets and operations of the Company, including after Settlement of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.</p> <p>Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows:</p> <p>(a) <b>Re-Quotation of Shares on ASX</b></p> <p>The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.</p>	Section 9

Item	Summary	Further information
	<p>(b) <b>Technology risks</b></p> <p>The technologies for ANNs (<b>Artificial Neural Networks</b>) are still an immature market in a commercial sense. Adaptations of ANN's into software and hardware are relatively new and there is little in the way of commercial implementations as a technology platform, rather specific applications have been developed in large scale computing environments. The risk in relation to this is that as there is a lack of a clear dominant technology, the 'best' technology may not be the most commercially successful one.</p> <p>BrainChip may need to be able to scale up to large implementations but also remain effective at a small scale, or in the future, to scale down further. With increasing focus on mobility and the potential of 'Internet of Things' connected devices and goods, reducing the scale of BrainChip's ANN technology may well need to effectively scale down to meet future market needs. If this 'scale down' cannot be achieved it may place future adoption of the technology at risk.</p> <p>(c) <b>BrainChip's intellectual property</b></p> <p>BrainChip has lodged full patents only in the US and has not pursued a Patent Cooperation Treaty. This creates a risk for BrainChip in its inability to enforce any infringements against their patents outside the US.</p> <p>BrainChip has lodged and been granted an Innovation Patent in Australia. Innovation patents are 'second tier' patents that have not been examined by IP Australia for validity. Accordingly, there is a risk for BrainChip is that this patent will only be enforceable in court in Australia once it has been examined and accepted by IP Australia, a process which can take some time and incur additional costs.</p>	

Item	Summary	Further information
	<p>(d) <b>Foreign currency and exchange rate fluctuations</b></p> <p>The Company's financial reports are prepared in Australian dollars. Following completion of the Acquisition, a significant portion of the Company's operating expenses and costs will be denominated in US dollars. Any revenue received by the Company from the successful implementation of its business plan would likely largely be denominated in US dollars. The Company will also hold a portion of its cash balance in US dollars at any given time.</p> <p>The Company is raising funds in Australian dollars. Any adverse movements in the Australian dollar against the US dollar may affect the Company's current budget and lead to the Company requiring further capital.</p> <p>Although steps may be undertaken to manage currency risk (e.g. via hedging strategies), adverse movements in the Australian dollar against the US dollar may have an adverse impact on the Company, and lead to the Company requiring further capital. The Company does not currently hedge against this currency risk.</p> <p>(e) <b>Additional requirements for capital</b></p> <p>The funds to be raised under this Prospectus are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including in relation to BrainChip) to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. Further additional financing will be required if the Board determines to</p>	

Item	Summary	Further information
	<p>accelerate the development of the Company's technology.</p> <p>(f) <b>Market risks</b></p> <p>Due to the early stage nature of ANNs in the marketplace, there is no single paradigm on what the best method is for achieving commercial success. The risks involved are intimately intertwined with that of the SNAP technology being at an early commercialisation stage and the potential for significant investment into less effective technologies by large businesses and governments. That is, the risk of less effective technologies creating a business environment where the SNAP technology is only a 'niche player' with niche applications.</p> <p>(g) <b>Competition and new technologies</b></p> <p>While BrainChip may have a technology that is at the leading edge of ANN thinking, this does not preclude other alternative ideas of technologies being developed and overtaking the SNAP technology in performance or utility. This is a risk as there is significant investment by large internet businesses in the area of machine learning. This investment in machine learning by existing companies may promote development of improved technologies which could provide a significant commercial threat to BrainChip's commercialisation pathway. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which may positively or negatively affect the operating and financial performance of the SNAP technology.</p> <p>(h) <b>Changing Market Needs</b></p> <p>The Company's prospects will also depend on the Company's ability to develop and protect the SNAP technology that meets changing</p>	

Item	Summary	Further information
	market needs and addresses the technological advances and competitiveness of other companies operating in the markets targeted by the Company.	
<b>E. Directors and Key Management Personnel</b>		
Who are the Directors and Proposed Directors?	<p>It is proposed that upon Settlement of the Acquisition:</p> <p>(a) Robert Mitro, Peter van der Made and Adam Osseiran will be appointed to the Board;</p> <p>(b) Eric (Mick) Bolto and Neil Rinaldi will remain on the Board; and</p> <p>(c) Peter Cook will resign from the Board.</p> <p>The profiles of each of the Directors and Proposed Directors are set out in Section 10.3. Details of the personal interests of each of the above individuals are set out in Section 10.4.</p>	Section 10
<b>F. Financial Information</b>		
How has AZK been performing?	The reviewed statement of financial position for AZK as at 31 March 2015 is set out in the Investigating Accountant's Report in Section 11.	Section 11
What is the financial outlook for AZK?	The reviewed pro-forma statement of financial position for AZK as at 31 March 2015 (which assumes Settlement of the Acquisition) is set out in the Investigating Accountant's Report in Section 11.	Section 11
Does AZK have sufficient funds for its activities?	The funding for AZK's short to medium term activities will be generated from a combination of the money raised under the Placement Offer and existing cash reserves.	Sections 7.5 and 11
<b>G. Offers</b>		
What is the purpose of the Placement Offer?	<p>The purpose of the Placement Offer is to position the Company to seek to achieve the objectives set out below in Section 7.1 and to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules.</p> <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of</p>	Section 7.1

Item	Summary	Further information
	<p>seeking ASX's approval for reinstatement of the Company's Shares to quotation following the continuing suspension following the General Meeting.</p> <p>The purpose of the Placement Offer is also to provide sufficient working capital to meet the Company's anticipated overhead and administration expenses over the next 12 months.</p> <p>On completion of the Placement Offer and raising of the \$3,150,000, the Board believes the Company will have sufficient working capital to achieve these objectives.</p> <p>The Company intends to apply funds raised from the Placement Offer, together with existing cash reserves and any funds drawn down under the D'Yquem Advance and the Tripartite Advance, over the first 12 months following reinstatement of the Company to quotation on the official list of ASX in the manner set out in the table in Section 7.5.</p>	
What is the purpose of the Consideration Offer?	The purpose of the Consideration Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Consideration Shares.	Section 7.2
What is the purpose of the Conversion Offers?	The purpose of the Conversion Offers is for conversion of the funds drawn down by the Company under the D'Yquem Advance, and BrainChip under the Tripartite Advance, into Shares and to remove the need for an additional disclosure document to be issued upon the sale of any Shares issued pursuant to the Conversion Offers.	Sections 7.3, 14.6 and 14.7
Is the Placement Offer underwritten?	<p>The Placement Offer is fully underwritten. Metals X has agreed to underwrite \$2,650,000 and D'Yquem has agreed to underwrite \$500,000 of the Placement Offer, on a pro rata basis as between themselves.</p> <p>The Shares under the Placement Offer will be placed at the discretion of the Directors in consultation with the Underwriters. Accordingly, you should not complete an Application Form in relation to the Placement Offer unless specifically directed to do so by the Underwriters or the Company.</p>	Sections 7.1(b) and 14.3
Will the	Yes the Underwriters will be paid a fee of 6% of	Section

Item	Summary	Further information
Underwriters be paid a fee?	funds raised under the Placement Offer for underwriting the Placement Offer.	14.3
What is being offered and who is entitled to participate in the Offers?	AZK will be offering under the Placement Offer 20,063,695 Shares at an issue price of \$0.157 per Share to raise \$3,150,000. The Consideration Offer is made to the BrainChip Shareholders. Accordingly, you should not complete an Application Form in relation to the Consideration Offers unless specifically directed to do so by the Company.	Section 7
What will AZK's capital structure look like after completion of the Offers and the Acquisition?	Refer to Section 8.9 for a pro forma capital structure following Settlement of the Acquisition and completion of the Offers.	Section 8.9
Will I be guaranteed a minimum allocation under the Placement Offer?	No, the Company is not in a position to guarantee a minimum application of Shares under the Placement Offer.	Section 7.1
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offers are set out in Section 14.2.	Section 15.2
Will any Securities be subject to escrow?	<p>Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities (including those issued under the Consideration Offer) on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>All or a proportion of the Consideration Shares may be restricted from trading for a period of up to 24 months after the date of re-admission of the Company to the Official List.</p>	Section 8.11
Will the Shares	Application for quotation of all Shares that are to be listed to be issued under the Offers will	Section 7.9



Item	Summary	Further information
be quoted?	be made to ASX no later than 7 days after the date of this Prospectus.	
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in Section 3.	Section 3
What is the minimum investment size under the Placement Offer?	Applications under the Placement Offer must be for a minimum of \$2,000 worth of Shares (12,739 Shares) and thereafter, in multiples of \$200 worth of Shares (1,274 Shares).	Section 7.1(c)
Are there any conditions to the Offers?	<p>The Offers are conditional on ASX conditional approval to re-admit the Shares to Official Quotation.</p> <p>If this Condition is not satisfied, the Acquisition and the Offers will not proceed.</p>	Section 2.4
<b>H. Use of proceeds</b>		
How will the proceeds of the Placement Offer be used?	<p>The Placement Offer proceeds will be used for:</p> <ul style="list-style-type: none"> <li>• expenses of the Offers;</li> <li>• engineering development;</li> <li>• research and development;</li> <li>• sales and marketing; and</li> <li>• operating expenses/working capital of the Company.</li> </ul>	Section 7.5 and 15.9
<b>I. Additional information</b>		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offers.	
What are the tax implications of investing in Shares?	The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	Section 7.6
Where can I find more information?	<ul style="list-style-type: none"> <li>• By speaking to your sharebroker, solicitor, accountant or other independent professional adviser</li> </ul>	



Item	Summary	Further information
	<ul style="list-style-type: none"><li>• By reviewing AZK's public announcements, which are accessible from ASX's website at <a href="http://www.asx.com.au">http://www.asx.com.au</a> under the ASX code "AZK"</li><li>• By visiting AZK's website at <a href="http://www.aziana.com.au/">http://www.aziana.com.au/</a></li><li>• By visiting BrainChip's website at <a href="http://brainchipinc.com/">http://brainchipinc.com/</a></li><li>• By contacting Scott Balloch, AZK's Company Secretary, on +61 8 9220 5750</li><li>• By contacting the Share Registry on +61 8 9315 2333.</li></ul>	

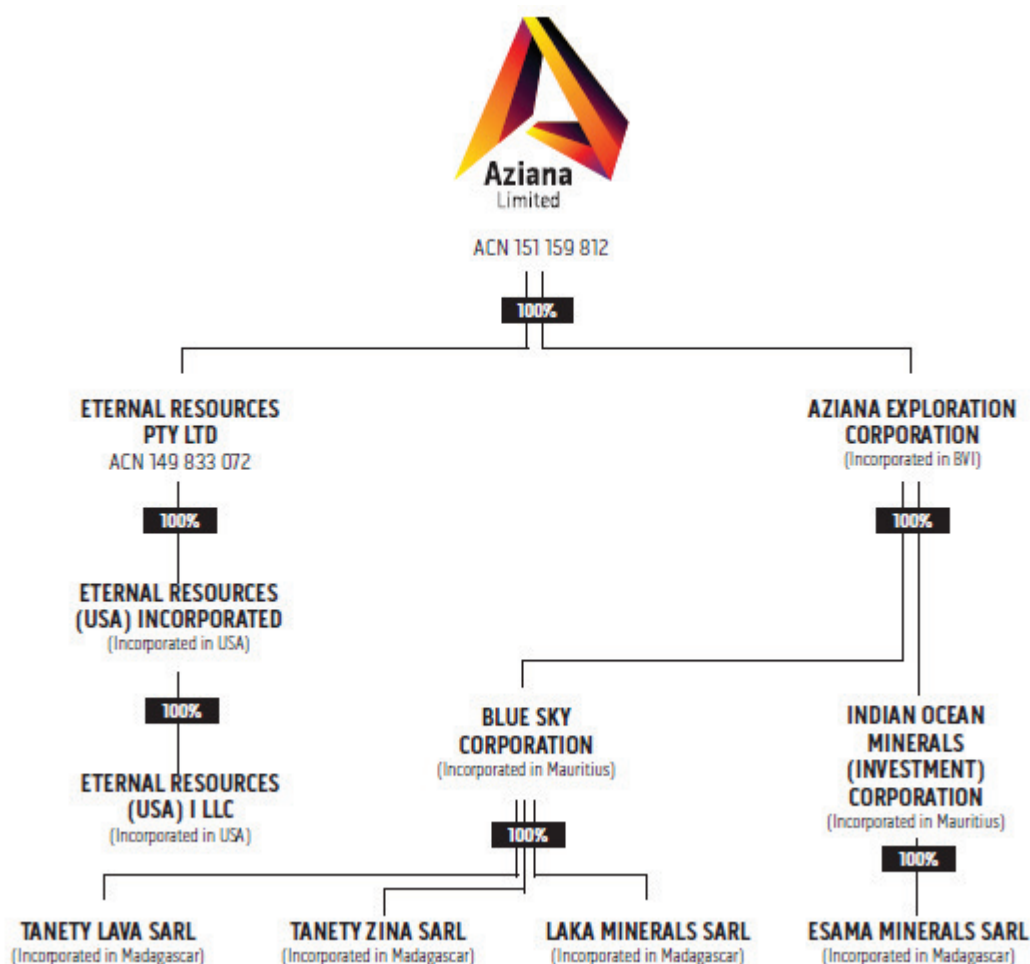
## 6. TRANSACTION OVERVIEW

### 6.1 The Company

The Company was incorporated on 30 May 2011 and was admitted to the official list of the ASX on 9 November 2011. Aziana is a Perth based company with its existing principal focus being mineral and oil and gas exploration.

Since listing, the Company has focussed on mineral exploration in Madagascar and oil and gas exploration in Louisiana, USA. The Company has three mineral projects in Madagascar, being the Manantenina Bauxite Project, the Anosivola Copper-Gold Project and the Antanisoa Graphite Project. In accordance with Shareholder approval obtained at the Annual General Meeting of the Company held on 27 May 2015, the Company intends to sell its interest in the Manantenina Bauxite Project following Settlement of the Acquisition.

The current corporate structure of the Company is as follows:



Eternal Resources Pty Ltd, Aziana Exploration Corporation, Blue Sky Corporation, Indian Ocean Minerals (Investment) Corporation and Eternal Resources (USA) Incorporated are holding companies of Aziana. Tanety Lava SARL conducts mineral exploration in Madagascar and owns the Anosivola copper/gold project and Antanisoa graphite project. Tanety Zina SARL conducts mineral exploration in Madagascar. Esama Minerals SARL conducts mineral exploration in Madagascar and owns the Manantenina Bauxite Project. Eternal Resources (USA) I LLC is the holder of an over-riding royalty interest on Louisiana oil and gas leases sold in 2014 and Laka Minerals SARL is dormant and does not hold any assets.

Pursuant to its continuous disclosure obligations, the Company has kept the market fully informed and updated in relation to its projects. Details of these projects and the work done to date are available on the Company's ASX announcements platform. Details of the Company's most recent activities in these areas are set out in its Annual Report lodged with ASX on 26 March 2015 and its Quarterly Activities Report lodged with ASX on 30 April 2015.

In addition to its principal business activities, the Company has been evaluating alternative corporate opportunities, both in Australia and overseas, which have the potential to deliver strong future growth for Shareholders. Following Settlement of the Acquisition, the Board will seek to divest of its Remaining Projects or allow them to lapse.

## 6.2 The Acquisition

As announced on 18 March 2015 and on 17 June 2015, the Company has entered into a binding terms sheet with BrainChip Inc, a company incorporated in Delaware, USA (**BrainChip**) and the BrainChip Shareholders for the option to acquire, via a new wholly owned Delaware based subsidiary of AZK named 'AZ Merger Subsidiary, Inc' (**US Subsidiary**) and by way of merger in accordance with the Delaware Merger Law, 100% of the BrainChip Shares including BrainChip's business and assets (**Acquisition Agreement**).

The Company announced to ASX on 8 April 2015 that it had exercised its option to acquire BrainChip and that AZK and BrainChip had completed all material aspects of their due diligence.

Upon successful Settlement of the Acquisition, the Company will focus on commercialising the SNAP technology. A more detailed summary of the SNAP technology and the proposed business of the Company following Settlement is set out in Section 8.

## 6.3 Key investment highlights

The Directors and Proposed Directors are of the view that an investment in the Company provides the following non-exhaustive list of key highlights:

- (a) represents an attractive investment opportunity for the Company to change its business focus to that of a technology company;
- (b) represents a significant opportunity for the Company to increase the scale of its activities, which should increase the number and size of the investor pool that may invest in the Company's Shares;
- (c) the Company will obtain ownership of BrainChip's SNAP Technology providing the Company an opportunity to diversify its interests to include BrainChip which is engaged in the business of developing and operating a microchip technology business in the United States of America;
- (d) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisition which may aid in the development of the BrainChip Business; and
- (e) the Company will be managed by directors and officers with significant experience in the neural computing technology and neural cognitive computing science sectors with a view to guiding the Company to be a significant participant in those sectors.

## 6.4 Business Summary

BrainChip is a Delaware incorporated company with operations in California that are at the forefront of neural computing technology. BrainChip is engaged in developing and operating a neural computing technology business (**Business**).

BrainChip's technology has been in research and development since 2004 by its inventor, Peter van der Made. Peter has been involved in computer innovation for 40 years and has achieved significant commercial success. He invented one of the earliest high resolution colour graphics accelerator chips for the IBM personal computer, as well as a computer immune system that was ultimately acquired by Internet Security Systems (ISS, later IBM-ISS) where he was appointed Chief Scientist in 2002.

Mr van der Made's goal was to develop technology to redefine how processing works within artificial neural networks (ANNs).

BrainChip participates in the cognitive neural computing sector. The cognitive neural computing sector is focused on using ANNs to recognize patterns in vast amounts of data, such as that found in image and sound processing, internet usage profiles, robot control, gaming, forecasting, and biometrics (voice and facial recognition) to name a few.

The cognitive neural computing sector is made up of a significant number of well-known and well resourced companies including Cisco, IBM, Intel, Google, Microsoft, nVidia, Qualcomm and Samsung.

BrainChip is uniquely positioned within the cognitive neural computing sector as a developer of a fast digital "hardware only" solution that simulates analogue processes and learns, with testing to date showing significantly higher performance and lower power consumption as opposed to the software solutions that are available to the industry today.

Following completion of the Acquisition and successful scaling of its technology, BrainChip will look to commercialise its technology through licensing, royalties, non-recurring engineering (NRE) and selling development kits. BrainChip intends to create value by licensing its intellectual property to technology partners who will develop BrainChip-based semiconductor chips and subsequent products. BrainChip's partners are expected to incorporate BrainChip's designs alongside their own technology to create smart, energy-efficient chips and products.

Please refer to Section 8, for a more detailed summary of BrainChip's SNAP technology and the Company's proposed business following Settlement of the Acquisition.

## 6.5 Suspension and Re-admission to ASX

As AZK is currently focussed on mineral exploration, the Acquisition, if successfully completed, will represent a significant change in the nature and scale of AZK's operations to a technology company focused on developing BrainChip's Business, including the SNAP technology.

ASX has indicated that this change in the nature and scale of Aziana's activities will require:

- (a) the approval of Shareholders; and

- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Aziana applied for voluntary suspension of the Shares with effect from the close of the General Meeting held on 30 July 2015. The Shares will not be reinstated to Official Quotation until Aziana has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the “assets test” as set out in ASX Listing Rule 1.3.

It is expected that the conduct of the Offers pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit or admit any Shares to Official Quotation until AZK re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List. In the event that AZK does not receive conditional approval for re-admission to the Official List, AZK will not proceed with the Offers and will repay all Application monies received by it in connection with this Prospectus (without interest).

If Shareholder approval to the change in nature and scale of AZK’s activities is not obtained, the trading halt will end after the results of the General Meeting have been announced to the market and trading in Shares will thereupon re-commence.

## **6.6 Change of Name**

The Company will change its name to “BrainChip Holdings Ltd” on Settlement of the Acquisition, which in AZK’s opinion will be better suited to AZK’s new strategic direction.

An overview of the Company’s business following Settlement of the Acquisition is set out in Section 8.

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## 7. DETAILS OF THE OFFER

### 7.1 The Placement Offer

Pursuant to this Prospectus, the Company will be offering 20,063,695 Shares at an issue price of \$0.157 per Share to raise \$3,150,000.

Section 8.9 of this Prospectus contains a pro forma capital structure (following Settlement of the Acquisition and issue of the Shares the subject of the Offers).

The Shares offered under the Placement Offer will rank equally with the existing Shares on issue. Refer to Section 15.2 for a summary of the terms of Shares.

(a) **Minimum subscription**

The minimum subscription is the full subscription of \$3,150,000 for the Placement Offer.

(b) **Underwriting**

The Placement Offer is fully underwritten. Metals X has agreed to underwrite \$2,650,000 and D'Yquem has agreed to underwrite \$500,000 of the Placement Offer, on a pro rata basis as between themselves. For more information about the underwriting please refer to Section 14.3.

(c) **Minimum application amount**

Applications under the Placement Offer must be for a minimum of \$2,000 worth of Shares (12,739 Shares) and thereafter, in multiples of \$200 worth of Shares (1,274 Shares).

(d) **Eligible participants**

To participate in the Placement Offer you must be a resident of Australia, Singapore or Hong Kong. See Section 7.11 for further details.

The Shares under the Placement Offer will be placed to investors at the discretion of the Directors in consultation with the Underwriters. Accordingly to participate in the Placement Offer, you must be invited by Aziana or the Underwriters.

You should not complete an Application Form in relation to the Placement Offer unless specifically directed to do so by the Underwriters or Aziana.

(e) **Quotation and trading**

Application for quotation of the Shares issued under the Placement Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.9 for further details.

No Shares issued pursuant to the Placement Offer will be subject to any escrow requirement by the ASX.

## 7.2 Consideration Offer

This Prospectus also includes an offer of up to 353,605,500 Shares to be issued to the BrainChip Shareholders pursuant to the Acquisition Agreement as part consideration for the acquisition by the Company of 100% of the issued capital of BrainChip (**Consideration Offer**).

The material terms and conditions of the Acquisition Agreement are summarised at Section 14.1 of this Prospectus.

Application for quotation of the Shares issued under the Consideration Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.9 for further details.

Only the BrainChip Shareholders (or their nominees) may accept the Consideration Offer. A personalised Application Form in relation to the Consideration Offer will be issued to the relevant BrainChip Shareholders (or their nominees) together with a copy of this Prospectus.

The Shares issued under the Consideration Offer may be subject to escrow under the ASX Listing Rules. Please refer to Section 8.11 for a summary of the likely escrow position.

## 7.3 Conversion Offers

This Prospectus also includes an offer of Shares for conversion of the funds drawn down by the Company under the D'Yquem Advance and BrainChip under the Tripartite Advance to be issued to D'Yquem and various unrelated lenders pursuant to the D'Yquem Converting Loan Agreement and the Tripartite Converting Loan Agreements (**Conversion Offers**).

The material terms and conditions of the D'Yquem Converting Loan Agreement are summarised at Section 14.6 of this Prospectus. The material terms and conditions of the Tripartite Converting Loan Agreements are summarised at Section 14.7 of this Prospectus.

Application for quotation of the Shares issued under the Conversion Offers will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.9 for further details.

Only D'Yquem and the Tripartite Advance lenders may accept the Conversion Offers. A personalised Application Form in relation to the Conversion Offers will be issued to each of D'Yquem and Tripartite Advance lenders together with a copy of this Prospectus.

## 7.4 Purpose of the Offers

The primary purpose of the Placement Offer is to:

- (a) assist AZK to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (e.g. Shareholder spread) (see Section 6.5 for further details);
- (b) to provide the Company with additional funding to progress the commercialisation, development and marketing of the SNAP technology and the BrainChip Business and provide the Company with sufficient working capital to meet its anticipated overhead and administrative expenses over the next 12 months; and

- (c) remove the need for an additional disclosure document to be issued upon the sale of any Share that is to be issued under the Placement Offer by retail investors.

AZK intends on applying the funds raised under the Placement Offer along with its current cash reserves in the manner detailed in Section 7.5.

The purpose of the Consideration Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Consideration Shares.

The purpose of the Conversion Offers is for conversion of the funds drawn down by the Company under the D'Yquem Advance and BrainChip under the Tripartite Advance into Shares and to remove the need for any additional disclosure document to be issued upon the sale of any Shares issued pursuant to the Conversion Offers.

## 7.5 Use of Funds

AZK intends to apply funds raised from the Placement Offer, together with existing cash reserves, over the next 12 months following re-admission to the Official List of the ASX (for the purpose of satisfying ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) as follows:

	Funds to be raised under Placement Offer (\$3,150,000)	Percentage of Funds
Existing cash reserves <sup>1</sup>	\$127,000	2.39%
Funds raised from the Placement Offer	\$3,150,000	97.61%
<b>TOTAL</b>	<b>\$3,277,000</b>	<b>100%</b>
Expenses of the Offers <sup>2</sup>	\$627,000	19.13%
Engineering development	\$1,275,000	38.91%
Research and development	\$732,000	22.34%
Sales and marketing	\$20,000	0.61%
Working capital and corporate administration	\$623,000	19.01%
<b>TOTAL</b>	<b>\$3,277,000</b>	<b>100%</b>

### Notes:

- 1 Refer to the Investigating Accountant's Report set out in Section 11 of this Prospectus for further details. \$500,000 of this amount is made up of the D'Yquem Advance and \$350,000 is made up of the Tripartite Advance. Refer to Sections 14.6 and 14.7 of this Prospectus for summaries of the agreements pursuant to which these funds have been advanced.
- 2 Refer to Section 15.9 of this Prospectus for further details in relation to the expenses of the Offers.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be



applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 9).

The Board believes that the funds raised from the Placement Offer, combined with existing funds will provide AZK with sufficient working capital at anticipated expenditure levels to achieve its objectives set out in this Prospectus.

## **7.6 Taxation**

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

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

## **7.7 Applications**

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

Completed Application Forms must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by:

- (a) in respect of the Placement Offer – no later than 5.00pm (WST) on the Placement Offer Closing Date, which is currently scheduled to occur on 24 August 2015; and
- (b) in respect of the Consideration Offer – no later than 5.00pm (WST) on the Consideration Offer Closing Date, which is currently scheduled to occur on 24 August 2015.

Applications under the Placement Offer must be accompanied by payment in full in Australian currency by cheque or direct debit in accordance with the instructions set out in the Application Form. As stated above, the Shares under the Placement Offer will be placed to investors decided by the Company and the Underwriters. Accordingly, to participate in the Placement Offer, you must be invited by Aziana or the Underwriters and you should not complete an Application Form in relation to the Placement Offer unless specifically directed to do so by the Underwriters or Aziana.

Participation in the Consideration Offer is personal and personalised Application Forms in relation to the Consideration Offer will be issued to the relevant participants together with a copy of this Prospectus.

Participation in the Conversion Offer is personal and personalised Application Forms in relation to the Conversion Offer will be issued to the relevant participants together with a copy of this Prospectus.

The Company reserves the right to close the Offers early.

If you require assistance in completing an Application Form, please contact the Share Registry on +61 8 9315 2333.

## **7.8 Issue of Shares and Allocation Policy**

### **(a) General**

Subject to the satisfaction of the Condition (see Section 2.4), the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date and in accordance with the timetable set out in Section 3.

### **(b) Placement Offer**

The allocation of Shares under the Placement Offer will be determined by the Board in their absolute discretion in consultation with the Underwriters.

To participate in the Placement Offer, you must be invited by Aziana or the Underwriters and you should not complete an acceptance form in relation to the Placement Offer unless specifically directed to do so by the Underwriters or Aziana.

There is no guaranteed allocation of Shares under the Placement Offer.

The Board reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application monies will be refunded (without interest) to the Applicant as soon as practicable after the Placement Offer Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

### **(c) Consideration Offer**

The Consideration Offer is a personal offer to the BrainChip Shareholders. As such, Shares offered under those Offers will be allocated and issued to those parties (or their respective nominees) only.

Subject to satisfaction of the Conditions, allocations under the Consideration Offer are guaranteed.

### **(d) Conversion Offers**

The Conversion Offer is a personal offer to D'Yquem and the Tripartite Advance lenders. As such, Shares offered under those Offers will be allocated and issued to those parties (or their respective nominees) only.

### **(e) Defects in Applications**

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its

discretion, still treat the Application Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

(f) **Interest**

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

**7.9 ASX listing**

AZK will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until AZK has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 6.5). As such, the Shares may not be able to be traded for some time after the close of the Offers.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by the ASIC, or if ASX otherwise rejects AZK's application for re-admission to the Official List (see Section 6.5), AZK will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances AZK is unlikely to proceed with the Acquisition.

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

**7.10 Clearing House Electronic Sub-Register System and Issuer Sponsorship**

AZK participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by AZK.

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

Electronic sub-registers also mean ownership of Shares can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in AZK during the preceding month. Shareholders may request a holding statement at any other time, however a charge may be made for such additional statements.

## 7.11 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Shares in any place or jurisdiction, 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 of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

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

If you are outside Australia, it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by AZK to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. Other than Australia, this Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

### **Singapore**

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's securities, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **Hong Kong**

WARNING: This Prospectus has not been, and will not be, registered as a Prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of (CWUMP) Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" (as defined in the SFO) or (b) in other circumstances which do not result in the document being a "Prospectus" as defined in the CWUMP or which do not constitute an offer to the public within the meaning of the CWUMP.

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person issued Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

#### **7.12 Enquiries**

If you have any queries in relation to the Offers, please contact Scott Balloch, the Company Secretary on +61 8 9220 5750.

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## 8. COMPANY OVERVIEW

### 8.1 Business Overview

As detailed in Section 6.1, since listing, the Company has focused on mineral and oil and gas exploration, with its principal focus being on minerals exploration in Madagascar. Further information can be found on AZK's website, <http://www.aziana.com.au>.

As announced on 18 March 2015 and on 17 June 2015, the Company entered into the Acquisition Agreement with BrainChip and the BrainChip Shareholders for the option to acquire, via a new wholly owned Delaware based subsidiary of AZK, AZ Merger Subsidiary, Inc and by way of merger in accordance with the Delaware General Corporation Law, 100% of the BrainChip Shares, including BrainChip's business and assets.

The Company announced to ASX on 8 April 2015 that it had exercised its option to acquire BrainChip and that AZK and BrainChip had completed all material aspects of their due diligence. A summary of the Acquisition Agreement is set out in Section 14.1.

The terms of the Acquisition Agreement were negotiated by the Company and vendors of BrainChip on an arms' length basis.

### 8.2 BrainChip

#### (a) Background on BrainChip

BrainChip was incorporated in December 2013 in Delaware, USA. It is based in California, with operations that are at the forefront of neural computing technology.

BrainChip's technology has been in research and development since 2004 by its inventor, Peter van der Made. Peter has been involved in computer innovation for 40 years and has achieved significant commercial success. He invented one of the earliest high resolution colour graphics accelerator chips for the IBM personal computer, as well as a computer immune system that was ultimately acquired by Internet Security Systems (ISS, later IBM-ISS) where he was appointed Chief Scientist in 2002.

Mr van der Made's goal was to develop technology to redefine how processing works within artificial neural networks (**ANNs**).

Shareholders should note that BrainChip has no trading history and that there are risks, uncertainties, expenses and challenges associated with BrainChip being an early-stage business. These are set out in Section 9 of this Prospectus.

#### (b) The human brain vs computer processing

The brain computes information in a very different manner to a digital computer. In a computer the processor is a digital 'mill' that picks up instructions from a program and applies them to data that is stored in memory. This process continues as long as the machine is switched on. When a computer is switched on but not in use it is executing program loops that wait for something to happen. The processor is constantly accessing memory and executing instructions.

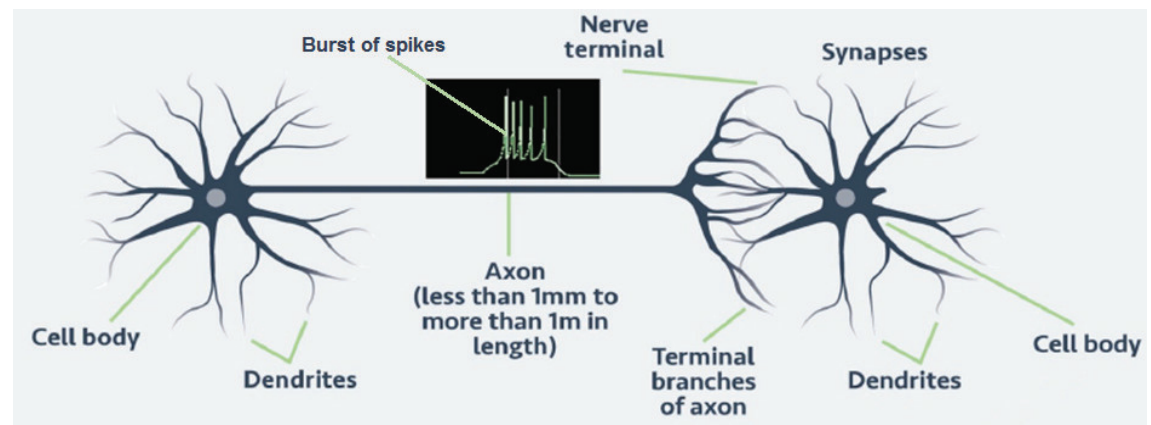


Computers, such as desktop PCs, run through a program one instruction at a time (i.e. sequentially). All the data has to pass through the processor as it is performing operations on this data and storing the results back in memory. This makes the processor a bottle-neck while large amounts of data are being processed.

The brain is more efficient than that. It consists of specialized nerve cells that communicate with one another in short electrical impulses called 'spikes'. The nerve cells only consume energy when spikes are generated. The nerve cells are called 'neurons'.

Each neuron is made up of a cell body (the central mass of the cell) with a number of connections coming off it: numerous 'dendrites' (these are the cell's inputs - carrying information toward the cell body) and a single axon (the cell's output - carrying information away).

The contact points where one neuron communicates with another are known as 'synapses'. A chemical marker (called a neurotransmitter) is pushed out of the synapses when a spike arrives. Two neurons communicating is diagrammatically represented below:



A normal computer processor is made of many tiny switching devices called transistors. The transistors are wired in relatively simple, sequential chains (each one is connected to maybe two or three others), whereas the neurons in a brain are densely interconnected in complex, parallel ways (each one is connected to perhaps 10,000 of its neighbours).

Analogue and digital technologies developed to mimic some of the operation of the human brain are known as ANNs.

(c) **Artificial Neural Networks**

(i) Introduction to Artificial Neural Networks

BrainChip participates in the cognitive neural computing sector. The cognitive neural computing sector is focused on using ANNs to recognize patterns in vast amounts of data, such as that found in image and sound processing, internet usage profiles, robot control, gaming, forecasting, and biometrics (voice and facial recognition) to name a few.

**What is an ANN?**

ANNs are a computing system made up of a number of highly interconnected 'processing elements', which process

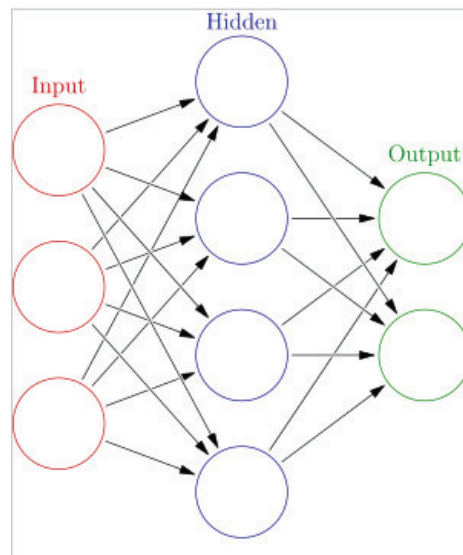
information by their response to external inputs. The 'processing elements' are arranged according to the structure of processing elements in the brain. 'Processing elements' are the artificial equivalent of biological neurons, but unlike biological neurons with chemical interconnections, are electrical only.

Generally, these 'neurons' work in unison to solve specific problems.

The basic premise of an ANN is to simulate lots of densely interconnected biological neurons inside a computer to ultimately get that computer to, most commonly, recognise patterns and learn things.

### **Basic structure of an ANN**

A typical ANN has any number of artificial neurons ranging from a few dozen to millions. The neurons are arranged in a series of layers, each of which connects to the layers on either side, as depicted below.



Input units are designed to receive various forms of information from the outside world that the ANN will attempt to learn about, recognise, or otherwise process.

Output units sit on the opposite side of the ANN and signal how it responds to the information that has been learned (see below under the sub-heading 'How do ANNs learn?').

In between are hidden units, which, together, form the majority of the ANN.

Most ANNs are fully connected, which means each hidden unit and each output unit is connected to most of the units in the layers either side.

### **How do ANNs learn?**

ANNs, like people, learn by example. This means there has to be an element of feedback involved – just as humans learn by doing something that is right or wrong.



Generally, ANNs are configured for their specific application via a learning process, with learning typically taking place during a specified training phase. Generally, once an ANN has been 'trained' (i.e. the learning process is complete) with enough learning examples, it reaches a point where it can be presented with an entirely new set of inputs it has never seen before and produce an independent result (output). A properly trained ANN will be able to sort through large amounts of data (inputs) to solve problems or recognise patterns (outputs). Generally, an ANN does not continue to learn following completion of the learning process – it effectively becomes a specialised tool for solving problems or recognising patterns.

As a simplified example, ANNs are used in weather forecasting. At a basic level in that case an ANN would be trained with historical statistical data showing different climatic situations (inputs). Current data (the 'new set of inputs' referred to in the paragraph above) such as wind speed, wind direction, humidity, temperature, and surface conditions is then fed into the ANN. The ANN is able to recognise patterns based on the historical weather data and is able to generate a forecast.

#### ***Software/Hardware, Digital/Analogue***

ANNs can exist either in computer software, or as actual hardware. The performance of software-based ANNs relies on the computers they run on – complex algorithms require faster and more powerful computers. ANNs that are directly implemented in hardware are not limited by the performance of a computer.

ANNs can be implemented on digital or analogue circuits. Analogue-based ANN circuits are custom made and their manufacturing lacks flexibility because it heavily depends on the silicon process in which they are manufactured. Digital ANNs (such as BrainChip's technology described in further detail below) can easily be manufactured, and the number of digital circuit designers is significantly larger than analogue circuit designers.

Analogue ANNs that have been designed to learn do not have the ability to permanently store learned values (i.e. when the power is switched off, the learned task disappears).

#### **(ii) ANN uses**

As discussed above, ANNs are used to estimate functions based on a large number of inputs. They are commonly used to extract patterns and detect trends that are too complex for humans or other computing techniques.

ANNs are used today in a wide range of products, mostly implemented as software on a computer. ANNs are used in, among other things, computer games, weather forecasting, industrial controllers, robotics, security (e.g. detecting fraudulent credit card transactions), diagnosis of complex diseases, and share market forecasting, to name a few. A common example

of ANNs in everyday use is those found in voice recognition software (such as that found in smartphones).

Further details of BrainChip's technology is provided in section 8.2(e)

(iii) Competitive landscape

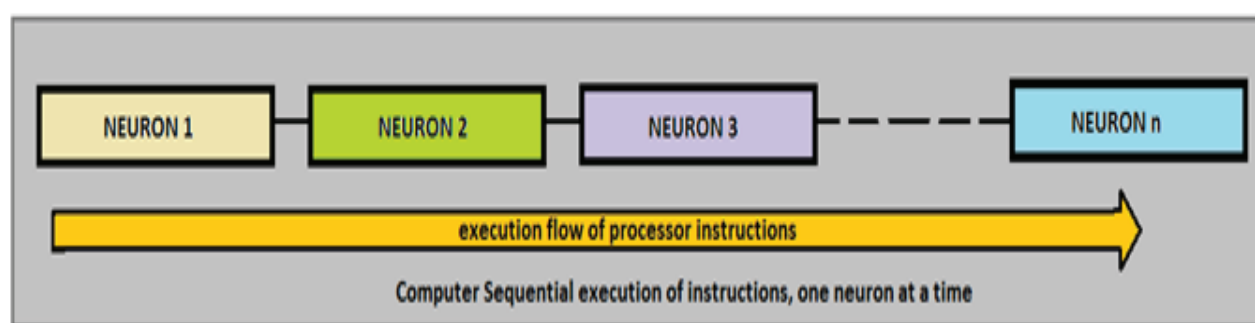
The cognitive neural computing sector is made up of a significant number of well-known and well resourced companies including Cisco, IBM, Intel, Google, Microsoft, nVidia, Qualcomm and Samsung. Key competitors known to BrainChip's technology include Cognimem's CM1K chip, IBM's TrueNorth chip and nVidia's Telsa K80 GPU accelerator with ANN software simulation.

Being an early-stage business with no physical products available for sale, BrainChip currently holds no market share. Following completion of the Acquisition and successful scaling of its technology, BrainChip will look to commercialise its technology through licensing, royalties, non-recurring engineering (NRE) and selling development kits. Please refer to Section 8.2(g) for further information.

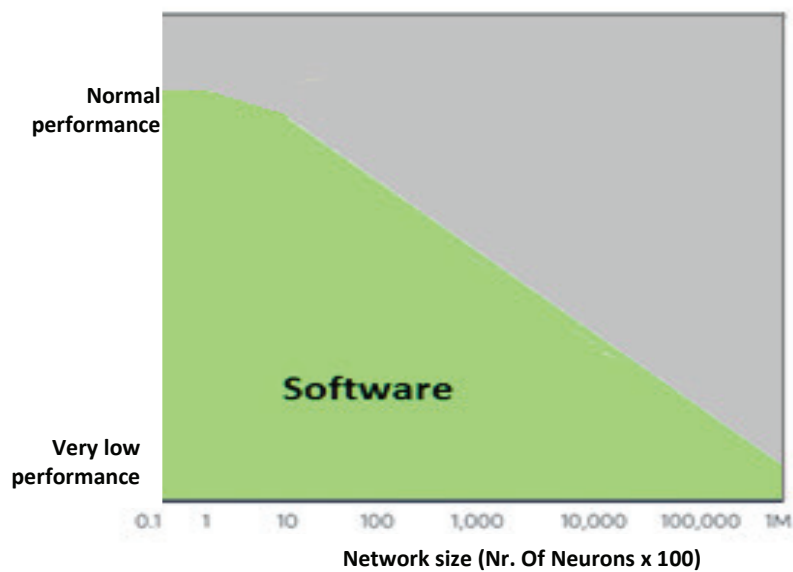
(d) **Software ANNs**

In software ANNs a computer program simulates the mathematical function of a neuron on one or more processors. The execution of the mathematical function uses thousands of program instructions.

Due to the sequential nature of processing in an ordinary computer, neurons in a software ANN are processed one after the other as shown in the diagram below. All this time adds up resulting in a bottle-neck at the processor, causing a significant decline in network performance with increasing size.



The more neurons are required in the software ANN, the longer the time it takes to process them all. This results in a decline in performance as shown here:



(e) **Overview of BrainChip's SNAP technology**

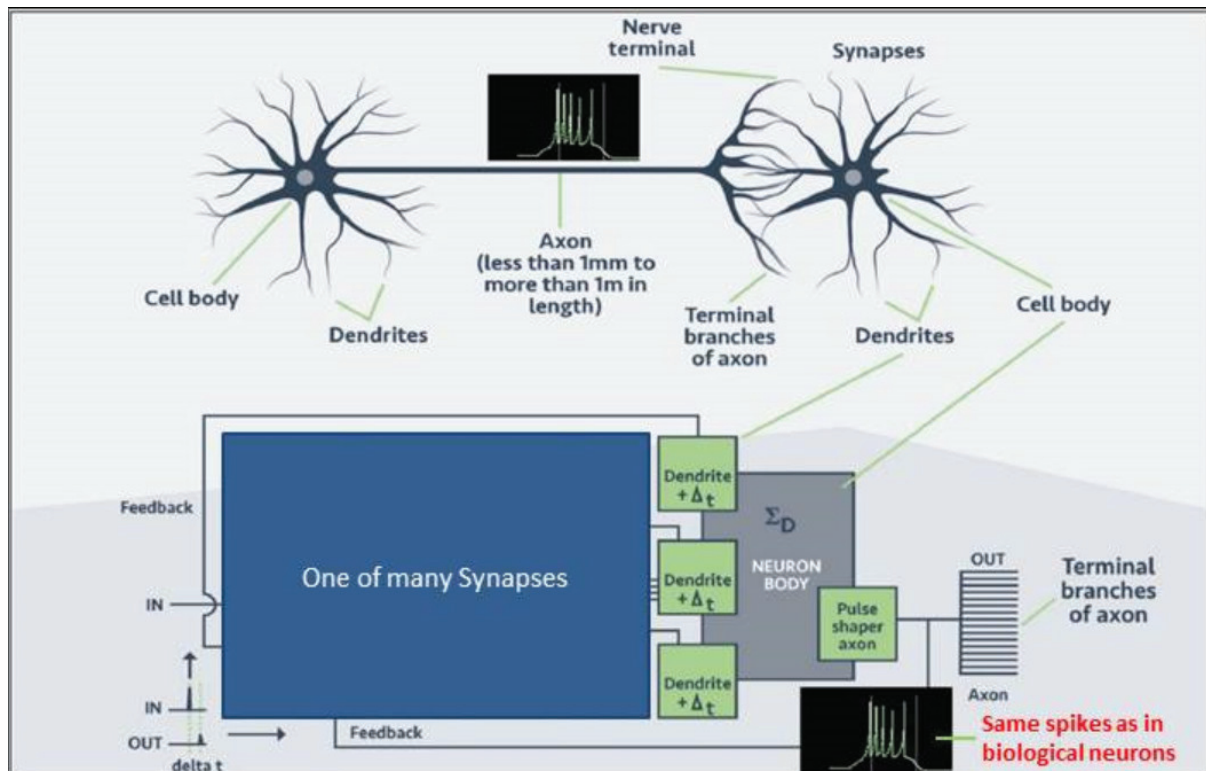
BrainChip's initial research project commenced in 2004 with a model that was defined in software on a parallel processing system. Several sources show that software simulation of large neural networks is too slow. Eventually the parallel processor and software was eliminated and a whole new design was developed. This new design is based on a digital circuit that operates like a biological neuron.

BrainChip's technology, known as 'Spiking Neuron Adaptive Processor' (**SNAP**), is aiming to redefine how processing works within ANNs.

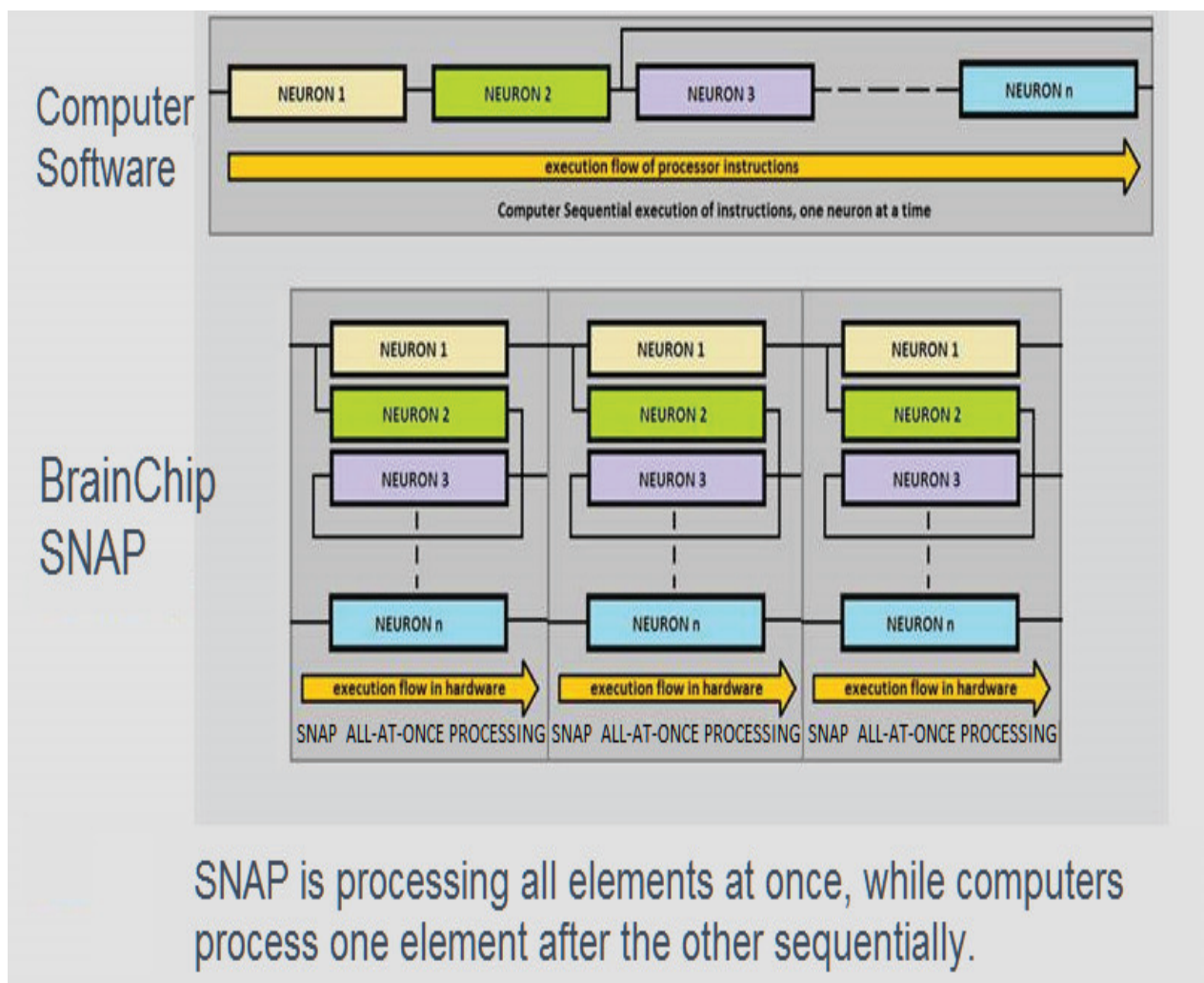
For the avoidance of doubt, BrainChip has not recreated the brain, and spiking neural networks are a type of ANN that has been in existence for some time. Spiking neural networks are considered the third generation of neural networks, highly inspired from natural computing in the brain.

(i) **SNAP Technology**

In BrainChip's SNAP technology the structure of each artificial neuron and the way they are interconnected are inspired by the brain's biological neurons, as depicted below:



Each artificial neuron in BrainChip's SNAP technology is a separate circuit that works in parallel (all at once), as set out in the diagram below:



Each neuron in the BrainChip SNAP technology is updated in parallel, resulting in faster processing times compared to current software ANNs. This is a significant difference, because software ANNs slow down when they get larger due to their sequential processing method. The larger the neural network is, the greater the speed advantage of the BrainChip SNAP technology is.

SNAP technology learns autonomously by emulating the learning behaviour of biological neural networks. Massive feedback enables the learning process, known as Synaptic Time Dependent Plasticity (**STDP**) learning. This learning process is directly related to the way biological neural networks learn. Like the brain, SNAP technology learns from usage patterns, evolving its learning through experience.

BrainChip has successfully demonstrated that SNAP technology learns rapidly from usage patterns by comparing SNAP technology to a software ANN that learnt through a traditional learning method.

Due to the digital nature of the SNAP technology, the learned functions can be accessed externally by a computer and stored on a disk drive in a 'knowledge library'. Knowledge libraries are digital files that can be installed onto other devices without the need for those devices to undertake the training process again.

BrainChip's SNAP technology is hardware-only – this means that the functions found in a biological neuron are directly implemented in digital electronics without the need of a processor. SNAP technology can function as an ANN in a standard PC architecture. The computer passes information, such as vision or audio data to the SNAP neural network and almost instantly receives the output of the SNAP neural network back. In contrast, in software networks the computer will need to execute a long string of instructions repeatedly and sequentially to simulate the functions of many neurons before a result can be obtained.

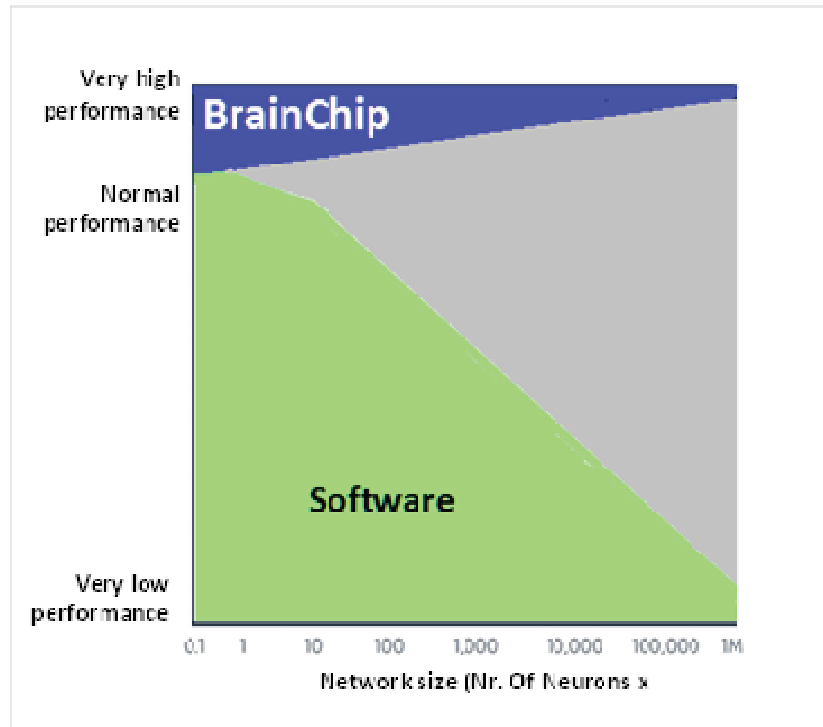
With SNAP technology, power is only consumed when something is happening. This results in high speed computation at a very low power consumption. In contrast, (as mentioned above) software-based solutions are slowed by the need to sequentially step through complex programs that require significant computing resources and time to generate the solutions. A CPU runs constantly through fast instruction loops, even when nothing is happening. SNAP technology is completely parallel, with no obstructive sequential dependencies. This means that the network does not slow down with increasing size but maintains a constant high performance.

(ii) SNAP technology compared to software ANNs

(A) Processing times

Based on testing conducted to date by BrainChip, the blue area below represents the expected performance

of SNAP technology devices. The larger the network is, the greater the speed advantage is. Based on testing to date, BrainChip expects that SNAP technology equipped devices will run thousands of times faster than real time and maintain that speed in large networks of millions of neurons.



(B) Learning capabilities

As mentioned above, SNAP technology learns autonomously by emulating the learning behaviour of a human brain.

Testing to date demonstrates the current learning methods of existing technologies such as backpropagation and genetic algorithm are very slow compared to SNAP technology's STDP learning method.

(C) Power consumption

A projected 10,000 neuron BrainChip device is estimated to consume less than 0.5 Watts while a graphics processing unit running a similar network in software consumes 300 Watts.

(D) Hardware only

In SNAP technology the mathematical expression that defines the ANN is created in hardware – that is, digital electronic circuits. This means a very short time from input to output data.

In software, a CPU (Central Processing Unit) gets instructions one by one from a program list. It executes those instructions and updates the neuron parameters



in its memory. When it has finished the list of instructions it starts from the top of the list to compute the next neuron, until all neurons are updated. It then again starts from the first instruction for the first neuron. This process repeats as long as the network is active.

(f) **Current stage of development**

Currently there are no devices that use BrainChip's SNAP technology.

BrainChip has already successfully demonstrated SNAP technology on a computer with a simulated car that negotiates a random track. Intense spikes are generated by the simulated sensors when the simulated car touches the edge of the track. These spikes train the hardware neural network to keep the car in the middle of the track. Each time the simulated car touches the edge of the track it does not reset itself back to the starting line, rather, the simulated car learns autonomously to navigate the track and keeps going. The training time of the SNAP neural network is approximately 15 seconds.

In the same demonstration, a software neural network was trained using a traditional algorithm and receiving the same input from the simulated car. The software neural network training time is approximately 25 minutes or 100 times longer than SNAP, as the simulated car in that case needs to reset itself to the start line each time it touches the edge of the track.

The successful demonstration has resulted in the achievement of Milestone 1 (see Section 15.5 for details of the milestones of the Performance Rights), which required BrainChip to prove SNAP technology works by comparing SNAP technology to traditional software ANN technology.

To date, the BrainChip team has been focussed on developing the core SNAP technology to the point where it is now ready to be scaled up. The next step consists of creating and testing a complex neural model using a large number of neurons that can be commercialised. This next step requires significant funding to build on the solid technical foundations BrainChip has built to date.

(g) **Next steps**

BrainChip intends to create value by licensing its intellectual property to technology partners who will develop BrainChip-based semiconductor chips and subsequent products. BrainChip's partners are expected to incorporate BrainChip's designs alongside their own technology to create smart, energy-efficient chips and products. BrainChip continues to discuss licensing with third parties.

Over the next 12 months BrainChip is focussed on:

- (i) Scaling the SNAP technology to make it larger and more configurable with further advances in speed performance targeted. Successful scaling will demonstrate BrainChip has increased the number of neurons in the ANN compared to the current stage and lead to the achievement of Milestone 2 (see Section 15.5 for details of the milestones of the Performance Rights).

- (ii) Establishing the client server application framework to allow users to partition a large task and execute it on several SNAP-based devices (i.e. solving a large problem over the internet using more than one SNAP device). This will allow remote access to BrainChip hardware neural networks over an internet connection. If successful, SNAP technology could be installed on partners' own servers, making it possible for them to develop solutions to their own large problems. Milestone 3 would be met should BrainChip achieve this outcome (see Section 15.5 for details of the milestones of the Performance Rights).
- (iii) Exploring product ideas with several potential customers to use SNAP technology in commercial products. First stage development priorities include:
  - (A) Smartphone technology applications that address unique cochlear-based voice signature identification capabilities that make it possible for the phone to identify its owner. These high volume applications when developed are targeted to be licensed to leading smartphone chip manufacturers for use in smartphone devices, smart television sets and tablets. The application would recognise the voice of the owner of a smart device, eliminating the need for the owner to remember passwords and 'secret' keys to operate the smart device (i.e. a person could unlock their phone just by asking it to). The applications are targeted to be superior to existing voice signature technology available in smartphones by executing locally on the device as opposed to requiring the internet to undertake certain instructions. BrainChip has been working on developing this technology and recently filed an application for a patent for a secure voice signature communication system.
  - (B) The "Internet of Things" (**IoT**). IoT is a term used to describe miniature sensors and intelligent devices that have embedded technology to communicate with one another over the internet. For example, smartphones, equipped with SNAP powered voice identification technology once developed could be used as secure controllers for IoT, such as a home security alarm system, in order to securely enable it or disable it remotely. SNAP technology can also be used in IoT devices to learn usage patterns and to collect selective sensor data to minimise data traffic. Research estimates there will be 30 billion miniature sensors and devices connected to the IoT by 2020.
- (iv) Licensing the SNAP technology to at least one commercial partner. The execution of a license agreement with an upfront payment of no less than \$500,000 will lead to the achievement of Milestone 4 (see Section 15.5 for details of the milestones of the Performance Rights).
- (v) Significantly increasing the geographic coverage of existing patents and new patent applications by obtaining patent



protection for the SNAP technology under the Patent Co-operation Treaty (for further information on this see Section 12).

Over the 12 months following, BrainChip intends to:

- (vi) File multiple patents applications to cover potential application areas of the SNAP technology.
- (vii) Pursue licensing opportunities with multiple commercial partners in a wide range of applications.
- (viii) Produce a BrainChip Development Kit and software tools that enable multiple independent development teams to apply the BrainChip SNAP technology in their commercial products.
- (ix) Produce a BrainChip Experimenters' Kit and software tools that allows educational institutions and experimenters to apply the BrainChip SNAP technology.

(h) **Potential applications of SNAP technology**

Potential applications of SNAP technology include a wide variety of opportunities such as:

- (i) Robotics

SNAP technology can potentially be used to create trainable robots that use multiple SNAP devices for gait control, speech recognition, visual recognition, speech synthesis, and task learning.
- (ii) Toys and gaming

ANNs are already used in computer games. SNAP technology has the potential to replace those software ANNs. SNAP technology devices have the potential to be used, among other things, to develop strategy and for avatar personality enhancement.
- (iii) Driverless vehicles

In driverless vehicles SNAP technology has the potential to be used for visual recognition, speech recognition, to learn about emergency situations and to apply different road rules in different geographic locations (when crossing borders for instance).
- (iv) Drones and air transport

SNAP technology can potentially be used to help control drones through surface recognition, visual feature recognition, and object avoidance.
- (v) Security and cyber security

SNAP technology can potentially be used to recognize abnormal activity and visual recognition in a security camera image, or to recognize faces in a crowd.

(vi) Biotech/biomed/brain emulation

SNAP technology has the potential to enable scientists to build very large models of the brain that execute faster than real time. These brain models can be used to learn about interactions within the brain.

(vii) Eye and ear implants, prostheses.

Artificial retina: SNAP technology has the potential to process images received by an artificial retina more effectively than other technologies.

Artificial Cochlear: SNAP technology has the potential to process audio information so that it can be injected into areas of the mid-brain, allowing people who have no active cochlear to hear.

Prosthesis: SNAP technology has the potential to process nerve information and to produce a control signal for actuators in prosthetic limbs and pacemakers.

(i) **Key assets of BrainChip**

BrainChip's primary assets are its intellectual property. It relies on patent laws in the United States of America to protect its proprietary technologies.

SNAP technology is patented under US PTO number 8,250,011, which was filed in 2008 and was granted in September 2012. The patent will remain in force until 21/09/2028 provided annuities are paid, starting in 2016.

BrainChip also filed a continuation-in-part (CIP) application in 2012 and subsequently in May 2015, Patent application number 13/461,800 was replaced by application number 14/710,593 "Method and System for creating Dynamic Neural Function Libraries", which is pending.

Furthermore, BrainChip has lodged and been granted an Innovation Patent in Australia. Innovation patents are 'second tier' patents which have not been examined by IP Australia for validity. The risk for BrainChip is that this patent will only be enforceable in court in Australia once it has been examined and accepted by IP Australia, a process which can take some time and incur additional costs.

The patent (and those in application form if granted), will enable BrainChip, or a person authorised by BrainChip (such as an exclusive licensee), to exclude others from making, using or selling the SNAP technology within the US. Such patents will not only help to protect BrainChip's market share and add valuable assets to the business, but also provide a vehicle through which licenses to third parties can be granted to have authorised access to the patented technology.

The patent strategy of BrainChip is to continue filing CIP applications on the original issued patent, as well as a number of application patents. Licensees will be granted use of these patents in accordance to the technology area for which the BrainChip technology was licensed. For example, BrainChip can patent the visual recognition system using SNAP

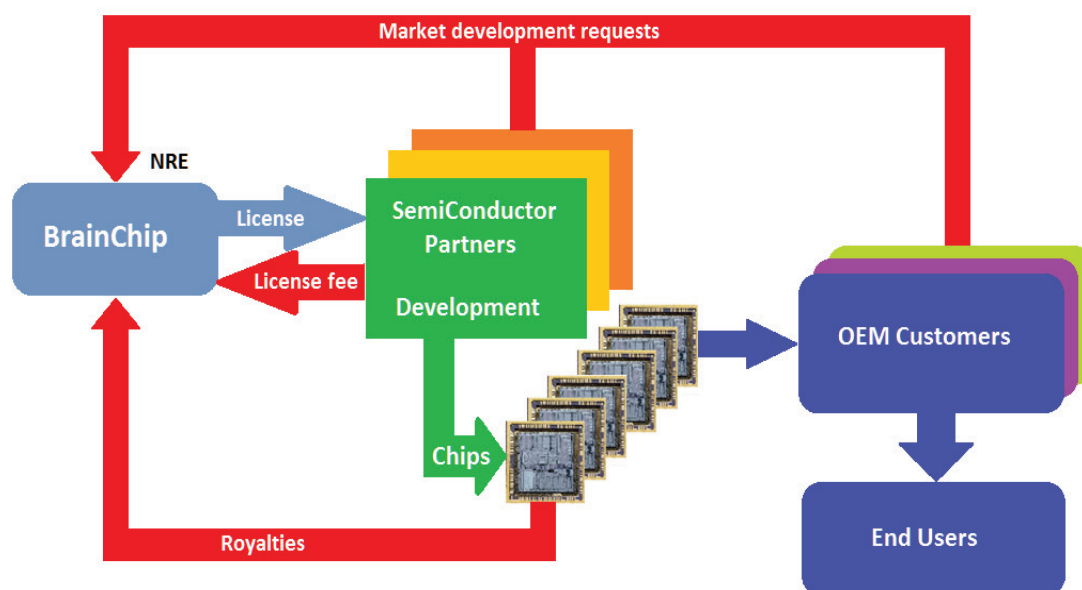
technology embedded devices. A licensee who wants to incorporate this functionality into a product will also need to be granted a license to the patent

### 8.3 Business Model for the BrainChip Business

The Company has adopted the following strategies for its business model:

- (a) Licensing its technology designs to its potential technology partners. The technology partners will design and manufacture chips utilising the BrainChip SNAP technology. The chip will then be incorporated into digital electronic products, which are then sold.
- (b) BrainChip anticipates receiving an upfront licensing fee, plus a royalty, typically based on a percentage of the chip price or product, for every chip/product sold using the BrainChip's SNAP technology.
- (c) Many customers will be able to re-use the same SNAP technology in many different chips going into a broad range of end-user markets. BrainChip's intention is for each new chip to start a new stream of royalties.

#### BrainChip Business Model



**Upfront License Fee** - Flexible models for different applications  
**Ongoing Royalties** - based on chip quantities and sales price  
**Multi-product licenses** - ongoing for decades  
**NRE (Non-Recurring Engineering)** is charged at an hourly rate

The above business model will be consistently reviewed and amended by the Board to ensure it meets the main objective of maximising Shareholder returns.

### 8.4 Key Dependencies of the Business Model

The key factors that AZK will depend on to meet its objectives are:

- (a) ability to protect its intellectual property in the SNAP technology;

- (b) retaining key personnel associated with the development of the SNAP technology;
- (c) competition; and
- (d) appropriate funding to support its business plan.

## **8.5 Growth Strategy**

For growth, the Company intends to increase Shareholder value as per the vision outlined above, by adopting the following strategies:

- (a) enhancing the intellectual property via patent extensions and new patents;
- (a) hiring talented additions to the Company;
- (b) adopting appropriate risk management policies to achieve operating efficiencies and maximise returns for investors;
- (c) ensuring the application of appropriate debt levels with a view to providing acceptable risk-adjusted returns; and
- (d) licensing BrainChip's SNAP technology to potential technology partners with the expectation of receiving revenue via a licensing fee and an ongoing royalty stream.

## **8.6 Funding**

The funding for the Company for the 12 months following re-admission to the Official List of ASX will be met by the offer of Shares pursuant to the Placement Offer under this Prospectus and by the Company's existing cash reserves (see Section 7.5 for further details). As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of securities and/or from debt funding.

## **8.7 Financial Information**

### **(a) Historical financial information**

The Investigating Accountant's Report contained in Section 11 of this Prospectus sets out:

- (i) the audited Statement of Financial Position of AZK as at 31 December 2014;
- (ii) the audited Statement of Financial Position of BrainChip as at 31 December 2014; and
- (iii) the reviewed pro-forma Statement of Financial Position of AZK (after Settlement of the Acquisition) as at 31 March 2015.

Investors are urged to read the Investigating Accountant's Report in full.

The full financial statements for AZK for its financial year ended 31 December 2014 and half year ended 30 June 2014, which include the notes to the financial statements, can be found from AZK's ASX announcements platform on [www.asx.com.au](http://www.asx.com.au).

(b) **BrainChip's financial performance**

BrainChip should be viewed as a start-up company with no trading history. Since incorporating in December 2013, BrainChip's activities have principally involved raising money (via the issue of convertible notes to and stock warrants to investors) and spending money to develop the BrainChip SNAP Technology.

As at 31 December 2014 BrainChip's patents have a value attributed to them in BrainChip's audited accounts for US\$41,136. The Board considers that the quantum of the Shares issued by the Company for the acquisition of BrainChip reflects reasonable fair value of BrainChip in view of the key investment highlights set out in Section 6.3 of this Prospectus and the Company having conducted arm's length negotiations with the vendors of BrainChip to arrive at the commercial terms of the acquisition.

In determining the Shares to be issued for the Acquisition, the Company also took into account the following considerations:

- (i) The Directors, in consultation with independent experts, reviewed the technology owned and patented by BrainChip as well as the neural computing landscape in which BrainChip operates and the compelling track record of the BrainChip executive team and have formed the view that BrainChip's SNAP technology, under the direction of the BrainChip team, may have a competitive advantage in the sector.
- (ii) The Directors considered that the BrainChip vendors and key management are tied to the performance of the company and its patented technology given that the Acquisition is an "all scrip" transaction.
- (iii) Taking these factors into account the Directors determined that the Acquisition, should it close, may be price accretive to existing Aziana shareholders.

As with the acquisition of any business or asset that does not have a meaningful track record of revenue and profitability, there is not always a good valuation methodology available when determining the purchase price and the Company was required to take into account qualitative factors such as those set out above in coming to a decision on price.

(c) **Forecast**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of AZK are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 8.8 Dividend Policy

It is anticipated that, post-Settlement of the Acquisition, AZK will focus on the development, commercialisation and marketing of BrainChip's SNAP technology. AZK does not expect to declare any dividends during this period.

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

## 8.9 Capital Structure

The pro forma capital structure of the Company following completion of the Acquisition, the Placement Offer and the Consideration Offer is set out below.

Securities	Shares	Options	Performance Rights <sup>5</sup>
Existing issued Securities <sup>1</sup>	209,630,399 <sup>1</sup>	-	-
Consideration Shares	353,605,500	-	-
Aziana Options	-	6,250,000 <sup>2</sup>	-
Shares to Metals X <sup>3</sup>	12,500,000	-	-
Placement Offer	20,063,695	-	-
Conversion Offer – D'Yquem	3,184,714	-	-
Conversion Offer – Tripartite Advance	2,229,300	-	-
Performance Rights	-	-	198,000,000 <sup>4,5</sup>
<b>TOTAL SECURITIES POST SETTLEMENT<sup>5</sup></b>	<b>601,213,608</b>	<b>6,250,000</b>	<b>198,000,000</b>

### Notes

1. Assumes no further Securities are issued prior to completion of the Acquisition, other than as set out in the table.
2. Unlisted Options exercisable at \$0.157 on or before that date which is 4 years after the issue of such options. Refer to Section 14.3 for full terms and conditions of the Aziana Options.
3. Shares to be issued to Metals X pursuant to the Metals X Loan Agreement summarised in Section 14.5. The Company anticipates issuing these Shares prior to the close of the Placement Offer.
4. 49,500,000 A Class Performance Rights, 49,500,000 B Class Performance Rights, 49,500,000 C Class Performance Rights and 49,500,000 D Class Performance Rights. Refer to Section 15.5 for full terms and conditions of the Performance Rights.
5. Milestone 1 has already been satisfied (as announced to ASX on 13 May 2015) accordingly each A Class Performance Rights (being 49,500,000 Performance Rights) will vest on the date they are issued and at the election of the holder will convert into one Share.

## 8.10 Substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	%
Metals X Limited	28,029,000	13.4
Paul Glendon Hunter	11,350,000	5.4

On completion of the Offers (assuming full subscription under the Placement Offer and conversion of 36,000,000 A Class Performance Rights), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	%
Peter van der Made <sup>1</sup>	126,805,508	19.9
Robert F. Mitro Living Trust ( <i>an entity associated with Proposed Director Robert Mitro</i> ) <sup>2</sup>	113,202,500	17.8
Anil Mankar <sup>3</sup>	74,635,000	11.7
Metals X Limited <sup>4</sup>	40,529,000	6.4
Nerona Pte Ltd (or its nominee) <sup>5</sup>	38,055,500	6.0

### Notes:

1. Peter van der Made is a BrainChip Shareholder and proposed Director of the Company.
2. Robert Mitro is a BrainChip Shareholder and proposed Director of the Company.
3. Anil Mankar is a BrainChip employee and BrainChip Shareholder.
4. In the event Metals X Limited is required to fulfil its underwriting obligations for \$2,650,000 of the Placement Offer, its interest will increase to 9.0%.
5. Nerona Pte Ltd will become a BrainChip Shareholder prior to Settlement and is party to a consulting agreement with BrainChip (see section 14.10 for further information).

## 8.11 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue (including the Consideration Shares, Aziana Options and Performance Rights) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

Subject to this waiver, all or a proportion of the Securities referred to above may be restricted from trading for a period of up to 24 months after the date of re-



admission of the Company to the Official List. The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

#### **8.12 Top 20 Shareholders**

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Offers and prior to the Securities re-commencing trading on ASX.

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## 9. RISK FACTORS

The business, assets and operations of the Company, including after completion of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company. The Company's Securities comprise a speculative investment, particularly as it is proposed that the Company's business after Settlement of the Acquisition will comprise of the development, commercialisation and marketing of neural computing technology.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them may be limited.

Set out below are specific risks that the Company is exposed to.

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from BrainChip, parties contracted or associated with BrainChip and the Agreement and other agreements, including, but not limited to, those summarised in this Prospectus. The summary of risks that follows is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, BrainChip and their related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire all BrainChip's Shares are as follows.

### ***Risks relating to the Change in Nature and Scale of Activities***

#### **(a) Re-Quotation of Shares on ASX**

The acquisition of BrainChip constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

#### **(b) Dilution Risk**

The Company currently has 209,630,399 Shares on issue. On completion of the Acquisition, the Company proposes to issue 353,605,500 Shares and 6,250,000 Options under the Acquisition, 12,500,000 to Metals X Limited, issue 20,063,695 Shares at \$0.157 per Share to raise a \$3,150,000 as part of the Placement Offer, issue 5,414,014 Shares under the Conversion Offers and expects 36,000,000 Class A Performance Rights to be converted into 36,000,000 Shares, resulting in a total of 637,213,608

Shares being on issue. On Settlement of the Acquisition and the maximum subscription of the Shares under the Placement Offer, the existing Shareholders will retain approximately 32.9% of the issued capital of the Company, with the BrainChip Shareholders (or their nominees) holding 61.1% and the investors under the Placement Offer holding 3.2%..

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Business.

(c) **Liquidity Risk**

On completion of the Acquisition, the Company proposes to issue up to 353,605,500 Consideration Shares to the BrainChip Shareholders and expects 36,000,000 Class A Performance Rights to be converted into Shares. These securities are expected to be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. Based on the post-Offer capital structure (and assuming no further Shares are issued or Options exercised), these Shares will equate to approximately 61.1% of the post-Offer issued Share capital. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Contractual Risk**

Pursuant to the Acquisition Agreement (summarised in Section 14.1 below) the Company has agreed to acquire 100% of the issued share capital of BrainChip subject to the fulfilment of certain conditions precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

***Risks specific to the Company***

(a) **Acquisition of interest in BrainChip**

There are a number of specific risks involved for the Company, and consequently its Security holders, in the acquisition of BrainChip, including risks specific to the business and assets of BrainChip, which include the following non-exhaustive list:

(i) **Technology risks**

- (A) The technologies for ANN are still an immature market in a commercial sense. Adaptations of ANN into software and hardware are relatively new and there is little in the way of commercial implementations as a technology platform, rather specific applications have been developed in large scale computing environments. The risk in relation to this is that as there is a lack of a clear dominant technology, the 'best' technology may not be the most commercially successful one.

- (B) BrainChip may need to be able to scale up to large implementations but also remain effective at a small scale, or in the future, to scale down further. With increasing focus on mobility and the potential of 'Internet of Things' connected devices and goods, reducing the scale of BrainChip's ANN technology may well need to effectively scale down to meet future market needs. If this 'scale down' cannot be achieved it may place future adoption of the technology at risk.

(ii) **BrainChip's intellectual property**

- (A) BrainChip has lodged full patents only in the US and has not pursued a Patent Cooperation Treaty – which allows the filing of National Phase patent applications within 30 months in jurisdictions other than where the original patent application was filed - application to lodge National Phase patents within jurisdictions other than the US. Due to the priority dates for the granted patent and the subsequent application, it is not possible to obtain patents in any jurisdiction other than the US for the existing patents. This creates a risk for BrainChip in its inability to enforce any infringements against their patents outside the US.
- (B) BrainChip has lodged and been granted an Innovation Patent in Australia. Innovation patents are 'second tier' patents which have not been examined by IP Australia for validity. The risk for BrainChip is that this patent will only be enforceable in court in Australia once it has been examined and accepted by IP Australia, a process which can take some time and incur additional costs.
- (C) The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing intellectual property that circumvents such patents. The BrainChip's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.
- (D) BrainChip's prospects will also depend on its ability to develop and protect technology that meets changing market needs and addresses the technological advances and competitiveness of other companies operating in the markets targeted by the Company.

(iii) **Market risks**

Due to the early stage nature of ANN in the marketplace, there is no single paradigm on what the best method for achieving commercial success. The risks involved are intimately intertwined with that of the technology being at an early stage and the potential for significant investment into less effective technologies by large businesses and governments. That is, the risk of less effective technologies creating a business

environment where the SNAP technology is only a 'bit player' with niche applications.

(b) **Foreign currency and exchange rate fluctuations**

The Company's financial reports are prepared in Australian dollars. Following completion of the Acquisition, a significant portion of the Company's operating expenses and costs will be denominated in US dollars. Any revenue received by the Company from the successful implementation of its business plan in the future would likely largely be denominated in US dollars. The Company will also hold a portion of its cash balance in US dollars at any given time.

The Company is raising funds in Australian dollars. Any adverse movements in the Australian dollar against the US dollar may affect the Company's current budget and lead to the Company requiring additional funding.

Although steps may be undertaken to manage currency risk (e.g. via hedging strategies), adverse movements in the Australian dollar against the US dollar may have an adverse impact on the Company, and lead to the Company requiring additional funding. The Company does not currently hedge against this currency risk.

(c) **Additional requirements for capital**

The funds to be raised under this Prospectus are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including in relation to BrainChip) to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. Further additional financing will be required if the Board determines to accelerate the development of the Company's technology.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(d) **Regulatory risks**

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's ability to operate in the future will depend in part on whether it is able to effectively commercialise its potential interests in products. This will depend on successful completion of product development activities, obtaining regulatory approval and on there being commercial demand for such products which cannot be guaranteed;

(e) **Reinstatement to ASX's official list**

The Company's Shares were placed in a trading halt prior to market open on the date of the Meeting. It is anticipated that the Company's securities will remain suspended until Settlement of the Acquisition Agreement and Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its listed Securities may consequently remain suspended from quotation.

**Industry specific risks**

(a) **Competition and new technologies**

While BrainChip may have a technology that is at the leading edge of ANN thinking, this does not preclude other alternative ideas of technologies being developed and overtaking the BrainChip technology in performance or utility. This is a risk as there is significant investment by large technology or semiconductor businesses in the area of machine learning. This investment in machine learning by existing companies may promote development of improved technologies which could provide a significant commercial threat to BrainChip's commercialisation pathway.

The cost and time for a competitor to develop a competing technology may not be significant (particularly for a larger competitor with access to funding and resources), and may be substantially less than the implied market capitalisation of the Company based on the issue price of Shares of \$0.157. This may result in a heightened risk of competition to the Company. If a person or entity successfully develops and commercialises a competing product, this may have a materially adverse effect on the value and prospects of the Company and consequently on the value of your investment.

The net asset value of the Company, based on the pro-forma Consolidated Statement of Financial Position set out in Section 11 of this Prospectus is \$0.007 per Share.

(b) **Inability to secure a technology partner:**

Following Settlement of the Acquisition, the Company is looking to develop and subsequently license the SNAP technology designs to potential technology partners. The Company anticipates that these technology partners will design and manufacture chips utilising the SNAP technology which will then lead to revenue through the licence and royalty fees. Where the Company is unable to enter into arrangements with a technology partner this will affect the Company's ability to achieve its operation intentions.

(c) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the estimates summarised in Section 7.5. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

**General risks**

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential research and development programmes, as well as on their ability to fund those activities.

(b) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(c) **Insurance risks**

The Company intends to insure its operations and those of BrainChip (as required) in accordance with industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company effected.

(d) **Litigation Risks**

The Company are exposed to possible litigation risks including, but not limited to, intellectual property and patent claims. Further, the Company or BrainChip may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company and BrainChip are not currently engaged in any litigation.

(e) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(f) **Market conditions**



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

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

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to Security holders arising from the transactions the subject of this Notice or otherwise.

(g) **Reliance on key personnel**

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

(h) **Investment speculative**

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

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

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

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## 10. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

### 10.1 Directors and key personnel

As at the date of this Prospectus, the Board comprises of:

- (a) Mr Eric (Mick) Bolto (Non-Executive Chairman & Director);
- (b) Mr Neil Rinaldi (Chief Executive Officer, Executive Director); and
- (c) Mr Peter Cook (Non-Executive Director).

Upon Settlement of the Acquisition:

- (a) Mr Robert Mitro , Mr Peter Van Der Made and Mr Adam Osseiran will be appointed to the Board of the Company (together, **Proposed Directors**);
- (b) Mr Eric (Mick) Bolto will continue as a Director in his current role;
- (c) Mr Neil Rinaldi will step down as Chief Executive Officer and remain on the Board as a Non-Executive Director; and
- (d) Mr Peter Cook intends to resign as a Director.

Our Company is aware of the need to have sufficient management to properly manage BrainChip business and the Board will continually monitor the management roles in the Company. The Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company and BrainChip.

### 10.2 Current Directors and Senior Management

The profiles of each of the current Directors and Senior Management are set out below:

#### **Eric (Mick) Bolto (Non-Executive Chairman & Director)**

Mr Bolto served as a partner at Mallesons for twenty years where he worked in mergers and acquisitions. He was instrumental in the structuring of and subsequent execution of numerous large-scale transactions in Asia, Australia, Europe and North America. Following his time at Mallesons, Mr Bolto worked in private equity for a long period where he acquired extensive experience in creating strategy and business planning for SME's in order to ensure the delivery of viable business results.

#### **Neil Rinaldi (Executive Director)**

Neil Rinaldi joined the board of Aziana subsequent to the off-market takeover of Eternal Resources by Aziana in May 2013. Based in Perth, Neil spent the previous 10 years in London culminating in his position as Managing Director of Truestone Capital, a London based corporate advisory group that specialises in the provision of corporate advise ranging from M&A activity through marketing and advise on the acquisition & divestment of assets across various sectors. Previous to this role Neil spent 5 years as a stockbroker with a leading Australian based, stockbroking firm. Neil holds no other public company board positions.

#### **Peter Cook (Non-Executive Director)**

Peter Cook is a geologist BSc (Applied Geology) and Mineral Economist MSc (Mineral Economics) MAusIMM with considerable experience and a sound track record of success within the resource sector. He is currently an Executive Director and CEO of Metals X Limited and the Non-Executive Chairman of Pacific Niugini Limited. He brings the group considerable expertise in corporate and project management across a range of commodities at all stages of development.

As set out in Section 10.1, Mr Cook will retire on Settlement of the Acquisition.

**Scott Balloch (Chief Financial Officer and Company Secretary)**

Scott Balloch is a CPA and holds a Bachelor of Business (Accounting) degree. He has a number of years in systems development, accounting and financial management in the resources industry.

### 10.3 Proposed Directors and Senior Management

The profiles of each of the Proposed Directors are set out below:

**Robert Mitro (Proposed Executive Director and Chief Executive Officer)**

Robert has been a private investor and has served on the boards of directors of Vovida Networks which was acquired by Cisco Systems in 2000; co-founder and director of vCIS Technology which was acquired by Internet Security Systems in 2002; and co-founder and director Telseve Communications which was acquired by Level 3 Communications in 2003; and Chairman and CEO of STEP Labs which was acquired by Dolby Labs in 2009; and President and CEO of Rosum which was acquired by True Position in 2010.

**Peter Van Der Made (Proposed Executive Director and Chief Technical Officer)**

Peter has been at the forefront of computer innovation for 40 years. He is the inventor of a computer immune system at vCIS Technology where he served as CTO, and then Chief Scientist when it was acquired by Internet Security Systems, and subsequently IBM. Previously, he designed a high resolution, high speed colour graphics Anatomy chip for IBM PC graphics. Most recently he published a book, Higher Intelligence, which describes the architecture of the brain from a computer science perspective.

**Adam Osseiran (Proposed Non-Executive Director)**

Adam has been involved with BrainChip since 2012, providing advice and assistance on several aspects of technology, applications and commercial opportunities. Adam is the co-founder and a director of Termite Monitoring and Protection Solutions Pty Ltd, founded in 2013, to exploit the unique Wireless Smart Probe acoustic termite detection technology, operating in the US\$15B global pest control market. He is also Senior Technical Advisor to Mulpin (MRL) Ltd which has developed a new patented concept of embedding electronic components within a multi-layered printed circuit board. Adam is the co-founder of Innovate Australia, established to promote and assist Australian innovators and encourage innovation and was the President of the Inventors Association of Australia from 2013-2014. Adam holds a Ph.D. in microelectronics from the National Polytechnic Institute of Grenoble, France and a M.Sc. and B.Sc. from the University of Joseph Fourier in Grenoble. Adam is currently Associate Professor of Electrical Engineering at Edith Cowan University in Perth, Western Australia.

## 10.4 Personal Interests of Directors.

Directors are not required under AZK's Constitution to hold any Shares to be eligible to act as a director.

Details of the Directors' and Proposed Directors' remuneration and relevant interest in the Securities of the Company upon completion of the Offers are set out in the table below:

Director	Remuneration for year ended 31 December 2013	Remuneration for year ended 31 December 2014	Proposed remuneration for current financial year	Shares	Options	Performance Rights <sup>10</sup>
<b>Existing Directors</b>						
Eric (Mick) Bolto	N/A <sup>1</sup>	N/A <sup>1</sup>	\$80,000	Nil		Nil
Neil Rinaldi	\$150,188	\$200,481	\$125,000	7,803,335		Nil
Peter Cook <sup>2</sup>	\$78,480	\$41,832	\$16,667	1,560,000	Nil	Nil
<b>Proposed Directors</b>						
Peter van der Made	N/A	N/A	USD\$200,000	126,805,508 <sub>3</sub>	Nil	54,000,000 <sup>4</sup>
Robert Mitro	N/A	N/A	USD\$200,000	104,202,500 <sub>5</sub>	6,250,000 <sub>6</sub>	36,000,000 <sup>7</sup>
Adam Osseiran	N/A	N/A	\$50,000	5,738,500 <sup>8</sup>	Nil	3,600,000 <sup>9</sup>

### Notes:

- Mr Bolto was appointed on 3 August 2015.
- Mr Cook will resign upon Settlement of the Acquisition. Mr Cook currently represents Metals X and votes Metals X's shareholding on its behalf.
- Being the number of Consideration Shares to be issued to Mr van der Made pursuant to the Acquisition Agreement that represent 19.9% of the Company's issued share capital at reinstatement.
- Being 13,500,000 of each Class of Performance Rights to be issued under the PRP. Refer to Section 14.5 for terms and conditions of Performance Rights. Mr van der Made cannot elect to convert any vested Performance Rights unless prior Shareholder approval pursuant to item 7 of section 611 of the Corporations Act is obtained or the conversion falls within another exception set out in section 611 of the Corporations Act.
- Being the 86,077,500 Consideration Shares to be issued to the Robert F. Mitro Living Trust, controlled by Mr Mitro, and 18,125,000 Consideration Shares to be issued to Mr Mitro in his capacity as a BrainChip Noteholder pursuant to the Acquisition Agreement.
- Being the Aziana Options to. Refer to Section 14.3 for terms and conditions of the Aziana Options.
- Being 9,000,000 of each Class of Performance Rights to be issued to the Robert F. Mitro Living Trust, controlled by Mr Mitro, under the PR Plan. Refer to Section 14.5 for terms and conditions of Performance Rights.
- Being the Consideration Shares to be issued to Mr Osseiran (or his nominees) pursuant to the Acquisition Agreement.
- Being 900,000 of each Class of Performance Rights to be issued under the PR Plan. Refer to Section 14.5 for terms and conditions of Performance Rights.
- Milestone 1 has already been satisfied (as announced to ASX on 13 May 2015) accordingly each A Class Performance Right will vest on the date they are issued and at the election of the holder convert into one Share.

AZK's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The Shareholders have approved the payment of fees to the Non-Executive Directors which in aggregate cannot exceed \$250,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

#### **10.5 Director participation in the Placement Offer**

None of the Directors or Proposed Directors intend on participating in the Placement Offer.

#### **10.6 Agreements with Directors**

The agreements the Company has entered into with Directors and Proposed Directors are contained in Sections 14.1 and Sections 14.7, 14.9 and 14.11 to 14.13.

For personal use only



14 August 2015

The Directors  
Aziana Limited  
Suite 2, 16 Ord Street  
WEST PERTH WA 6005

Dear Sirs

## Investigating Accountant's Report

### 1. Introduction

The Directors of Aziana Limited (to be renamed BrainChip Holdings Ltd) ("**Company**") and its controlled entities ("**AZK**") have requested Somes Cooke Chartered Accountants ("**Somes Cooke**") to prepare an Investigating Accountant's Report ("**Report**") for inclusion in a prospectus dated on or around 14 August 2015 ("**Prospectus**"), relating to, among other things:

- AZK's purchase of 100% of BrainChip Inc ("**BrainChip**"), via a new wholly owed Delaware based subsidiary of AZK named 'AZ Merger Subsidiary Inc' and by way of merger in accordance with Delaware General Corporation Law, with consideration being:
  - 353,605,500 shares ("**Shares**") in the Company;
  - 49.5 million Class A Performance Rights, 49.5 million Class B Performance Rights, 49.5 million Class C Performance Rights, and 49.5 million Class D Performance Rights; and
  - 6,250,000 options;
- The issue of 12,500,000 Shares in the Company to settle a \$250,000 convertible loan from Metals X Ltd;
- The issue of 20,063,695 million Shares in the Company to raise \$3.150 million ("**Placement Offer**");
- The issue of 5,414,014 million Shares in the Company to settle a \$500,000 convertible loan from D'Yquem Investments, and settle a \$350,000 convertible loan from a syndicate of lenders ("**Syndicate**") ("**Conversion Offers**"); and
- Transaction costs associated with the capital raising and purchase of BrainChip.

Further details of the above and associated transactions are listed in Note 2 of Appendix 1 to this Report. All amounts stated in this report are in Australian Dollars unless otherwise indicated. All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

### 2. Scope

Somes Cooke has been engaged by the Directors to review the following ("**Financial Information**"):

- Historical Statement of Financial Position of AZK as at 31 March 2015 and 31 December 2014 and Historical Statement of Profit or Loss and Other Comprehensive Income of AZK for the periods then ended ("**AZK Historical Financial Information**");



- Historical Statement of Financial Position of BrainChip as at 31 March 2015 and 31 December 2014 and Historical Statement of Profit or Loss and Other Comprehensive Income of BrainChip for the periods then ended ("**BrainChip Historical Financial Information**")
- Pro-forma Statement of Financial Position following the acquisition of BrainChip by AZK, as at 31 March 2015, and Pro-Forma Statement of Profit or Loss and Other Comprehensive Income for the three months then ended ("**Pro-Forma Financial Information**").

The AZK Historical Financial Information and BrainChip Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Pro-Forma Financial Information is based on the AZK Historical Financial Information and BrainChip Historical Financial Information referred to above, adjusted for transactions and assumptions, including significant transactions subsequent to 31 March 2015, as if they had occurred at 31 March 2015. These transactions and assumptions are detailed in Note 2 of Appendix 1. Due to its nature, the Pro-Forma Financial Information does not represent AZK's actual or prospective financial position or financial performance.

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

The Historical Statement of Financial Position of BrainChip as at 31 December 2014 and Statement of Profit or Loss and Other Comprehensive Income for the year then ended is based on the Financial Statements of BrainChip for the year ended 31 December 2014 that have been audited by Montage Services Inc, who issued an unqualified opinion on them.

The Historical Statement of Financial Position of AZK as at 31 December 2014 and Statement of Profit or Loss and Other Comprehensive Income for the year then ended is based on the Financial Statements of AZK for the year ended 31 December 2014 that have been audited by Ernst & Young, who issued an unqualified opinion on them.

This Report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for AZK, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor do we purport to do so. We accordingly, take no responsibility for those matters or any other matter or omission in the Prospectus, other than the responsibility for this Report. The risk factors are set out in Sections 2, 5 and 9 of the Prospectus.

### **3. Background**

The Company was incorporated on 30 May 2011 and admitted to the Official List of the ASX on 9 November 2011. AZK previously focussed on mineral exploration in Madagascar and oil and gas exploration in USA. Refer to Section 6.1 of the Prospectus for further information.

BrainChip was incorporated in Delaware USA on 24 December 2013. BrainChip is in the business of neural computing technology. Refer to Section 6.4 of the Prospectus for further information.

AZK has entered into a binding terms sheet with BrainChip for the option to acquire, via a new wholly owed Delaware based subsidiary of AZK, 100% of the BrainChip shares, including BrainChip's business and assets ("**Acquisition**"). Ref to Section 8 of the Prospectus for further information.

### **4. Responsibility for the Financial Information**

The directors of the Company and BrainChip are responsible for the preparation and presentation of the AZK Historical Financial Information, the BrainChip Historical Financial Information and the Pro-Forma Financial



Information, including the selection and determination of the Pro-Forma adjustments. They are also responsible for all assumptions, judgements and estimates, used in the AZK Historical Financial Information and BrainChip Historical Financial Information and included in the Pro-Forma Financial Information.

This responsibility includes establishing and maintaining internal control relevant to the preparation of the Historical and Pro-Forma Financial Information that is free from material misstatement which is due to fraud and error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are also responsible for all information contained within the Prospectus.

## **5. Our Responsibility**

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

In connection with the review, we made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit report. For the purposes of this Report, we have not performed an audit and accordingly do not express an audit opinion.

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

## **6. Conclusion**

### ***AZK Historical Financial Information***

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the AZK Historical Financial Information, as shown in abbreviated form in Appendix 1 to this Report, and comprising:

- The Statement of Profit or Loss and Other Comprehensive Income of AZK for the year ended 31 December 2014 and three months ended 31 March 2015; and
- The Statement of Financial Position of AZK as at 31 December 2014 and 31 March 2015;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 3 of Appendix 1.

### ***BrainChip Historical Financial Information***

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the BrainChip Historical Financial Information, as shown in Appendix 1 to this report, and comprising:

- The Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014 and the three months ended 31 March 2015; and
- The Statement of Financial Position of BrainChip as at 31 December 2014 and 31 March 2015;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 3 of Appendix 1.

### **Pro-Forma Financial Information**

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Pro-forma Financial Information, comprising:

- The Pro-Forma Statement of Profit or Loss and Other Comprehensive Income of AZK for the three months ended 31 March 2015; and
- The Pro-Forma Statement of Financial Position of AZK as at 31 March 2015;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Notes 2 and 3 of Appendix 1.

### **7. Subsequent Events**

Apart from the matters dealt with in this Report, including transactions and events listed in Note 2 of Appendix 1 to this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, there have been no other material items, transactions, or events outside the normal course of business, subsequent to 31 March 2015, that have come to our attention during the course of our engagement that would require comment on, or adjustment to, the information referred to in our Report, or that would cause such information to be misleading or deceptive.

### **8. Declaration**

Somes Cooke are responsible for this Report.

The Financial Information presented in Appendix 1 has, for AZK and the Pro-Forma Financial Information, been prepared by Directors of the AZK and, for BrainChip, been prepared by the Directors of BrainChip, and is their responsibility. This report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise to any other matter.

Somes Cooke do not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in relation to this matter. Except for fees relating to this Report, which are based on normal commercial terms, Somes Cooke does not have any interest in AZK or BrainChip nor in the outcome of the Offer. Somes Cooke have not made, and will not make, any recommendation through the issue of this Report to potential investors of the Company as to the merit of the investment.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully



Nicholas Hollens  
Partner  
Somes Cooke Chartered Accountants  
Level 2, 35 Outram Street  
West Perth WA 6005

Date: 14 August 2015



## Appendix 1

### 1. Historical and Pro-Forma Financial Information

#### Consolidated Historical and Pro-Forma Statement of Financial Position as at 31 March 2015

		AZK Reviewed as at 31 March 2015 \$	BrainChip Reviewed as at 31 March 2015 \$	Pro-Forma adjustments (which includes significant subsequent events) as at 31 March 2015 \$	Pro-Forma as at 31 March 2015 \$
<b>Current Assets</b>	<b>Note</b>				
Cash and cash equivalents	4	306,825	336,724	2,006,451	2,650,000
Trade and other receivables	5	1,030,337	7,746	-	1,038,083
Financial assets	6	400,000	-	(400,000)	-
Other assets		21,329	25,346	-	46,675
<b>Total Current Assets</b>		<b>1,758,491</b>	<b>369,816</b>	<b>1,606,451</b>	<b>3,734,758</b>
<b>Non Current Assets</b>					
Plant and equipment	7	428,607	11,547	100,000	540,154
Intangible assets		-	48,701	-	48,701
<b>Total Non Current Assets</b>		<b>428,607</b>	<b>60,248</b>	<b>100,000</b>	<b>588,855</b>
<b>Total Assets</b>		<b>2,187,098</b>	<b>430,064</b>	<b>1,706,451</b>	<b>4,323,613</b>
<b>Current Liabilities</b>					
Trade and other payables	8	170,250	105,066	70,000	345,316
Provisions		22,865	21,609	-	44,474
Borrowings	9	250,000	670,346	(920,346)	-
<b>Total Current Liabilities</b>		<b>443,115</b>	<b>797,021</b>	<b>(850,346)</b>	<b>389,790</b>
<b>Total Liabilities</b>		<b>443,115</b>	<b>797,021</b>	<b>(850,346)</b>	<b>389,790</b>
<b>Net Assets / (Liabilities)</b>		<b>1,743,983</b>	<b>(366,957)</b>	<b>2,556,797</b>	<b>3,933,823</b>
<b>Equity</b>					
Contributed equity	10a	20,840,005	25,140	16,239,555	37,104,700
Reserves	11	3,225,541	375,231	(3,625,541)	(24,769)
Accumulated losses	12	(22,321,563)	(767,328)	(10,057,217)	(33,146,108)
<b>Total Equity</b>		<b>1,743,983</b>	<b>(366,957)</b>	<b>2,556,797</b>	<b>3,933,823</b>

The above statement should be read in accordance with the accompanying notes.

**Consolidated Historical and Pro-Forma Statement of Profit or Loss and Other Comprehensive Income for the Three Months Ended 31 March 2015**

		AZK Reviewed for the three months ended 31 March 2015	BrainChip Reviewed for the three months ended 31 March 2015	Pro-Forma adjustments (which includes significant subsequent events)	Pro-Forma for the three months ended 31 March 2015
		\$	\$	\$	\$
	Note				
<b>Revenue:</b>					
Interest income	12	840	-	(840)	-
<b>Expenses:</b>					
Employee benefit expenses	12	-	(289,878)	(565,000)	(854,878)
Professional fees	12	-	-	(295,000)	(295,000)
Listing fee	12	-	-	(30,167,126)	(30,167,126)
Loss on settlement of borrowings	12	-	-	(954,654)	(954,654)
Deferred exploration and evaluation costs written off	12	(3,678,381)	-	3,678,381	-
Foreign exchange loss	12	(80,156)	-	80,156	-
Acquisition expenses	12	-	-	(387,000)	(387,000)
Other expenses	12	(90,435)	(29,991)	80,435	(39,991)
<b>Loss before tax</b>		<b>(3,848,132)</b>	<b>(319,869)</b>	<b>(28,530,648)</b>	<b>(32,698,649)</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>(3,848,132)</b>	<b>(319,869)</b>	<b>(28,530,648)</b>	<b>(32,698,649)</b>

The above statement should be read in accordance with the accompanying notes.

**AZK - Statement of Financial Position as at 31 December 2014**

	As at 31 December 2014 (Audited) \$
<b>Current Assets</b>	
Cash and cash equivalents	766,100
Trade and other receivables	1,224,399
Other assets	34,476
<b>Total Current Assets</b>	<u>2,024,975</u>
<b>Non Current Assets</b>	
Plant and equipment	499,831
Deferred exploration and evaluation expenditure	3,527,726
<b>Total Non Current Assets</b>	<u>4,027,557</u>
<b>Total Assets</b>	<u>6,052,532</u>
<b>Current Liabilities</b>	
Trade and other payables	205,613
Employee benefits provisions	21,226
<b>Total Current Liabilities</b>	<u>226,839</u>
<b>Total Liabilities</b>	<u>226,839</u>
<b>Net Assets</b>	<u>5,825,693</u>
<b>Equity</b>	
Contributed equity	20,810,505
Reserves	3,488,619
Accumulated losses	(18,473,431)
<b>Total Equity</b>	<u>5,825,693</u>

# BrainChip - Statement of Financial Position as at 31 December 2014

	As at 31 December 2014 (Audited) \$
<b>Current Assets</b>	
Cash and cash equivalents	39,541
Other assets	33,092
<b>Total Current Assets</b>	<u>72,633</u>
<b>Non Current Assets</b>	
Plant and equipment	2,061
Intangible assets	48,701
<b>Total Non Current Assets</b>	<u>50,762</u>
<b>Total Assets</b>	<u>123,395</u>
<b>Current Liabilities</b>	
Trade and other payables	112,868
Borrowings – Convertible notes	432,846
<b>Total Current Liabilities</b>	<u>545,714</u>
<b>Total Liabilities</b>	<u>545,714</u>
<b>Net (Liabilities)</b>	<u>(422,319)</u>
<b>Equity</b>	
Contributed equity	25,140
Accumulated losses	(447,459)
<b>Total Equity</b>	<u>(422,319)</u>

BrainChip was incorporated on 24 December 2013 and was dormant as at 31 December 2013.



**BrainChip - Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2014**

	Year to 31 December 2014 (Audited) \$
<b>Expenses:</b>	
Employee benefit expenses	(182,757)
Travel expenses	(113,869)
Professional fees	(131,858)
Other expenses	(18,975)
<b>Loss before tax</b>	<b>(447,459)</b>
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>(447,459)</b>

BrainChip was incorporated on 24 December 2013 and was dormant prior to 31 December 2013.

## 2. Pro-Forma Transactions and Assumptions

The Pro-Forma Financial Information incorporates the following assumptions and transactions, including significant transactions that have occurred subsequent to 31 March 2015, as if they have occurred at 31 March 2015:

Significant transaction Subsequent to 31 March 2015:

- a) Exercise of 4,675,700 the Company's Options at \$0.059 to raise \$275,866
- b) Exercise of 300,000 the Company's Options at \$0.26 to raise \$78,000
- c) AZK borrowed \$500,000 from D'Yquem under a convertible loan agreement – Refer to Section 14.6 of the Prospectus for details
- d) BrainChip incurred approximately \$565,000 of employee benefit expenses, approximately \$295,000 of professional fees, \$10,000 of other expenses, and purchased approximately \$100,000 of plant and equipment. These transactions were financed by a loan from the Company of \$250,000, a convertible loan from a syndicate of lenders of \$350,000, an increase in BrainChip's trade and other payables of approximately \$70,000, and required cash payments to be made of approximately \$900,000
- e) AZK incurred expenses of \$820,415, including approximately \$105,000 of employee benefits expenses, approximately \$250,000 of professional fees, and approximately \$110,000 of travel expenses

Pro-forma assumptions and transactions:

- f) AZK's purchase of BrainChip, via a new wholly owed Delaware based subsidiary of AZK named AZ Merger Subsidiary Inc, with consideration being :
  - 353,605,500 Shares in the Company ;
  - 49.5 million Class A Performance Rights, 49.5 million Class B Performance Rights, 49.5 million Class C Performance Rights, and 49.5 million Class D Performance Rights – the terms and conditions of the Performance Rights are outlined in Sections 15.4 and 15.5 of the Prospectus; and
  - 6,250,000 Options – unquoted options with an exercised price equal to the issue price of the capital raising described below at Note 2i and expiring four years from date of issue;
- g) The issue of 12,500,000 Shares in the Company to settle a \$250,000 convertible loan from Metals X Ltd
- h) The issue of 5,414,014 million Shares to settle a \$500,000 convertible loan from D'Yquem, and settle a \$350,000 convertible loan from a syndicate of lenders.
- i) The issue of 20,063,695 million Shares in the Company to raise \$3.150 million
- j) Transaction costs associated with the Placement Offer and Acquisition, including Brokerage fees of \$240,000 and other costs of \$387,000 – Ref to Section 15.9 of the Prospectus for details

### 3. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Information are summarised below.

#### *Basis of Reporting*

The Financial Information has been prepared in accordance with the *Corporations Act 2001* and recognition and measurement requirements (but not all disclosure requirements) of Australian Accounting Standards and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board. The Financial Information covers the Company, a public company, incorporated and domiciled in Australia, and its controlled entities and its pro-forma legal subsidiary, BrainChip (post merger with AZ Merger Subsidiary Inc) (together "the Group"). The Financial Information is presented in Australian dollars. The Financial Information has been prepared on an accrual basis and is based on historical costs. Cost is based on the fair value of the consideration given in exchange for assets.

#### *Compliance with IFRS*

Compliance with Australian Accounting Standards ensures that the Financial Information of the Group complies with International Financial Reporting Standards (IFRS).

#### *Significant accounting policies*

Accounting policies are selected and applied in a manner which ensures that the resulting Financial Information satisfies the concepts of relevance and reliability, and that the substance of underlying transactions and other events is reported. The following significant accounting policies have been adopted in the preparation and presentation of the Financial Information:

#### **Accounting Policies**

##### **(a) Reverse acquisition accounting**

The proposed acquisition of BrainChip (the proposed legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that the existing shareholders of BrainChip will obtain control of the Company.

AASB 3 *Business Combinations* sets out the accounting principles to be followed in a reverse acquisition. However, the directors have concluded that the Company does not meet the definition of a "business" as prescribed in AASB 3 and, as such, it has been deemed that the acquisition cannot be accounted for as a "business combination".

Therefore, consistent with accepted practice for transactions similar in nature to the Acquisition, the Company has accounted for the Acquisition in the consolidated financial statements of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquiree (BrainChip), together with a share based payment measured in accordance with AASB 2 *Share Based Payments*, which represents a deemed issue of the shares by the legal acquiree (BrainChip), equivalent to the current shareholders interest in the Company. The excess of the assessed value of the share based payment over the pro forma net assets of the Company as at 31 March 2015 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income as a listing fee.

##### **(b) Principals of Consolidation**

The Financial Information incorporates the assets, liabilities and results of entities within the Group at the end of the reporting period. A controlled entity is any entity over which the Group has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Company during the year, the financial performance of those entities in AZK have been eliminated in full on consolidation. In preparing the Financial Information, all inter-group balances and transactions between entities within the Group have been eliminated in full on consolidation.



Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**(c) Income tax**

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**(e) Internally Generated Intangible Assets – Research and development costs**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete development and to use and sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.



**(f) Deferred Exploration and Evaluation Costs**

Exploration and evaluation costs relating to an area of interest are carried forward at cost where the rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale/or;
- Exploration and evaluation activities are continuing in an area of interest but at balance sheet date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the Statement of Profit or Loss and Other Comprehensive Income.

**(g) Impairment of Assets**

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. For other assets, at each reporting date, the Group review the carrying values of their tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

**(h) Plant and Equipment**

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

The carrying amounts of plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**(i) Financial Instruments**

**Recognition and Initial Measurement**

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit and loss immediately.

**Classification and Subsequent Measurement**

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**(j) Provisions**

Provisions are recognised when the Group have a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(k) Contributed Equity**

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(l) Share based payments**

The fair value of options granted is recognised as an expense with a corresponding increase in equity, unless the options are costs of capital in which case the options granted are recognised in equity only. The fair value of shares or performance rights is ascertained as the market bid price. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The number of shares and options expected to vest is reviewed and adjusted at each reporting date (except where the change in expectation relates to market conditions) such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.



#### 4. Cash and cash equivalents

	Note	\$
Balance of cash and cash equivalents at 31 March 2015		306,825
Add Subsequent events:		
- Exercise of Options	2.a)2.b)	353,866
- Funds borrowed from D'Yquem	2.c)	500,000
- Funds lent by the Company to BrainChip	2.d)	(250,000)
- Funds spent by the Company	2.e)	(820,415)
Add Pro-Forma adjustments:		
- Acquisition of BrainChip **	2.f)	36,724
- Funds received from Placement Offer	2.i)	3,150,000
- Brokerage fees	2.j)	(240,000)
- Other costs of the Acquisition and Placement Offer	2.j)	(387,000)
Pro-Forma balance of cash and cash equivalents		<u>2,650,000</u>

\*\* Comprises BrainChip cash and cash equivalents of \$336,724 as at 31 March 2015, less net cash outflows of approximately \$900,000 subsequent to 31 March 2015, plus \$600,000 borrowed from the Company and the Syndicate subsequent to 31 March 2015 (Note 2d).

#### 5. Trade and other receivables

	Note	\$
Balance of trade and other receivables at 31 March 2015		1,030,337
Add Subsequent events:		
- Funds lent by the Company to BrainChip	2.d)	250,000
Add Pro-Forma adjustments:		
- Acquisition of BrainChip	2.f)	7,746
- Consolidation of BrainChip		(250,000)
Pro-Forma balance of trade and other receivables		<u>1,038,083</u>

Of AZK's trade and other receivables balance as at 31 March 2015, \$1,014,007 relates to mineral licences sold within Madagascar.

#### 6. Financial assets

	\$
Balance of financial assets at 31 March 2015	400,000
Add Pro-Forma adjustments:	
- Consolidation of BrainChip	(400,000)
Pro-Forma balance of financial assets	<u>-</u>

During the period to 31 March 2015, the Company paid BrainChip \$400,000 for the exclusive option to acquire BrainChip.



## 7. Plant and equipment

	Note	\$
Balance of plant and equipment at 31 March 2015		428,607
Add Pro-Forma adjustments:		
- Acquisition of BrainChip	2.f)	111,547
Pro-Forma balance of plant and equipment		540,154

\*\* Comprises BrainChip plant and equipment of \$11,548 as at 31 March 2015, plus plant and equipment acquired of approximately \$100,000 subsequent to 31 March 2015 (Note 2d).

## 8. Trade and other payables

	Note	\$
Balance of trade and other payables at 31 March 2015		170,250
Add Pro-Forma adjustments:		
- Acquisition of BrainChip **	2.f)	175,066
Pro-Forma balance of trade and other payables		345,316

\*\* Comprises BrainChip trade and other payables of \$105,066 as at 31 March 2015, plus additional liabilities assumed of approximately \$70,000 subsequent to 31 March 2015 (Note 2d).

## 9. Borrowings

	Note	\$
Balance of borrowings at 31 March 2015		250,000
Add Subsequent Event:		
- Convertible loan from D'Yquem	2.c)	500,000
Add Pro-Forma adjustments:		
- Acquisition of BrainChip **	2.f)	1,270,346
- Consolidation of BrainChip		(250,000)
- Convertible loans extinguished on Acquisition	2.f)	(670,346)
- Settlement of convertible notes and convertible loans	2.g) 2.h)	(1,100,000)
Pro-Forma balance of borrowings		-

\*\* Comprises BrainChip borrowings of \$670,346 as at 31 March 2015, plus \$250,000 borrowed from the Company and \$350,000 borrowed from the Syndicate subsequent to 31 March 2015 (Note 2d).

**10a. Contributed equity**

	Note	Number of Shares	\$
Balance of contributed equity at 31 March 2015		204,654,699	20,840,005
Add Subsequent event:			
- Exercise of Options	2.a)2.b)	4,975,700	353,866
Shares on issue at date of this prospectus		209,630,399	21,193,871
- Existing BrainChip contributed equity on acquisition	2.f)	-	25,140
- Consideration for Acquisition (Note 10b)	2.f)	353,605,500 *	31,444,560 **
- Settlement of loan from Metals X	2.g)	12,500,000	1,875,000 **
- Placement Offer ***	2.i)	20,063,695	3,150,000
- Conversion Offers ***	2.h)	5,414,014	850,000
- Broker Fees	2.j)	-	(240,000)
- Elimination of the Company's contributed equity on reverse acquisition (Note 10b)		-	(21,193,871)
Pro-Forma balance of contributed equity at 31 March 2015		601,213,608 *	37,104,700**

\* Consideration for the Acquisition of BrainChip includes 6,250,000 Aziana Options, 49.5 million Class A Performance Rights, 49.5 million Class B Performance Rights, 49.5 million Class C Performance Rights, and 49.5 million Class D Performance Rights.

The Performance Rights vest upon the achievement of certain Milestones, as outlined in Section 15.5 of the Prospectus. Milestone 1 has already been achieved, as announced to the ASX on 13 May 2015, thus each Class A Performance Right will vest on the date they are issued and at the election of the holder will convert into one Share. The number of shares outlined above does not include the vesting and conversion of Performance Rights. If all the Classes of Performance Rights described above were to vest and be converted into Shares in the future, this would result in an additional 198,000,000 Shares being issued.

\*\* The amounts are based on an assumed share price of \$0.15 on date of settlement.

\*\*\* \$0.157 per Share as outlined in the Prospectus.

Refer to section 8.8 of the Prospectus for full details of the pro-forma movement in the number of options on issue.

**10b. Reverse acquisition**

The proposed Acquisition of BrainChip (the legal subsidiary) by AZK (the legal parent) is deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of BrainChip will obtain control of AZK. However, AZK is not considered to meet the definition of a business under AASB 3 *Business Combinations* (AASB 3) and, as such, it has been concluded that the Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3. Therefore, consistent with the accepted practice for transactions similar in nature, the Acquisition has been accounted for in the consolidated financial statements of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquiree (BrainChip), together with a share based payment measured in accordance with AASB 2 *Share Based Payments* (AASB 2), which represents a deemed issue of shares by the legal acquiree (BrainChip), equivalent to current shareholders interest in AZK post the acquisition. The excess of the assessed value of the share based payment over the net assets of AZK has been expensed to the Statement of Profit or Loss and Other Comprehensive Income as a listing fee.

AZK (legal parent, accounting acquiree) will issue 353,605,500 Shares, 198,000,000 Performance Rights, and 6,250,000 Options to the existing BrainChip shareholders who, as a result, will own approximately 62.8% of the combined entity at settlement of the Acquisition prior to the Placement Offer and other transactions described in Note 2. The remaining 37.2% will be owned by the current shareholders of the Company.

As there is no current market for BrainChip shares, the fair value of 100% of AZK is assessed at \$31,444,560 (based on 209,630,399 Shares on issue at a share price of \$0.15) immediately prior to the acquisition.

Consequently, a listing expense of \$30,167,126 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income which represents the excess of the deemed fair value of the share based payment less the net assets of AZK of \$1,277,434 immediately prior to settlement of the acquisition, as set out below:

	<b>Unaudited Pro-Forma 15 Mar 15 \$</b>
Cash and cash equivalents **	340,276
Trade and other receivables	1,030,337
Financial assets	400,000
Other assets	21,329
Plant and equipment	428,607
Trade and other payables	(170,250)
Provisions	(22,865)
Borrowings ***	(750,000)
Net assets of BrainChip acquired on reverse acquisition	<u>1,277,434</u>

\*\* Comprises cash and cash equivalents of \$306,825 as at 31 March 2015, less net cash outflows of approximately \$820,415 (Note 2e), plus \$500,000 borrowed from D'Yquem and \$353,866 raised from exercise of options subsequent to 31 March 2015 (Notes 2a,b,c).

\*\*\* Comprises borrowings of \$250,000 as at 31 March 2015, plus \$500,000 borrowed from the D'Yquem subsequent to 31 March 2015 (Note 2c).

Assessed fair value of net asset acquired:

-Company Shares on issue	209,630,399
-Assumed share price on settlement date	\$ 0.15
Deemed fair value of Share-based Payment, assessed in accordance with AASB 2 *	<u>31,444,560</u>
Pro-forma listing expense recognised on reverse acquisition	<u>30,167,126</u>

\* The amount is based on an assumed share price of \$0.15 on date of settlement.

#### 11. Reserves

	Note	\$
Balance of reserves at 31 March 2015:		3,225,541
Add Pro-Forma adjustments:		
- Elimination of AZK reserves on reverse acquisition (Note 10b)		(3,225,541)
- BrainChip reserves as at 31 March 2015	2.f)	375,231
- Consolidation of BrainChip		(400,000)
Pro-Forma balance of reserves		<u>(24,769)</u>



## 12. Accumulated losses

	Note	\$
Balance of accumulated losses at 31 March 2015		(22,321,563)
Add Subsequent event:		
- AZK expenses	2.e)	(820,415)
Add Pro-Forma adjustments:		
- Elimination of AZK accumulated losses on reverse acquisition (Note 10b)		23,141,978
- Acquisition of BrainChip *	2.f)	(1,637,328)
- Listing fee (Note 10b)		(30,167,126)
- Loss on settlement of Metals X loan	2.g)	(1,625,000)
- Convertible loans extinguished on Acquisition	2.f)	670,346
- Acquisition expenses	2.j)	(387,000)
Pro-Forma balance of accumulated losses		<u>(33,146,108)</u>

\* Comprises BrainChip accumulated losses of \$767,328 as at 31 March 2015, plus expenses incurred of \$870,000 subsequent to 31 March 2015 (Note 2d).

## 13. Post balance date events

No matters or circumstances have arisen since 31 March 2015 which significantly affect the state of affairs of the Group, other than the matters outlined above and those disclosed in the Prospectus.

## 14. Related party transactions

Related parties and related party transactions are outlined in the Prospectus.



**Contact:** John King  
**Principal/Associate:** John King

14 August 2015

The Board of Directors  
Aziana Limited  
Level 3, 18-32 Parliament Place  
WEST PERTH WA 6005

Dear Sirs

**Intellectual Property Report**  
**Peter AJ van der Made and Brainchip Inc.**  
**Our ref:** 260566

This Report has been prepared for inclusion in a Prospectus to be issued by Aziana Limited.

We have been requested to report on the present status of certain patents and patent applications in the name of Peter AJ van der Made and Brainchip, Inc.

## 1.0 Contents

Section 2.0 sets out a brief overview of the patent portfolio of Peter AJ van der Made and Brainchip, Inc., and the basis of the summary of the patents and patent applications given in this Report.

Section 3.0 provides general comments on patent protection, patent procedures, and requirements for patentability.

Section 4.0 provides general comments regarding potential limitations of patent protection.

Section 5.0 describes the patents and patent applications in the name of Peter AJ van der Made and Brainchip, Inc.

Section 6.0 provides a disclaimer and describes limitations of this Report.

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Section 7.0 provides a statement of independence regarding preparation of this Report.

## **2.0 Overview**

Peter AJ van der Made and Brainchip, Inc. have certain of patents and patent applications upon which we have been requested to report.

Based on information provided to us, we understand that the patents and patent applications relate to the technology commonly referred to as "BrainChip".

The patents and patent applications have not been handled by us or on our instructions.

Accordingly, we have relied upon other sources in providing this Report. In particular, we have relied upon information provided by Peter AJ van der Made, as well as information publicly accessible through online records of patent offices in the relevant jurisdictions, as follows:

- a) Public PAIR – a public database made available by the United States Patent and Trademarks Office (USPTO); and
- b) AUSPAT – a public database made available by IP Australia, the Australian government agency responsible for patents.

## **2.1 Patents**

The Patent Portfolio comprises an innovation patent in Australia and a utility patent in the United States.

Particulars of the two patents are as follows:

- a) Australian Innovation Patent 2008100935 having a filing dates of 24 Sept 2008; and
- b) US Patent 8250011, issued August 12, 2012 having a priority date of 21 Sept 2008.

We have confirmed details of Australian Innovation Patent 2008100935 through accessing AUSPAT, the public database made available by IP Australia.

We have confirmed details of US Patent 8250011 through accessing Public PAIR, the public database made available by the USPTO.



Australian Innovation Patent 2008100935 stands in the name of Peter AJ van der Made.

US Patent 8250011 stands in the name of Brainchip, Inc. This US patent was granted in the name of Peter AJ van der Made, and was subsequently assigned to Brainchip, Inc. by way of an Assignment dated 23 July 2015.

While Australian Innovation Patent 2008100935 and US Patent 8250011 relate broadly to the same technology, they were applied for separately of each other, without a common priority date. Specifically, US Patent 8250011 relates to a patent application filed on 21 Sept 2008, and Australian Innovation Patent 2008100935 relates to a patent application filed several days later on 24 Sept 2008.

## **2.2 Patent Applications**

The Patent Application Portfolio comprises two US patent applications, both of which are pending patent applications; namely:

- a) US Patent Application 14/710,593 filed on 13 May 2015; and
- b) US Patent Application 14/753,296 filed on 29 June 2015.

US Patent Application 14/710,593 was filed in the name of Peter AJ van der Made and has since been assigned to Brainchip, Inc. by way of an Assignment dated 1 June 2015.

US Patent Application 14/753,296 was filed in the name of Brainchip, Inc., with Peter AJ van der Made and Anil Shamrao Mankar named as inventors.

Particulars of these two applications have been provided by Peter AJ van der Made. As these two patent applications have not yet been published by the USPTO, we are not able to confirm their existence and status through accessing the public database made available by the USPTO.

We are not aware of counterpart patent applications in Australia or any other jurisdictions.

### 3.0 Patent Protection, Patent Procedures and Requirements for Patentability

Patent rights constitute an important component of intellectual property, and provide a statutory monopoly for new (novel), non-obvious (inventive) and useful inventions for a limited period. Patents may be granted in respect of new or improved products, compositions and processes in almost all areas of current scientific, commercial and industrial activities.

Patent rights are essentially national rather than trans-national and a patent must be obtained in each country where protection of an invention is required. A fundamental requirement of the patent system is that the invention be 'new' at the time of lodging a patent application. Newness in this sense is judged in relation to what was publicly known or used at the date of the application. Another requirement is for a distinct inventive advance over what was previously known. This means that valid patent protection cannot be obtained for trivial or obvious developments. A further requirement is that the invention must be suitable subject matter for a patent. For example, patent protection for computer implemented and so called "business method" inventions may be difficult to obtain.

In the present case, the patenting strategy is driven from the United States, and accordingly set out below a broad outline of patent procedures with a US focus.

In circumstances where a technological innovation has been identified and no further development is anticipated in the near future, it is often the case that a US non-provisional patent application is filed, depending upon the particular patent strategy being developed. In this way, the provisional application can be used to establish an initial priority date and can provide a cost-effective way of commencing the patenting process. When additional developments are expected in the near future, it may be that a US provisional application covering the initial innovation is filed in the first instance. As further developments arise, one or more subsequent provisional patent applications can be filed.

Strategies involving both a US provisional application and a US non-provisional application as the first instance application have been implemented in the van der Made Patent Portfolio, as will be explained in Section 5.0.

Within 12 months of filing the US provisional application, it is necessary to advance the patent process to the next stage. The strategy adopted for that next stage is dependent upon the type of patent protection required and the countries of interest. If patent protection is required in only the United States, all that may be necessary is to file a US non-provisional patent

application at the United States Patent and Trademark Office. If, on the other hand, patent protection is required internationally, consideration may be given to filing an international application under an international arrangement known as the Patent Cooperation Treaty (PCT). An international PCT application comprises a single application covering a multitude of PCT member states, which includes Australia, the United States and most of Australia's major trading partners. It is important to note that the international PCT application does not lead to grant of an international patent. Rather, it provides a cost-effective way of filing a single application covering a multitude of countries. It is later necessary to advance the international application to what is known as national and regional phases, which effectively constitute separate patent applications in each of the jurisdictions concerned. Each jurisdiction then will consider the patent application on its merits and make its own decision as to whether or not a patent is granted.

As alluded to above, within 12 months of the first-filed US provisional application, it is necessary to file a US non-provisional patent application, which would typically incorporate all of the subject matter of the earlier provisional application(s), or alternatively particular subject matter of interest.

With respect to the process in the United States, non-provisional applications are typically examined in the order in which they are filed. Currently, there can be a delay of between one and two years after filing before examination commences.

At the outset, a patent examiner considers the application to make an assessment as to whether the application satisfies a prescribed requirement that it be directed to one invention only. If the examiner forms the view that the application covers more than one invention, the examiner may require that the application be restricted to claims relating to one particular invention. The Applicant is then required to elect which invention and its associated claims is to be the subject of patent examination. The other inventions, which are not elected to be part of the examination process, can be pursued by way of further applications which are known as divisional applications. The examiner then proceeds to search the invention defined by the claims as filed in cases where there was no requirement for restriction, or the invention as defined by the elected claims when a restriction was required.

Once the search is complete, the examiner typically issues an examination report which is known as an Office Action. This commences a process which is commonly referred to as prosecution of the patent application.

The first Office Action presents the findings of the examination process with respect to patentability of the invention defined by the claims of the patent application. Common rejections are that the claimed invention lacks novelty or is obvious in view of prior art of which the Examiner is aware. There is then a period of three months (extendible for a further three months) within which to respond to the Office Action.

Once a response to the first Office Action has been filed, the response is considered by the examiner. It may be that the examiner allows the application, or alternatively issues a further Office Action, commonly in the form of what is known as final Office Action. When a final Office Action issues, there are restrictions regarding the ways in which the application can be advanced. One option for advancing the application is to prepare an additional amendment in an endeavour to overcome the examiner's rejection. Sometimes, an interview with the examiner is arranged, prior to submitting a response to the final Office Action. Another option is to file a Request for Continued examination. This option re-open the patent prosecution process, and allow further amendments and argument to be submitted in an endeavour to obtain allowance. An appeal process is also available.

Following allowance, it is necessary to pay an issue fee for a US patent to issue.

Any divisional application, continuation application, or continuation-in-part application needs to be filed before issue of the patent.

A continuation application is an application which continues on from an earlier application (known as the parent application) and which contains the same subject matter. It is often filed to maintain patent rights, and provide a further opportunity to address examiner's rejections.

A continuation-in-part application (CIP) is similar to a continuation application, but with some additional subject matter included in the application. A CIP application claims priority from the previously-filed parent application insofar as common subject matter is concerned. New subject matter receives a priority date corresponding to the CIP application filing date. A CIP application provides a way of claiming improvements or developments after the parent application was filed.

Strategies involving CIP applications have been implemented in the Patent Application Portfolio, as will be explained in Section 5.0.

The patent term of a continuation application or a CIP application corresponds to the patent term available for the parent patent application. In other words, a continuation application and a CIP application do not provide opportunities to extend the maximum term of 20 years which would otherwise be available through the parent application.

#### **4.0 Potential Limitations of Patent Protection**

There can be no assurance that each of the patent applications set out in Section 5.0 will result in the grant of a patent, or that the scope of protection provided by any granted patent will be identical to the scope of the application as originally filed or currently pending.

Furthermore, the scope of protection provided by a granted patent in one jurisdiction may differ from that provided by a granted patent in another jurisdiction, due to differences in examination and scope of available protection.

Additionally, in many countries, an opportunity is provided for third parties to oppose the grant of a patent application either prior to it proceeding to grant or shortly thereafter.

It should be noted that the grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid then the patent is unenforceable. For example, relevant prior disclosures may be discovered that were not raised during examination, which may limit the scope of patent protection sought, perhaps to a very narrow field.

Further, it should also be noted that the granting of a patent does not guarantee that the patentee has freedom to operate the invention claimed in the patent. It may be that working of a patented invention is prevented by the existence of another patent.

#### **5.0 The Patents and Patent Applications**

This Report summarises the status of certain patents and patent applications in the name of Peter AJ van der Made and Brainchip, Inc., as identified in Section 2.0.

##### **5.1 Innovation Patent 2008100935**

For convenience, an abstract relating to Australian Innovation Patent 2008100935 is set out below.

A hierarchical information processing system is disclosed having a plurality of artificial neurons, comprised of binary logic gates, and interconnected through a second plurality of dynamic artificial synapses, intended to simulate or extend the function of a biological nervous system. The system is capable of approximation, autonomous learning and strengthening of formerly learned input patterns. The system learns by simulated Synaptic Time Dependent Plasticity, commonly abbreviated to STDP. Each artificial neuron consisting of a soma circuit and a plurality of synapse circuits, whereby the soma membrane potential, the soma threshold value, the synapse strength and the Post Synaptic Potential at each synapse are expressed as values in binary registers, which are dynamically determined from certain aspects of input pulse timing, previous strength value and output pulse feedback.

This abstract is provided for information purposes only and does not necessarily reflect the scope of patent rights.

By way of background, we would mention that an innovation patent is “granted” when formalities have been met. However, an innovation patent is enforceable only after it has been “certified”. The certification must be requested (including a fee submission) at IP Australia. To obtain a certification, the innovation patent must be examined.

While the Innovation Patent has been “granted”, it has not been “certified”; that is, no examination has taken place.

The Innovation Patent is currently in force and will remain in force until 24 September 2016, provided that it is renewed when due on 24 September 2015.

The Innovation Patent cannot be extended beyond its full term and expires on 24 September 2016.

## **5.2 US Patent No. 8250011**

For convenience, an abstract relating to US Patent 8250011 is set out below.

A hierarchical information processing system is disclosed having a plurality of artificial neurons, comprised of binary logic gates, and interconnected through a second plurality of dynamic artificial synapses, intended to simulate or extend the function of a biological nervous system. The system is capable of approximation, autonomous learning and strengthening of formerly learned input patterns. The system learns by simulated Synaptic Time Dependent Plasticity, commonly abbreviated to STDP. Each artificial neuron consisting of a soma circuit and a plurality of synapse circuits, whereby the soma membrane potential, the soma threshold value, the synapse strength and the Post Synaptic Potential at each synapse are expressed as values in binary registers, which are dynamically determined from certain aspects of input pulse timing, previous strength value and output pulse feedback.

This abstract is provided for information purposes only and does not necessarily reflect the scope of patent rights.

The US Patent is currently in force and will remain in force until 21 September 2028, provided that it is renewed by payment of maintenance fees as they fall due. The first maintenance fee is due by 12 February 2016.

### **5.3 US Patent Application 14/710,593**

US Patent Application 14/710,593 was filed on 13 May 2015.

We have been informed by Peter AJ van der Made that US Patent Application 14/710,593 is a continuation-in-part application of earlier filed US Patent Application 13/461,800, which in turn was a continuation of US Patent Application 12/234,697 which issued as US Patent 8250011 having a priority date of 21 Sept 2008. US Patent Application 13/461,800 has since been abandoned, with rights continuing by virtue of currently pending US Patent Application 14/710,593.

This application has not yet been published, and particulars have been provided by Peter AJ van der Made. As the patent application has not yet been published by the United States Patent and Trademarks Office, we are not able to confirm its existence and status through accessing the public database made available by the USPTO.

Further, as the patent application has not yet been published, we cannot access an abstract relating to it. However, for convenience, an abstract relating to its parent application, now abandoned US Patent Application 13/461,800, is set out below:

The current invention comprises a function library and relates to Artificial Intelligence systems and devices. Within a Dynamic Neural Network (the "Intelligent Target Device") training model values are autonomously generated in during learning and stored in synaptic registers. One instance of an Intelligent Target Device is the "Autonomous Learning Dynamic Artificial Neural Computing Device and Brain Inspired System", described in patent application number 20100076916 and referenced in whole in this text. A collection of values that has been generated in synaptic registers comprises a training model, which is an abstract model of a task or a process that has been learned by the intelligent target device. A means is provided within the Intelligent Target Device to copy the training model to computer memory. A collection of such training model sets are stored within a function library on a computer storage facility, such as a disk, CD, DVD or other means.



We understand that US Patent Application 14/710,593 filed on 13 May 2015 is a continuing application in respect of the dynamic neural function libraries referred to in the abstract above.

This abstract is provided for information purposes only and does not necessarily reflect the scope of patent rights being sought.

As Wrays have had no involvement whatsoever in handling and providing instructions in relation to the subject patents and patent applications, we cannot comment on the reasons for, and strategy adopting in, filing the various CIP applications. From our review of the prosecution history of the various parent applications, it would appear that difficulties were experienced in overcoming examiner's rejections during prosecution of parent application 13/461,800, and consequently the parent application was abandoned. In such circumstances, it is not uncommon to adopt a strategy involving a CIP application, particularly where there have been improvements or developments after the parent application was filed, as discussed above in Section 3.0.

#### **5.4 US Patent Application 14/753,296**

We understand that US Patent Application 14/753,296 filed on 29 June 2015 relates to a secure voice signature communication system.

Based in information provided by Peter van der Made, we understand that US Patent Application 14/753,296 is a utility patent application claiming benefit from earlier US Provisional Applications 62/018,562 filed on 28 June 2014, and 62/019,399 filed on 30 June 2014. Assuming this claim to benefit is valid and allowed, US Patent Application 14/753,296 would have priority dates of 28 June 2014 and 30 June 2014 established by US Provisional Applications 62/018,562 and 62/019,399 respectively.

This application has not yet been published, and particulars have been provided by Peter AJ van der Made. As the patent application has not yet been published by the United States Patent and Trademarks Office, we are not able to confirm its existence and status through accessing the public database made available by the USPTO.

As Wrays have had no involvement whatsoever in handling and providing instructions in relation to the subject patents and patent applications, we cannot comment on the reasons for, and strategy adopting in, filing the two US provisional applications in the first instance.

However, the filing of a US provisional application in the first instance is a common strategy to establish an initial priority date, and can provide a cost-effective way of commencing the patenting process, particularly in cases where additional developments are expected, as discussed above in Section 3.0.

## **6.0 Disclaimer and Limitations**

The Report is not to be construed as a legal opinion as to the registrability of patent applications. It should also be appreciated that the Report is not a validity opinion on the patents and patent applications which are the subject of the Report. No conclusions on validity based on the Report should be made. Moreover, the Report does not provide any guarantee that the subject inventions may be commercially exploited without risk of infringement of earlier rights.

It should be noted that Wrays are registered Australian patent attorneys, and not registered US patent attorneys. Accordingly, as Wrays are not registered US patent attorneys, we cannot provide opinions with respect to the US patent and US patent applications. However, we have provided the general comments in this Report in relation to US patent procedure based on our extensive experience over many years in assisting clients with patent matters in the United States.

### **6.1 Patent Disclaimer**

#### *Examination Reports in One Country Not Binding In Other Countries*

In most countries, patent applications undergo an independent search and examination by the local Patent Office, the results of which are not binding in other jurisdictions. Similarly, international PCT search and examination reports are not binding on national patent applications during subsequent examination in the national phase. Such reports should therefore be regarded as indicative only and not determinative of patentability. It should also be appreciated that the grant of a patent in one country provides no guarantee that patents will be granted in other jurisdictions.

#### *Scope of Claims May Vary during Examination*

It is often necessary during the examination of a patent application to define the invention

more specifically by amendment of the claims, so as to distinguish relevant prior art. As a result of this process, there may be variations in the claims between countries, reflecting in part the different examination procedures and threshold requirements for patentability, according to national laws. Whilst this is a relatively standard procedure, in certain circumstances, such amendments may affect the scope and hence the commercial significance of the resultant patent protection.

#### *Grant of Patent Provides No Guarantee of Validity*

A granted patent provides no guarantee of validity. In most jurisdictions, a patent application undergoes a substantive examination process before proceeding to grant which confers an initial presumption of validity. However, the validity of a patent may be challenged at any time after grant, by way of revocation proceedings filed in a Court of competent jurisdiction.

#### *Grant of Patent Provides No Guarantee of Non-Infringement*

The grant of a patent provides no guarantee that the patentee is entitled to commercially exploit the patented invention, since the working of an invention, even if validly patented, may infringe an earlier patent or other intellectual property rights.

### **7.0 Statement of Independence**

Wrays, established in 1920, is a national patent and trade mark attorney practice, representing a significant number of Australia's largest businesses, in addition to numerous international and multinational clients.

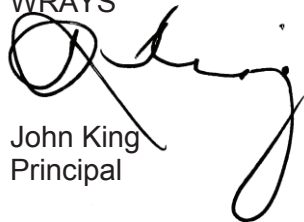
This is an independent report. When considering this Report, it should be noted that:

- a) This Report is limited to reporting on the status of the subject patents and patent applications, and does not extend to anything else.
- b) The involvement of Wrays in the preparation of the Information Memorandum is limited solely to the preparation of this Report.
- c) Wrays have had no involvement whatsoever in handling and providing instructions in relation to the subject patents and patent applications.
- d) Wrays and the writer have no interest in Aziana Limited; however, Wrays will be paid normal commercial fees for the preparation of this Report.

- e) The giving of our consent to the inclusion of this Report in the Prospectus should not be taken as an endorsement by Wrays of Aziana Limited or its technologies or a recommendation by Wrays of the merits of any investment in Aziana Limited.
- f) Wrays gives no assurance or guarantee whatsoever in respect of the future success or financial returns associated with the acquiring the shares being offered pursuant to this Information Memorandum.

We have given our consent to the issue of the Prospectus with this Report appearing therein.

Yours sincerely  
WRAYS



John King  
Principal

---

## 13. CORPORATE GOVERNANCE

### 13.1 ASX Corporate Governance Council Principles and Recommendations

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

To the extent applicable, commensurate with the Company's size and nature, AZK has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details on AZK's corporate governance procedures, policies and practices can be obtained from the Company website at <http://www.aziana.com.au>

### 13.2 Board of Directors

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

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

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

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

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

In light of the Company's size and nature, the Board considers that the proposed board is a cost effective and practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the size

of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

### **13.3 Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Following Settlement, the Board is proposed to consist of 4 members. The Company has adopted a Nominations Committee Charter, but has not formally adopted a Nominations and Remuneration Committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of a Nomination and Remuneration Committee. The responsibilities of a Nomination and Remuneration Committee are currently carried out by the Board.

Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

### **13.4 Identification and management of risk**

The Board has established a risk management committee which is responsible for overseeing the risk management function. The risk management committee is responsible for ensuring the risks and opportunities are identified on a timely basis. To achieve this, the risk management committee has implemented a risk system which allows for the monthly monitoring of identified risk areas and performance against the activities to minimise or control these identified risks.

### **13.5 Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

### **13.6 Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

### **13.7 Remuneration arrangements**

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions

by each Non-Executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

### **13.8 Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The policy generally provides that written notification to the Chairman (or in the case of the Chairman, the Managing Director) must be satisfied prior to trading.

### **13.9 External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

### **13.10 Audit committee**

The Company has an audit committee which fulfils the Company's corporate governance and monitoring responsibilities in relation to the Company's risks associated with the integrity of the financial reporting, internal control systems and the independence of the external audit function.

### **13.11 Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

### **13.12 Departures from Recommendations**

Following re-admission to the Official List of ASX, AZK will be required to report any departures from the Recommendations in its annual financial report. The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out in the following pages.



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## 14. MATERIAL CONTRACTS

### 14.1 Acquisition Agreement

The key terms of the Acquisition Agreement are as follows:

(a) **Acquisition**

As announced on 8 April 2015, the Company has exercised its option to acquire, via the US Subsidiary and by way of the Merger in accordance with Delaware Merger Law, the BrainChip Shares held by each of the BrainChip Shareholders for the consideration set out in 14.1(c) to 14.1(e) below.

(b) **Conditions Precedent**

Completion of the Acquisition is subject to the satisfaction or waiver by the parties of the following outstanding conditions:

- (i) AZK obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law required to allow the parties to lawfully complete the matters set out in the Acquisition Agreement;
- (ii) AZK completing a capital raising of not less than \$3,000,000 via the issue of Shares at not less than two cents each (which will be satisfied by the Placement Offer);
- (iii) AZK receiving conditional approval to reinstatement to official quotation on the ASX following Settlement on conditions satisfactory to the Company and BrainChip; and
- (iv) to the extent required by the ASX or the ASX Listing Rules, the BrainChip Shareholders entering into restriction agreements with the Company in relation to the Consideration Shares, Aziana Options and Performance Rights (as required).

If the conditions are not satisfied (or waived) (or become incapable of being satisfied and are not waived) on or before 5:00pm (WST time) on 31 October 2015 or such other date as BrainChip, AZK and the BrainChip Shareholders all approve in writing, then either AZK or BrainChip may terminate the agreement constituted by this document by written notice to the other Parties.

(c) **Issue of Consideration Shares**

As part of the consideration for the Acquisition, the Company will issue 353,605,500 Shares as part consideration to the BrainChip Shareholders (or their nominees) on Settlement (**Consideration Shares**). The Aziana Options and Performance Rights also form part of the consideration for the Acquisition.

(d) **Issue of Aziana Options**

As part of the consideration for the Acquisition, the Company has also agreed will to issue 6,250,000 Aziana Options to Robert Mitro (or his nominees) in his capacity as a BrainChip Noteholder, in return for the

cancellation of the preferred stock warrant agreements between BrainChip and Robert Mitro.

(e) **Issue of Performance Rights**

As part of the consideration for the Acquisition, the Company has further agreed to issue a total of 198,000,000 Performance Rights to BrainChip Employees, the Proposed Directors and the vendors of BrainChip in accordance with the PR Plan as follows:

- (i) 12,000,000 Performance Rights to BrainChip Employees (being 3,000,000 of each class of Performance Rights);
- (ii) 92,400,000 Performance Rights to BrainChip vendors (being 23,100,000 of each class of Performance Rights);
- (iii) 3,600,000 Performance Rights to Proposed Director, Adam Osseiran (being 900,000 of each class of Performance Rights);
- (iv) 54,000,000 Performance Rights to Proposed Director, Peter van der Made (being 13,500,000 of each class of Performance Rights); and
- (v) 36,000,000 Performance Rights to the Robert F. Mitro Living Trust, controlled by Proposed Director Robert Mitro (being 9,000,000 of each class of Performance Rights).

To the extent that any Performance Rights cannot be offered under the PR Plan in compliance with ASIC Regulatory Guide 49 (e.g. due to exceeding the 5% limit or if the person being offered is not classed as an 'employee') those Performance Rights will not be exempt from the disclosure and licensing requirements of the Corporations Act and, accordingly, the offer of those Performance Rights will be subject to Aziana having first complied with all applicable disclosure and licensing provisions of the Corporations Act.

(f) **Board of directors of AZK**

Prior to Settlement, the Acquisition Agreement also contemplates the Company entering into employment agreements with:

- (i) Robert Mitro – to be appointed as Chief Executive Officer of BrainChip;
- (ii) Peter van der Made – to be appointed as Chief Technical Officer,

each on customary terms for their roles and otherwise in accordance the ASX Listing Rules; and

- (iii) one further director to be advised by BrainChip prior to Settlement.

- (g) To satisfy paragraph (iii) above, Aziana and BrainChip have agreed that Mr Adam Osseiran will be appointed as a Non-Executive Director with a base salary of \$50,000 per annum on terms agreed with AZK prior to Settlement). These agreements are summarised in Section 14.11.

(h) **Loan**

In accordance with the terms of the Acquisition Agreement, the Company has provided an unsecured loan to BrainChip of \$250,000 for the purpose of expenditure on BrainChip's development program in respect of its BrainChip product (**BrainChip Loan**). Refer to Section 14.4 for a summary of the BrainChip Loan Agreement.

## 14.2 Delaware Law Merger

The acquisition of BrainChip by the Company is being implemented by way of a Delaware law "merger". For the purposes of this merger process, the Company has incorporated a Delaware based subsidiary, 'AZ Merger Subsidiary, Inc'. In order that the BrainChip Shareholders are entitled to the equivalent of "roll over relief" in the US and to effect the merger in accordance with Delaware law, the Company will issue the Consideration Shares to the US Subsidiary, and then immediately following such issue, BrainChip and the US Subsidiary will "merge". As a result of this, BrainChip will continue to exist (as a wholly owned subsidiary of the Company), the US Subsidiary will cease to exist, and the Consideration Shares will immediately be distributed to the BrainChip Shareholders.

The US Subsidiary is only likely to hold the Consideration Shares for approximately one day. It will mean that the Company will have issued its Shares to an entity it controls (being a wholly owned subsidiary). The Consideration Shares will only be issued as part of the final procedural steps to implement the acquisition of BrainChip. All other substantive conditions precedent for completion of the Acquisition (including all Shareholder approvals) will be satisfied by the time the Consideration Shares are proposed to be issued. If any other conditions are not satisfied, the acquisition will not proceed and the Consideration Shares simply will not be issued.

Section 259C(1) of the Corporations Act provides that an issue of shares of a company to an entity it controls is void except in certain circumstances set out in sections 259C(1)(a) to (d). Section 259C(2) specifically allows ASIC to exempt a company from the operation of section 259C.

Section 606(1) of the Corporations Act prohibits a person from acquiring a Relevant Interest in issued voted shares in a listed company if the person acquiring the securities or someone else's Voting Power in the company increases to more than 20%. Section 655A allows ASIC to exempt a company from the operation of a provision of Chapter 6 (which includes section 606(1)). Section 671B requires a person to provide a notice setting out certain information to a listed entity if it begins to have a substantial holding in the company. Section 673(1)(a) allows ASIC to exempt an person from the operation of a provision of Chapter 6C (which includes section 671B). The Company has obtained ASIC relief to enable it to issue the Consideration Shares to the US Subsidiary without contravening sections 259C(1) or 606(1) and 671B of the Corporations Act.

## 14.3 Underwriting Agreements

The Placement Offer is fully underwritten in accordance with the following agreements:

- (a) underwriting agreement between Metals X Limited and the Company pursuant to which Metals X has agreed to underwrite \$2,650,000 of the Placement Offer (**Metals X Underwriting Agreement**); and
- (b) underwriting agreement between D'Yquem and the Company pursuant to which D'Yquem has agreed to underwrite \$500,000 of the Placement Offer (**D'Yquem Underwriting Agreement**),

(together the **Underwriting Agreements**).

The material terms of the Underwriting Agreements are as follows:

- (a) Metals X and D'Yquem will be paid the following fees for underwriting the Placement Offer:
- (i) Metals X will be paid an underwriting fee of 6% (ex GST) of its underwritten amount, being \$2,650,000; and
  - (ii) D'Yquem will be paid an underwriting fee of 6% (ex GST) of its underwritten amount, being \$500,000.

The underwriting fees will be payable after the Shares are issued under the Placement Offer.

- (b) Metals X and D'Yquem authorise the Company to engage sub-underwriters to offset some of their commitment to underwrite the Placement Offer.
- (c) Metals X and D'Yquem must pay all fees and commissions due to sub-underwriters of the Placement Offer.
- (d) Metals X and D'Yquem must ensure that no person will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer.
- (e) The occurrence of each of the events set out below will entitle either of Metals X or D'Yquem to terminate their Underwriting Agreement:
- (i) any material adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a related corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a related corporation);
  - (ii) ASX does not give approval for the Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
  - (iii) an Event of Insolvency occurs in respect of a related corporation;
  - (iv) the S&P ASX 200 Index as determined at close of trading falls to a level that is 85% or less of the level at the close of trading on the date of this Agreement;

- (v) a director of the Company or any related corporation is charged with an indictable offence;
- (vi) the Company suspends payment of its debts generally.

#### 14.4 BrainChip Loan Agreement

On 18 May 2015, Aziana entered into a loan agreement with BrainChip, pursuant to which the Company agreed to provide a loan of \$250,000 for the purpose of expenditure on BrainChip's development program in respect of its BrainChip product (**BrainChip Loan**) to BrainChip (**BrainChip Loan Agreement**).

The material terms of the BrainChip Loan are as follows:

- (a) The amount of the Loan can be increased by mutual agreement of Aziana and BrainChip (acting reasonably) if Settlement has not occurred within 3 months of the date of the Terms Sheet.
- (b) BrainChip must apply the Loan for the purpose of expenditure on BrainChip's development program in respect of its product (including work to form part of the BrainChip IP) during the period prior to the Settlement date.
- (c) In the event that Settlement does not occur for any reason, the BrainChip Loan will convert into common shares in the capital of BrainChip at the same price at which BrainChip issues shares under its next meaningful equity raising (i.e. at least \$1 million), or if that is not permitted by the ASX Listing Rules or applicable laws, it will be repaid to Aziana in cash (along with additional interest to be agreed under the Loan Agreement) from the proceeds of the next debt or equity raising completed by BrainChip in excess of \$2 million (in isolation or aggregated with other raisings).
- (d) Events of default under the Loan Agreement include:
  - (i) the BrainChip Loan not being applied for the purposes specified in the Loan Agreement
  - (ii) any warranty, representation or statement by BrainChip is or becomes false, misleading or incorrect in a material respect when made or regarded as made by BrainChip under the Loan Agreement;
  - (iii) a receiver, receiver and manager, official manager, trustee, administrator or similar official is appointed, or steps taken for such appointment, over any of the assets or undertaking of BrainChip;
  - (iv) an administrator is appointed or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, an administrator to BrainChip;
  - (v) an application or order is made for the winding-up or dissolution of BrainChip or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of BrainChip otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of Aziana; and

- (vi) BrainChip suspends payment of its debts generally.

#### 14.5 Metals X Loan Agreement

On 17 March 2015 the Company entered into a loan agreement with Metals X Limited pursuant to which Metals X provide the Company with a loan of \$250,000 (**Metals X Loan**).

The material terms of the Metals X Loan Agreement are as follows:

- (a) The interest payable under the loan is 12% per annum;
- (b) The loan is repayable 180 days from 17 March 2015 (**Repayment Date**);
- (c) Aziana has also entered into a security deed granting Metals X security over the assets of Aziana.

Metals X have elected to receive repayment of the Metals X Loan through the issue of Shares, instead of cash, to be calculated on the lower of:

- (a) \$0.02 per Share; and
- (b) the VWAP of the Shares for five ASX trading days prior to the repayment date.

On the Repayment Date, the Company will issue 12,500,000 Shares (at a deemed issue price of the lower of \$0.02 per Share and the volume weighted average price of Shares for five ASX trading days prior to the repayment date, being 180 days from 17 March 2015) to Metals X Limited (or its nominees) in repayment of the Metal X Loan which will satisfy the Company's obligations in respect of the Metals X Loan and the security granted by the Company will be released.

#### 14.6 D'Yquem Converting Loan Agreement

On 18 June 2015, Aziana and D'Yquem entered into a convertible loan agreement pursuant to which D'Yquem agreed to provide Aziana with a \$500,000 loan which will convert into Shares at \$0.157 pursuant to the Conversion Offer (**D'Yquem Converting Loan Agreement**).

The material terms of the D'Yquem Converting Loan Agreement are as follows:

- (a) D'Yquem irrevocably directs the Company to satisfy repayment of the loan by applying the loan in payment for the subscription of Shares by D'Yquem at \$0.157 per Share under this Prospectus.
- (b) The Company shall allot, issue and apply for quotation of the relevant Shares on ASX in accordance with the timetable for the Placement Offer under this Prospectus.
- (c) The issue of the Shares by the Company in accordance with paragraphs (a) and (b) above will be deemed to have satisfied the Company's obligations to repay the funds drawn down under the D'Yquem Converting Loan Agreement.
- (d) The loan may not be converted into Shares if such conversion would cause D'Yquem to breach the Corporations Act or the Listing Rules (including, without limitation, Chapter 6 of the Corporations Act).



- (e) With the consent of D'Yquem, Aziana may prepay the whole or part of the outstanding moneys due under the D'Yquem Converting Loan Agreement (if part, in a minimum of \$10,000 or a multiple thereof) on any day prior to the termination date of the D'Yquem Converting Loan Agreement (being the earlier of 18 October 2015 or any other date agreed between Aziana and D'Yquem, the date the loan is converted into Shares and any date on which the D'Yquem Converting Loan Agreement is terminated or cancelled by D'Yquem in accordance with the agreement (**Termination Date**)) upon giving not less than 7 days prior written notice to D'Yquem.
- (f) The D'Yquem Converting Loan Agreement attracts an interest rate of 8% per annum. The Company must pay D'Yquem the accrued interest in relation to the loan on the Termination Date.

#### 14.7 Tripartite Converting Loan Agreements

In August 2015, BrainChip, Aziana and various unrelated lenders entered into convertible loan agreements pursuant to which the lenders each agreed to provide BrainChip with loans for, in aggregate, \$350,000 which will convert into Shares at \$0.157 pursuant to the Conversion Offer (**Tripartite Converting Loan Agreements**).

The material terms of the Tripartite Converting Loan Agreements, which are identical save for the lender details and loan amounts, are as follows:

- (a) Subject to receipt from ASX of conditional approval to reinstatement of the Company's Securities to official quotation on the ASX and settlement of the Acquisition, each lender irrevocably directs the Company to satisfy repayment of the loan by applying the loan in payment for the subscription of Shares by the lender at \$0.157 per Share under this Prospectus.
- (b) The Company shall issue and apply for quotation of the relevant Shares on ASX in accordance with the timetable for the Placement Offer under this Prospectus.
- (c) The issue of the Shares by the Company in accordance with paragraphs (a) and (b) above will be deemed to have satisfied BrainChip's obligations to repay the funds drawn down under the Tripartite Converting Loan Agreements.
- (d) The loan may not be converted into Shares if such conversion would cause a lender to breach the Corporations Act or the Listing Rules (including, without limitation, Chapter 6 of the Corporations Act).
- (e) With the consent of the lender, Aziana may prepay the whole or part of the outstanding moneys due under a Tripartite Converting Loan Agreement (if part, in a minimum of \$10,000 or a multiple thereof) on any day prior to the termination date of the Tripartite Converting Loan Agreement (being the earlier of 31 December 2015 or any other date agreed between Aziana and the lender, the date the loan is converted into Shares and any date on which the Tripartite Converting Loan Agreement is terminated or cancelled by the lender in accordance with the agreement (**Termination Date**)) upon giving not less than 7 days prior written notice to the lender.

- (f) The Tripartite Converting Loan Agreements attract an interest rate of 15% per annum. The time period to calculate interest is to be no less than two (2) months from the date of the agreements. The Company must pay the lenders the accrued interest in relation to the loans on the Termination Date.

#### **14.8 BrainChip Noteholder Agreements**

In addition to the Tripartite Loan Agreements noted above in Section 14.7, BrainChip currently has convertible notes on issue to which Aziana is not a party. Prior to Settlement the BrainChip Noteholders (which include Proposed Director, Mr Mitro), must terminate and extinguish their respective convertible notes.

Between April and June 2015, BrainChip and the BrainChip Noteholders entered into agreements pursuant to which the BrainChip Noteholders have agreed to terminate and extinguish their respective convertible notes in consideration for the issue of 1,369,509 BrainChip Shares prior to Settlement which will entitle the BrainChip Noteholders to be issued 33,125,000 Shares on Settlement. These 33,125,000 Shares are part of the Consideration Shares and the Consideration Offer.

#### **14.9 Agreement to terminate Note and Warrant Subscription Agreements, Convertible Promissory Notes and Warrants to Purchase Shares of Preferred Stock**

BrainChip and Robert Mitro were parties to various note and warrant subscription agreements, convertible promissory notes and warrants to purchase shares of preferred stock. As set out in Section 14.1(d) above, Aziana has agreed to issue at Settlement 6,250,000 Aziana Options in return for the cancellation of preferred stock warrant agreements between BrainChip and Robert Mitro. Mr Mitro will also receive Shares in his capacity as a BrainChip Noteholder as set out in Section 14.7 above. 18,125,000 of the Consideration Shares to be issued to Mr Mitro will be for cancellation of his convertible promissory notes.

On 20 July 2015, BrainChip and Robert Mitro entered into an agreement pursuant to which they have agreed to cancellation of the warrant subscription agreements, convertible promissory notes and warrants to purchase shares of preferred stock in return for the issue of Shares and Aziana Options.

#### **14.10 Consulting Agreement and Subscription Agreement with Nerona Pte. Ltd**

Nerona Pte. Ltd (**Nerona**) and BrainChip are parties to a consulting agreement pursuant to which Nerona will provide advice and counsel to BrainChip on a general basis and on a project-by-project basis, as requested by BrainChip.

In consideration for the services to be provided by Nerona, BrainChip offered Nerona the opportunity to purchase 1,182,429 BrainChip common stock pursuant to a common stock purchase agreement.

Nerona and BrainChip executed a common stock purchase agreement pursuant to which BrainChip agreed to issue and sell to Nerona 1,182,429 shares of BrainChip common stock (the "**Shares**") at a price per share of \$0.0001, for an aggregate purchase price of \$118.25.

As a BrainChip Shareholder, Nerona will be entitled to receive 33,555,500 Consideration Shares as part of the Consideration Offer being made under this Prospectus.

## 14.11 Executive Services Agreement

The Company, via BrainChip have entered into executive services agreements with Mr van der Made and Mr Mitro effective from the date on which the Company is readmitted to the official list of ASX following Settlement of the Acquisition (**ESA**).

The material terms of these Executive Service Agreements will be as follows:

(a) **Mr van der Made - ESA**

(i) Term, Position and Duties

Following Settlement of the Acquisition and until such time as he resigns or the ESA is terminated, Mr van der Made will be employed by BrainChip in the position of Chief Technical Officer and will be appointed as an Executive Director of the Company. During the term of his employment Mr van der Made must render his services exclusively to the BrainChip.

(ii) Salary

During the term of his employment Mr van der Made will receive a base salary of US\$200,000 as compensation for his services (**Base Salary**). The Base Salary is subject annual reviews by the Company's remuneration committee.

In addition to the Base Salary, Mr van der Made will be entitled to a cash bonus on such terms and conditions as determined from time to time by the Board or if applicable the Company's remuneration committee (**Annual Bonus**). The Annual Bonus may be an amount up to fifty percent (50%) of the base salary in effect at the end of any fiscal year.

Mr van der Made will be entitled to receive all reasonable expenses incurred in the fulfilment of his duties. In addition Mr van der Made and his family will be entitled to receive all benefits under health and welfare benefit plans, practices, policies and programs provided by BrainChip to the extent they are offered to other executives of BrainChip.

(iii) Termination

Mr van der Made's position may be terminated at any time with or without cause or notice by either himself or BrainChip.

If the ESA is terminated involuntarily, and Mr van der Made signs and does not revoke a standard release of claims and non-disparagement agreement with BrainChip, he will be entitled to receive continuing payments of severance pay (less applicable withholding taxes) at a rate equal to his Base Salary rate as then in effect, for a period of twelve (12) months from the date of his termination. In addition, BrainChip will continue to pay the group health continuation coverage premiums for Mr van der Made to the extent premiums were paid by BrainChip with respect to such eligible dependents prior to termination.

All termination payments will be made in accordance with the ASX Listing Rules and the Corporations Act.

(iv) Change in control

If a change occurs in the control of the Company, Mr van der Made will be entitled to a bonus payment comprising of a lump sum gross payment of 12 months' Base Salary (as agreed with Aziana prior to Settlement), and otherwise in accordance with the ASX Listing Rules.

Mr van der Made's ESA is otherwise on customary terms for a Chief Technical Officer in the United States.

(b) **Mr Mitro - ESA**

(i) Term, Position and Duties

Following Settlement of the Acquisition and until such time as he resigns or the ESA is terminated, Mr Mitro will be employed by BrainChip in the position of Chief Executive Officer and will be appointed as Managing Director of the Company. During the term of his employment Mr Mitro must render his services exclusively to BrainChip.

(ii) Salary

During the term of his employment Mr Mitro will received a base salary of US\$200,000 as compensation for his services (**Base Salary**). The Base Salary is subject annual reviews by the Company's remuneration committee.

In addition to the Base Salary Mr Mitro will be entitled to a cash bonus on such terms and conditions as determined from time to time by the Board or if applicable the Company's remuneration committee (**Annual Bonus**). The Annual Bonus may be an amount up to fifty percent (50%) of the base salary in effect at the end of any fiscal year.

Mr Mitro will be entitled to receive all reasonable expenses incurred in the fulfilment of his duties. In addition Mr Mitro will be entitled to receive all benefits under welfare benefit plans, practices, policies and programs provided by BrainChip to the extent they are offered to other executives of BrainChip.

(iii) Termination

Mr Mitro's position may be terminated at any time with or without cause or notice by either himself or BrainChip.

If the ESA is terminated involuntarily, and Mr Mitro signs and does not revoke a standard release of claims and non-disparagement agreement with BrainChip, he will be entitled to receive continuing payments of severance pay (less applicable withholding taxes) at a rate equal to his Base Salary rate as then in effect, for a period of twelve (12) months from the date of his termination. In addition, the Company will continue to pay the group health continuation coverage premiums for Mr Mitor to

the extent premiums were paid by BrainChip with respect to such eligible dependents prior to termination.

All termination payments will be made in accordance with the ASX Listing Rules and the Corporations Act.

(iv) Change in control

If a change occurs in the control of the Company, Mr Mitro is entitled to a bonus payment comprising of a lump sum gross payment of 12 months' Base Salary (as agreed with Aziana prior to Settlement), and otherwise in accordance with the ASX Listing Rules.

The terms of Mr Mitro's ESA are otherwise customary for a Chief Executive Officer in the United States.

#### **14.12 Non-executive letter of appointment**

On 13 August 2015 Mr Osseiran executed a letter of appointment to become a non-executive director of the Company, effective as at Settlement.

(a) Term

Mr Osseiran's service will commence on the date that the Board of the Company formally appoints him as a Director and will cease when he advises in writing of any resignation or as otherwise in accordance with the Company's Constitution.

(b) Fee

During the term of his service Mr Osseiran will be paid a fee of \$50,000 per annum, inclusive of the compulsory superannuation contribution. The fee paid to Mr Osseiran is subject to annual review by the Board. The Company will also reimburse Mr Osseiran for all reasonable and properly documented expenses incurred in performing his duties as non-executive director.

The terms of Mr Osseiran's appointment are otherwise considered standard for an agreement of its nature.

#### **14.13 Deeds of indemnity, insurance and access**

##### **Current Directors and Proposed Directors**

The Company is in the process of finalising deeds of indemnity, insurance and access with each of its Proposed Directors and will enter into such deeds with the Proposed Directors following their appointments. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

For existing directors, the Company has entered into deeds of indemnity, insurance and access.

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## 15. ADDITIONAL INFORMATION

### 15.1 Litigation

As at the date of this Prospectus, neither AZK or BrainChip or any of their respective subsidiaries are involved in any material legal proceedings and the Directors and Proposed Directors are not aware of any legal proceedings pending or threatened against AZK or BrainChip or any of their respective subsidiaries.

### 15.2 Rights and liabilities attaching to Shares (including Shares to be issued under the Offers)

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### (b) Voting rights

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).



(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

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

### 15.3 **Terms and Conditions of Aziana Options**

(a) **Entitlement**

Each Aziana Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to clause (j), the amount payable upon exercise of each Aziana Option will be \$0.157 (**Exercise Price**).

(c) **Expiry Date**

Each Aziana Option will expire at 5:00 pm (being the time in Perth, Western Australia) on the date which is four (4) years after the issue of such Aziana Option (**Expiry Date**). An Aziana Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Aziana Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Aziana Options may be exercised during the Exercise Period by lodging with AZK a notice in writing confirming such exercise (**Notice of Exercise**) and making payment to AZK of the Exercise Price for each Aziana Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to AZK.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt by AZK of the Notice of Exercise and the date of receipt by AZK

of the payment of the Exercise Price for each Aziana Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, AZK will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Aziana Options specified in the Notice of Exercise and for which cleared funds have been received by AZK;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if AZK is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Aziana Options.

If a notice delivered under (e) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, AZK must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Aziana Options rank equally with the then issued fully paid ordinary shares of AZK.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, application will be made by AZK to ASX for quotation of the Shares issued upon the exercise of the Aziana Options.

(j) **Reconstruction of capital**

If at any time the issued capital of AZK is reconstructed, all rights of an Aziana Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Aziana Options and holders will not be entitled to participate in new issues of

capital offered to holders of Shares during the currency of the Aziana Options without exercising the BC Options.

(l) **Change in exercise price**

An Aziana Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Aziana Option can be exercised.

(m) **Unquoted**

AZK will not apply for quotation of the Aziana Options on ASX.

(n) **Transferability**

The Aziana Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

#### 15.4 **Terms and Conditions of the PR Plan**

The key terms of the PR Plan are as follows:

(a) The Board may, from time to time, in its absolute discretion, make a written offer to any of the following:

- (i) a Director (whether executive or non-executive) of any Group Company;
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a Group Company to the extent permitted by the Class Order; or
- (iv) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under clauses (a), (b) or (c) above,

**(Eligible Participants).**

(b) Under the PR Plan the Board may grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the PR Plan and upon such additional terms and vesting conditions as the Board determines.

(c) The Board will advise each Eligible Participant of the following minimum information regarding the Performance Rights:

- (i) the maximum number of Performance Rights that the Eligible Participant may apply for, or the formula for determining the number of Performance Rights that may be applied for;
- (ii) the maximum number of Shares that the Eligible Participant is entitled to be issued on the exercise of each Performance Right or the formula for determining the maximum number of Shares;
- (iii) any applicable vesting conditions;

- (iv) when unvested Performance Rights will expire (**Expiry Date**);
  - (v) the date by which an offer must be accepted (**Closing Date**); and
  - (vi) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Performance Rights or the Shares to be issued on exercise of the Performance Rights.
- (d) Subject to clause (h), a Performance Right granted under the PR Plan will not vest and be exercisable unless the vesting conditions (if any) have been satisfied and the Board has notified the Eligible Participant of that fact.
- (e) The Board must notify an Eligible Participant in writing within 10 Business Days of becoming aware that any vesting conditions attaching to a Performance Right have been satisfied.
- (f) Subject to the Corporations Act, the ASX Listing Rules and the PR Plan, the Company must issue to the Participant or his or her personal representative (as the case may be) the number of Shares the Participant is entitled to be issued in respect of vested Performance Rights that are exercised, within 10 business days of the Performance Rights being exercised.
- (g) A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring, as governed by the PR Plan;
  - (ii) a vesting condition in relation to the Performance Right is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Performance Right in accordance with the PR Plan;
  - (iii) a vested Performance Right is not exercised within the time limit specified in the PR Plan;
  - (iv) an Eligible Participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in accordance with the PR Plan;
  - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant in accordance with the PR Plan;
  - (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Performance Right in accordance with the PR Plan;
  - (vii) the Expiry Date of the Performance Right; and
  - (viii) the seven (7) year anniversary of the date of grant of the Performance Rights.

- (h) The Board may, in its absolute discretion, by written notice to a participant, resolve to waive any of the vesting conditions applying to the Performance Rights due to:
- (i) a Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, ceasing to be an Eligible Participant as a result of:
    - (A) death or total or permanent disability; or
    - (B) retirement or redundancy; or
  - (ii) an Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, suffering severe financial hardship;
  - (iii) the terminal illness of the participant (or Eligible Participant, as applicable) or of an immediate family member of the participant (or Eligible Participant, as applicable);
  - (iv) a change of control occurring or the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company,

in which case, the following applies:

- (v) a participant (or their personal legal representative where applicable) may exercise any vested Performance Right at any time within one month of the Board notifying that the Performance Right has vested, failing which the Performance Right will lapse, by a signed written notice to the Board specifying the Performance Rights being exercised and providing the certificate for those Performance Rights.

## 15.5 Terms and Conditions of the Performance Rights

The terms of Performance Rights are set out as follows:

- (a) **(Milestones):** Performance Rights will have the following milestones attached to them:
  - (i) **Class A Performance Rights:** upon Aziana announcing on the ASX that BrainChip has simulated a race car demonstration in software for “proof of technology” by comparing BrainChip’s Spiking Neuron Adaptive Processor (**SNAP**) to traditional sigmoid technology (**Milestone 1**)(as announced to ASX on 13 May 2015, Milestone 1 has already been met);
  - (ii) **Class B Performance Rights:** upon Aziana announcing on the ASX that BrainChip has implemented the race car demonstration in hardware to visually illustrate the capability and scalability of BrainChip’s SNAP technology to prospective licensees (**Milestone 2**) (see section 8.2(g)(i) for further information);
  - (iii) **Class C Performance Rights:** upon Aziana announcing on the ASX that BrainChip has released a software API specification and RTL design solution for implementing customer



Client/Server neural network applications using BrainChip hardware technology (**Milestone 3**) (see section 8.2(g)(ii) for further information); and

- (iv) **Class D Performance Rights:** upon Aziana having announced to the ASX that BrainChip has executed an unconditional binding licensing agreement that has an upfront payment of no less than \$500,000 (**Milestone 4**),

(each referred to as a **Milestone**).

- (b) **(Notification to holder):** Aziana shall notify the holder in writing when the relevant Milestones have been satisfied.
- (c) **(Vesting):** The Performance Rights will vest on the date the Milestone relating to that Aziana Performance Right has been satisfied.
- (d) **(Consideration):** The Performance Rights will be issued for no consideration.
- (e) **(Conversion):** Upon vesting, each Performance Right will, at the election of the holder, convert into one fully paid ordinary share in Aziana (**Share**).
- (f) **(Trading restriction):** Any Share issued on conversion of a Performance Right within 12 months of Aziana being reinstated to official quotation after Settlement of the Acquisition (**Re-Listing Date**) cannot be traded until the date which is 12 months after the Re-Listing Date unless otherwise permitted by the Board and subject to any other escrow requirements imposed by ASX.
- (g) **(Lapse):** Any Performance Right that has not vested within 5 years from the Settlement Date will automatically lapse.
- (h) **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (i) **(Listing of shares on ASX):** Aziana will not apply for quotation of the Performance Rights on ASX. However, Aziana will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (j) **(Transfer of Aziana Performance Rights):** Aziana Performance Rights are not transferable.
- (k) **(Participation in Entitlements and Bonus Issues):** Subject always to the rights under item (m) (Reorganisation of Capital), Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (l) **(Adjustment for bonus issue):** If securities are issued pro-rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a

manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.

- (m) **(Reorganisation of Capital):** In the event that the issued capital of Aziana is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the holder are not diminished or terminated.
- (n) **(Dividend and Voting Rights):** Performance Rights do not confer on the holder an entitlement to vote or receive dividends.
- (o) **(Change in Control):** Upon:
  - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of Aziana and:
    - (A) having received acceptances for not less than 50.1% of Aziana's shares on issue; and
    - (B) having been declared unconditional by the bidder; or
  - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of Aziana or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of a Milestone, Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue in Aziana, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

## 15.6 Interests of Directors and Proposed Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

## 15.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Somes Cooke has acted as Investigating Accountant and auditor of AZK and has prepared the Investigating Accountant's Report which is included in Section 11 of this Prospectus. The Company estimates it will pay Somes Cooke a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Somes Cooke has not received any fees from the Company for audit services.

Metals X has acted as a part underwriter for the Company in relation to the Placement Offer. AZK estimates it will pay Metals X a total of approximately \$159,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC Metals X has not received any fees from the Company for underwriting services.

D'Yquem has acted as a part underwriter for the Company in relation to the Placement Offer. AZK estimates it will pay D'Yquem a total of approximately

\$30,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, D'Yquem has not received any fees from the Company for underwriting services provided to the Company.

Steinepreis Paganin has acted as the solicitors to Company in relation to the Offer. The Company expects that it will pay Steinepreis Paganin \$170,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has acted for the Company and has received \$186,988 fees from the Company for legal services provided to the Company.

Wrays has acted as Patent Attorney and has prepared the Patent Report which is included in Section 12 of this Prospectus. AZK has engaged Wrays for the preparation of this report and estimates it will pay Wrays a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Wrays has received \$35,583 from the Company for their services.

## **15.8 Consents**

Each of the parties referred to in this Section 15.8:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) did not authorise or cause the issue of all or any part of this Prospectus.

Somes Cooke has given its written consent to being named as Investigating Accountant and auditor in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 11 of this Prospectus in the form and context in which the information and report is included. Somes Cooke has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Registrars Pty Ltd has given its written consent to being named as the share registry to the Company in this Prospectus. Security Transfer Registrars Pty Ltd has not been involved in the preparation of this Prospectus. Security Transfer Registrars Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Wrays has given its written consent to being named as Patent Attorney in this Prospectus and to the inclusion of the Patent Report in Section 12 of this Prospectus in the form and context in which the information and reports are included. Wrays has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Metals X has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as an underwriter of the

Placement Offer in the form and context in which it is named. Metals X has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

D'Yquem has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as an underwriter of the Placement Offer in the form and context in which it is named. D'Yquem has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

The Proposed Directors have each given their written consent to being named as the proposed directors of the Company and to all other information relevant to them in this Prospectus. The Proposed Directors have not withdrawn their consents prior to the lodgement of this Prospectus with the ASIC.

## 15.9 Expenses of the Offer

The total expenses of the Offers (excluding GST) are estimated to be approximately \$627,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	\$3,150,000 full subscription under Placement Offer (\$)
ASIC fees	2,320
ASX fees	50,000
Underwriting fees	240,000
Legal fees	305,000
Investigating Accountant's Fees	10,000
Printing, Distribution and Miscellaneous	19,680
<b>TOTAL</b>	<b>627,000</b>

## 15.10 Continuous disclosure obligations

As the Company is admitted to ASX's Official List, the Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

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

## 15.11 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form and fully read those documents. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a

further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.aziana.com.au](http://www.aziana.com.au).

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **15.12 Governing law**

The Offers and the contracts formed on return of an Application Form are governed by the laws applicable in Western Australia, Australia. Each person who applies for Shares pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the relevant appellate courts.



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**16. DIRECTORS' AUTHORISATION**

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

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Eric (Mick) Bolto**  
**Chairman**  
**For and on behalf of**  
**AZIANA LIMITED**

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## 17. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

**A Class Performance Rights** means performance rights to be granted on the terms set out in Section 14.5 and as Milestone 1 has already been satisfied (as announced to ASX on 13 May 2015), the A Class Performance Rights will vest on the date they are issued.

**Acquisition** has the meaning given to that term in Section 14.1.

**Acquisition Agreement** means the binding terms sheet entered into between the Company and the BrainChip Shareholders for the option to acquire, via the US Subsidiary and by way of merger in accordance with the Delaware Merger Law 100% of the BrainChip Shares, including BrainChip's business and assets of BrainChip.

**ANN** means artificial neural network.

**Annual General Meeting** means the Company's annual general meeting held on 27 May 2015.

**Application Form** means an application form attached to or accompanying this Prospectus relating to the Offers.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

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

**Aziana Option** means an option to acquire a Share with the terms and conditions set out in Section 14.3.

**B Class Performance Rights** means performance rights to be granted on the terms set out in Section 14.5 and will vest on the date that Milestone 2 is satisfied.

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

**BrainChip** means BrainChip Inc.

**BrainChip Business** means the business and the assets held and operated by BrainChip as summarised in Section 8.

**BrainChip Employees** means certain employees of BrainChip.

**BrainChip Noteholder** means a holder of convertible notes in BrainChip.

**BrainChip Shares** means an issued share in the capital of BrainChip.

**BrainChip Shareholders** means those holders of BrainChip Shares at Settlement.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**C Class Performance Rights** means performance rights to be granted on the terms set out in Section 14.5 and will vest on the date that Milestone 1 is satisfied.

**Closing Date** means the closing date of the Offers as set out in the indicative timetable in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

**Company, AZK or Aziana** means Aziana Limited (ACN 151 159 812).

**Conditions** mean the conditions precedent to completion of the Agreement, as summarised in Section 14.1.

**Consideration Shares** has the meaning given to that term in Section 14.1(c).

**Consideration Offer** means the Offer of the Consideration Shares as set out in Section 7.2.

**Constitution** means the constitution of the Company.

**Conversion Offer** means the Offer of Shares as set out in Section 7.3.

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

**D Class Performance Rights** means performance rights to be granted on the terms set out in Section 14.5 and will vest on the date that Milestone 1 is satisfied.

**D'Yquem** means D'Yquem Investments Limited, a company incorporated in England.

**D'Yquem Advance** means \$500,000.

**D'Yquem Converting Loan Agreement** means the converting loan agreement between D'Yquem and Aziana dated 18 June 2015 pursuant to which D'Yquem the D'Yquem Advance to Aziana.

**Delaware Merger Law** means the Delaware Law "merger" as set out in Section 14.2.

**Directors** means the directors of the Company at the date of this Prospectus.

**Event of Insolvency** means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
  - (i) appointing a person referred to in paragraphs (a) or (b);
  - (ii) winding up a corporation; or
  - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any insolvency provision;

- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

**General Meeting** means the meeting of Shareholders held on 30 July 2015 at which all resolutions were approved.

**Metals X** means Metals X Limited (ACN 110 150 055).

**Notice of Meeting** means the notice of general meeting and explanatory statement of the Company released on ASX on 30 June 2015 in relation to the General Meeting.

**Offers** means the Placement Offer, the Consideration Offer and the Conversion Offer and **Offer** means any one of them as the context requires.

**Official List** means the official list of ASX.

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

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

**Optionholder** means a holder of an Option.

**Performance Rights** means the A Class Performance Right, B Class Performance Right, C Class Performance Right and D Class Performance Rights.

**Placement Offer** means the offer pursuant to this Prospectus, as set out in Section 7.1 of 20,063,695 Shares at an issue price of \$0.157 per Share to raise \$3,150,000.

**PR Plan** means the Performance Rights Plan of the Company to be approved and adopted by Shareholders at the General Meeting with terms and conditions summarised in Section 14.4.

**Proposed Directors** means Messrs Peter van der Made, Robert Mitro and Adam Osseiran, the three nominees of BrainChip who will be appointed to the Board of the Company upon completion of the Acquisition.

**Prospectus** means this prospectus.

**Remaining Projects** has the meaning given to the term in Section 6.1.

**Section** means a section of this Prospectus.

**Security** means a security issued or to be issued in the capital of the Company, including a Share, Performance Right or an Option.

**Settlement** means settlement of the Acquisition in accordance with the terms of the Acquisition Agreement.

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

**Shareholder** means a holder of Shares.

**SNAP** means Spiking Neuron Adaptive Processor.

**Tripartite Advance** means the advance of \$350,000 provided to BrainChip pursuant to the Tripartite Converting Loan Agreements.

**Tripartite Converting Loan Agreements** has the meaning in Section 14.7.

**Underwriters** means Metals X and D'Yquem.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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