

Naracoota Resources Limited
ACN 143 142 410
(to be renamed "Alcidion Group Limited")

PROSPECTUS

For the offer of 64,516,129 Shares at an issue price of \$0.031 each to raise approximately \$2,000,000 (before costs) (Public Offer).

It is proposed that the Public Offer will close at 5:00pm (WST) on 21 December 2015. The Directors reserve the right to close the Public Offer earlier or to extend this date without prior notice. Applications must be received before that time.

This Prospectus also contains:

- (a) an offer of 400,000,000 Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to the Alcidion Vendors (or their nominees) in consideration for the acquisition of all of the issued capital in Alcidion (**Vendor Offer**); and
- (b) an offer of 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights to Beacon in consideration for the initial introduction and structuring of the Alcidion Acquisition (**Beacon Offer**).

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

The Shares offered pursuant to this Prospectus should be regarded as speculative. Refer to Section 6 for a summary of the key risks associated with an investment in the Company.

This document is important and should be read in its entirety. If after reading this Prospectus you have questions about the Securities being offered pursuant to it, or any other matter, you should consult your stockbroker, accountant or other professional adviser.



Lead Manager
Patersons Securities Limited

CORPORATE DIRECTORY

Existing Directors

Mr Tom Bahen – Non-Executive Director

Mr Josh Puckridge – Non-Executive Director

Mr Gavin Wates – Non-Executive Director

Proposed Directors

Mr Raymond Blight – Chief Executive Officer

Mr Nathan Buzza – Executive Director

Professor Malcolm Pradhan – Executive Director

Mr Nicholas Dignam – Non-Executive Director

Mr Josh Puckridge – Non-Executive Director

Company Secretary

Ms Loren Jones

Registered Office

Suite 9, 330 Churchill Avenue

Subiaco WA 6008

Telephone: +61 8 6489 1600

Facsimile: +61 8 6489 1601

Lead Manager

Patersons Securities Limited
Level 23, Exchange Tower
2 The Esplanade
Perth WA 6000

Auditor*

Stantons International Audit and Consulting Pty Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry*

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone (within Australia): 1300 850 505
Telephone (outside Australia): + 61 8 9323 2000

Lawyers

DLA Piper Australia (Perth)
Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code

NRR
(to be changed to "ALC")

Website

Company: www.naracoota.com.au
Alcidion: www.alcidion.com.au

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

CONTENTS

IMPORTANT NOTICE	3
LETTER FROM THE BOARD	6
KEY DETAILS OF THE OFFERS	7
INVESTMENT OVERVIEW	9
1. Details of Offers	22
2. Company and Alcidion Overview	33
3. Industry Overview	39
4. Board, Management and Corporate Governance.....	41
5. Investigating Accountant's Report.....	52
6. Risk Factors.....	71
7. Material Contracts.....	83
8. Rights Attaching to Securities	91
9. Additional Information.....	100
10. Authorisation.....	106
11. Glossary of Terms.....	107
Schedule 1 - Alcidion Vendors and Vendor Securities.....	112

IMPORTANT NOTICE

This Prospectus is dated, and was lodged with ASIC on, 7 December 2015. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5:00pm (WST) on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of the Public Offer and the Vendor Offer.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Before applying for Securities under this Prospectus, potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Securities;
- the assets and liabilities of the Company; and
- the Company's financial position and performance and prospects.

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

Change in Nature and Scale of Activities and Re-Compliance with Chapters 1 and 2 of the Listing Rules

On 17 November 2015, the Company entered into the Share Purchase Agreement pursuant to which it has agreed, subject to Shareholder approval and the satisfaction of certain other conditions, to acquire all of the issued shares in the capital of Alcidion. Refer to Section 2 for information on Alcidion, and Section 7.1 for further details of the terms and conditions of the Share Purchase Agreement and the Alcidion Acquisition.

The Alcidion Acquisition will involve a significant change in the nature and scale of the Company's activities and requires the approval of Shareholders under Chapter 11 of the Listing Rules. At the General Meeting, Shareholders will be asked to consider and approve, among other things, the issue of Securities the subject of the Offers and the change in nature and scale of the Company's activities resulting from the Alcidion Acquisition.

The Company must also comply with ASX requirements for re-quotation of the Shares on the Official List, which includes re-complying with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to meet these requirements and to facilitate the Offers. The Offers under this Prospectus are conditional on the satisfaction of certain conditions. Refer to Section 1.6 for further details.

Trading in Shares will be suspended on the morning of the day of the General Meeting. If Shareholders pass all Acquisition Resolutions, trading in Shares on ASX will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of the Shares on the Official List. In the event the conditions to the Offers are not satisfied or the Company does not receive conditional approval for re-quotation of the Shares on the Official List, on terms which the Company reasonably considers are capable of satisfaction, then the Company will not proceed with the Public Offer or the Alcidion Acquisition and will repay all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.naracoota.com.au. Persons receiving a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and an Application Form (free of charge) from the Company's registered office during the period of the Public Offer by contacting the Company. Contact

details for the Company are detailed in the Corporate Directory. The Public Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on an Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.naracoota.com.au. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to apply for Shares under the Public Offer should complete an Application Form. If you do not provide the information required on an Application Form, the Company may not be able to accept or process your Application.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Foreign Investors

No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Public Offer, or otherwise to permit the public offering of Securities, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Exposure Period

Application for Securities under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date. If the Exposure Period is extended by ASIC, Applications will not be processed until the expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants, prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Speculative Investment

The Securities offered under this Prospectus should be considered speculative. There is no guarantee that the Securities offered under this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered under this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 6 for details of the key risks applicable to an investment in the Company.

Privacy Statement

To apply for Shares you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. The Corporations Act and taxation law require some of this personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents,

contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

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

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" 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 the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has 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.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in 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.

No Forecast Financial Information

The Company will only complete the Alcidion Acquisition shortly before re-quotation of the Shares on the Official List and there will be an integration period following that. In addition, the Alcidion Business is at a relatively early stage of its development. Consequently, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared, and accordingly, financial forecasts have not been included in this Prospectus.

Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

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

Time

All references to time in this Prospectus are references to WST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 11.

LETTER FROM THE BOARD

Dear Investor

On behalf of the board of directors of Naracoota Resources Limited (**Company**), I am pleased to present this Prospectus and to offer to you the opportunity to invest in the Company, to be renamed "Alcidion Group Limited".

On 18 August 2015, the Company announced it had entered into a binding term sheet with Alcidion Corporation Pty Ltd (ACN 093 148 488) (**Alcidion**), Professor Malcolm Pradhan and Mr Raymond Blight pursuant to which the Company agreed to acquire the entire issued share capital of Alcidion (**Alcidion Acquisition**). On 17 November 2015, the Company entered into the Share Purchase Agreement, which subject to satisfaction of certain conditions precedent, will give effect to the Alcidion Acquisition.

Alcidion provides intelligent informatics software for high performance healthcare that empowers clinicians with decision support tools to ensure the highest quality of care for their patients. Alcidion is an established player in the new digital economy and enjoys an impressive track record of continuous innovation that has seen the evolution of the "Miya Platform" and product suite. The "Miya Platform" is currently operational in 11 Australian hospitals.

The Company will hold a general meeting on 21 December 2015 to seek Shareholder approval for a number of resolutions to give effect to the Alcidion Acquisition. Refer to Section 1.5 for further details.

The Company has issued this Prospectus for:

- (a) a public offering of 64,516,129 Shares at an issue price of \$0.031 each to raise approximately \$2,000,000 (before costs). The funds raised will be used to, among other things, satisfy the working capital requirements for the Company's expanded business, following completion of the Alcidion Acquisition; and
- (b) the purpose of re-complying with Chapters 1 and 2 of the Listing Rules, following a change to the nature and scale of the Company's activities from a gold and copper exploration company to a health informatics technology business, following completion of the Alcidion Acquisition.

The Prospectus also contains:

- (a) an offer of 400,000,000 Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to the Alcidion Vendors (or their nominees) in consideration for the acquisition of all the issued capital in Alcidion; and
- (b) an offer of 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights to Beacon in consideration for the initial introduction and structuring of the Alcidion Acquisition.

Refer to Section 1 for further details of the Offers.

Before making your decision to invest, I recommend that you carefully read the Prospectus in its entirety and seek independent professional advice.

On behalf of the board of directors of the Company, I look forward to welcoming you as a Shareholder.

Yours faithfully and on behalf of my fellow board members,



Josh Russell Puckridge
Director
Naracoota Resources Limited

KEY DETAILS OF THE OFFERS

Public Offer	
Price per Share	\$0.031
Shares offered	64,516,129
Amount to be raised (before costs)	\$2,000,000
Vendor Offer	
Shares offered to the Alcidion Vendors	400,000,000
Class A Contingent Share Rights offered to the Alcidion Vendors	133,333,333
Class B Contingent Share Rights offered to the Alcidion Vendors	133,333,333
Beacon Offer	
Class A Contingent Share Rights offered to Beacon	11,827,957
Class B Contingent Share Rights offered to Beacon	15,053,763
General	
Total cash and cash equivalents on completion of the Offers	\$7,000,000
Total Shares on issue before completion of the Offers	138,263,829
Total Shares on issue after completion of the Offers	602,779,958
Total Class A Contingent Share Rights on issue after completion of the Offers	145,161,290
Total Class B Contingent Share Rights on issue after completion of the Offers	148,387,096

Note: Please refer to Section 1.10 for further details relating to the Company's proposed capital structure.

INDICATIVE TIMETABLE

Lodgement of Prospectus with ASIC	7 December 2015
Opening Date of the Public Offer	14 December 2015
General Meeting	21 December 2015
Closing Date of the Public Offer	21 December 2015
Completion of Alcidion Acquisition	28 January 2016
Issue of Securities under the Offers	28 January 2016
Despatch of holding statements	1 February 2016
Expected date for re-quotation of the Shares on the Official List	8 February 2016

The above dates are indicative only and may change without notice. The Company reserves the right to amend the timetable at any time. In particular, the Company reserves the right to vary the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. Investors should read and consider this Prospectus in its entirety before deciding whether to apply for Shares.

Topic	Summary	Further Information
A. Company Overview		
Who is the issuer of this Prospectus?	Naracoota Resources Limited (Company) is an Australian public company that has been listed on the Official List (ASX code: NRR) since 24 June 2011.	Section 2.1
What does the Company do?	<p>The Company's principal activities are gold and copper exploration in Western Australia.</p> <p>In May 2013, the Company divested its Horseshoe Range Project and part of its Fraser Range Project retaining P52/1213 of the Fraser Range Project. Since then, the Company has been actively pursuing investment opportunities in Australia and overseas, with a view to creating Shareholder value. The opportunities the Company has been investigating have not been limited to the resources sector.</p>	Section 2.1
What is the Company's strategy?	<p>As previously announced to ASX, the Board has been reviewing a number of opportunities to reinvigorate Shareholder value. One of these opportunities led to the announcement of the Alcidion Acquisition on 18 August 2015.</p> <p>Assuming the Company completes the Alcidion Acquisition, the Company will adopt a new strategy relating to the development of the Alcidion Business as outlined in Section 2.7.</p> <p>Following Completion, the Company will assess divestment opportunities in relation to its current mineral exploration interests.</p> <p>If Completion does not occur, the Company will continue to actively pursue investment opportunities in Australia and overseas, with a view to creating Shareholder value.</p>	Sections 2.1 and 2.7
B. Alcidion Acquisition		
What is the Alcidion Acquisition?	<p>On 18 August 2015, the Company announced it had entered into a binding term sheet with Alcidion Corporation Pty Ltd ACN 093 148 488 (Alcidion), Professor Malcolm Pradhan and Mr Raymond Blight pursuant to which the Company agreed to acquire the entire issued share capital of Alcidion (Alcidion Acquisition).</p> <p>On 17 November 2015, the Company entered into the Share Purchase Agreement which, subject to the satisfaction of certain conditions, will give effect the Alcidion Acquisition.</p>	Section 7.1

Topic	Summary	Further Information
Who is Alcidion?	<p>Alcidion is a private Australian company, which was incorporated in June 2000. It has 19 private shareholders and one institutional shareholder.</p> <p>Alcidion is a provider of intelligent informatics software for high performance healthcare.</p> <p>Over the past decade, and under the stewardship of Professor Malcolm Pradhan and Mr Ray Blight, the former Chief Executive of the SA Health Commission, Alcidion has invested in excess of \$15 million in the research and development of a Clinical Decision Support System or "CDSS".</p>	Section 2.2
What are the key terms of the Alcidion Acquisition?	<p>The key terms of the Alcidion Acquisition are as follows:</p> <ul style="list-style-type: none"> in consideration for the acquisition of the entire issued capital of Alcidion, the Company will issue the Alcidion Vendors the following Securities in the proportions set out in Schedule 1: <ul style="list-style-type: none"> an aggregate total of 400,000,000 Shares; an aggregate total of 133,333,333 Class A Contingent Shares Rights; and an aggregate total of 133,333,333 Class B Contingent Share Rights. Completion is conditional upon the satisfaction (or waiver) of the following conditions precedent, among others: <ul style="list-style-type: none"> BDO opining that the issue of Vendor Securities to Professor Malcolm Pradhan is reasonable to Shareholders not related to Professor Pradhan; the Company completing legal and financial due diligence in relation to Alcidion to its satisfaction; Alcidion providing the Company with management accounts for the period ending 31 December 2015; the Shareholders approving the Acquisition Resolutions; the Company completing the Public Offer; and the receipt of all necessary statutory and regulatory approvals and any other third party consents or waivers necessary or desirable, to complete the Alcidion Acquisition. 	Section 7.1
What are the effects of the Alcidion Acquisition on the Company?	<p>Upon Completion:</p> <ul style="list-style-type: none"> existing Shareholders of the Company will hold approximately 22.94% of the Company's issued capital; and the Company will have the following substantial Shareholders: <ul style="list-style-type: none"> Professor Malcolm Pradhan (and his associates) will hold approximately 	Sections 1.10, 1.11 and 1.12

Topic	Summary	Further Information
	<ul style="list-style-type: none"> 23.20% of the Company's issued capital; Mr Raymond Blight (and his associates) will hold approximately 16.35% of the Company's issued capital; Blue Sky (and its associates) will hold approximately 15.07% of the Company's issued capital; and Allure Capital (and its associates) will hold approximately 6.52% of the Company's issued capital. 	
C. Summary of the Offers		
What is the Public Offer and what are its key terms?	<p>The Company is offering 64,516,129 Shares at an issue price of \$0.031 per Share to raise approximately \$2,000,000 (before costs).</p> <p>The minimum subscription is \$2,000,000.</p> <p>There will be no oversubscriptions in respect of the Public Offer.</p>	Sections 1.1, 1.4 and 1.7
What is the Vendor Offer and what are its key terms?	<p>The Company is offering 400,000,000 Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to the Alcicion Vendors (or their nominees) in the proportions detailed in Schedule 1 in consideration for the Alcicion Acquisition.</p> <p>The Vendor Offer may only be accepted by Alcicion Vendors in the proportions detailed in Schedule 1.</p>	Section 1.2
What is the Beacon Offer and what are its key terms?	<p>The Company is offering 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights to Beacon in consideration for the initial introduction and structuring of the Alcicion Acquisition.</p> <p>The Beacon Offer may only be accepted by Beacon.</p>	Section 1.3
What are the conditions of the Public Offer?	<p>Completion of the Public Offer is conditional on:</p> <ul style="list-style-type: none"> Shareholders approving the Acquisition Resolutions; the Company receiving conditional approval from ASX for re-quotation of the Shares on the Official List on terms which the Company reasonably considers are capable of satisfaction; and the Company achieving the Minimum Subscription. <p>If the above conditions are not satisfied, the Company will not proceed with the Public Offer and will return to Applicants all the Application Monies (without interest) in accordance with the provisions of the Corporations Act.</p> <p>If the Public Offer does not proceed, the Vendor Offer and the Beacon Offer will not proceed.</p>	Section 1.6

Topic	Summary	Further Information
What is the purpose of the Public Offer?	<p>The purpose of the Public Offer is to:</p> <ul style="list-style-type: none"> assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules; provide the Company with sufficient funding to: <ul style="list-style-type: none"> enable it to complete the Alcilion Acquisition; and assist it to achieve its objectives; provide the Company with additional working capital for its business following completion of the Alcilion Acquisition; and enhance the public profile of Alcilion. <p>The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient funds to carry out its stated objectives.</p>	Section 1.8
What is the proposed use of funds raised pursuant to the Public Offer?	The Company intends to apply its existing cash reserves and the funds raised pursuant to the Public Offer as detailed in the table in Section 1.9.	Section 1.9
What is the effect of the Offers on the capital structure of the Company?	<p>The Shares issued under the Offers will represent approximately 77.06% of the enlarged issued share capital of the Company, following Completion.</p> <p>Shares to be issued pursuant to the Public Offer will represent approximately 10.70% of the enlarged issued share capital of the Company, following Completion.</p> <p>Shares to be issued pursuant to the Vendor Offer will represent approximately 66.36% of the enlarged issued share capital of the Company, following Completion.</p>	Section 1.10
Who are the Substantial Shareholders?	<p>Shareholders holding 5% or more of the Shares:</p> <ul style="list-style-type: none"> as at the date of this Prospectus, Konkera Pty Ltd <Konkera Family Trust>: 7,800,000 (5.64%); and following Completion: <ul style="list-style-type: none"> Professor Malcolm Pradhan: 139,861,782 (23.20%); Mr Raymond Blight: 98,548,711 (16.35%); Blue Sky: 90,863,812 (15.07%); and Allure Capital Pty Ltd: 39,292,837 (6.52%). 	Section 1.12
Is the Public Offer underwritten?	The Public Offer is not underwritten.	Section 1.21

Topic	Summary	Further Information
Has the Company received firm commitments in relation to the Public Offer?	At the date of the Prospectus, the Company has received firm commitments from Sophisticated Investors for the subscription of Shares under the Public Offer, totalling \$2,000,000. The Directors reserve the right to allot a lesser number of Shares than specified in a Firm Commitment Letter. Any decision on allocation will be made after the Public Offer has closed.	Section 1.22
Who is the lead manager to the Public Offer?	Patersons will be the lead manager to the Public Offer.	Sections 1.23 and 7.5
What are the terms of the Shares offered pursuant to this Prospectus?	A summary of the rights and liabilities attached to the Shares offered pursuant to this Prospectus is detailed in Section 8.1. Summaries of the Class A Contingent Share Rights and Class B Contingent Share Rights are set out in Sections 8.2 and 8.3, respectively.	Section 8.1
D. Re-compliance with Chapters 1 and 2		
What approvals are being sought at the General Meeting?	At the General Meeting, to be held on 21 December 2015, the Company will seek Shareholder approval for: <ul style="list-style-type: none"> the change in nature and scale of the activities of the Company as a result of the Alcidity Acquisition; the issue of Vendor Securities to Professor Pradhan in accordance with section 611 item 7 of the Corporations Act; the issue of the Vendor Securities to the remaining Alcidity Vendors; the issue of the Shares under the Public Offer; participation by Mr Nathan Buzza in the Public Offer; the issue of Contingent Share Rights to Beacon; the appointment of Messrs Nathan Buzza, Raymond Blight, Malcolm Pradhan and Nicholas Dignam as Directors; and the change of the Company's name to "Alcidity Group Limited". 	Section 1.5
Why does the Company need to re-comply with Chapters 1 and 2?	At the General Meeting, the Company will seek Shareholder approval for, among other things, a change in the nature and scale of the Company's activities as a result of the Alcidity Acquisition. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company will be suspended from trading from the	Section 1.5

Topic	Summary	Further Information
	<p>time of the General Meeting and will not be reinstated until the Company has satisfied the Conditions of the Offers, including re-compliance with Chapters 1 and 2 of the Listing Rules.</p> <p>There is a risk that the Company may not be able to meet the requirements of re-quotation on the ASX. If the Conditions of the Offers are not satisfied, or the Company does not receive conditional approval for re-quotation on ASX on terms which the Company reasonably believes are capable of satisfaction, then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest). If the Company does not proceed with the Public Offer, it will not proceed with the Vendor Offer, the Beacon Offer or the Alcidion Acquisition.</p>	
E. Overview of Alcidion		
What is Alcidion's business model?	<p>The core of Alcidion's business model is to create intellectual property in the form of CDSS software, developed to improve the quality of care for patients and to improve the productivity of clinicians and care teams. Alcidion's software is bundled with other technologies and services to create complete clinical and business solutions for healthcare providers. Alcidion designs, delivers, installs, runs and supports solutions for healthcare provider organisations around Australia and New Zealand.</p>	Section 2.5
What are Alcidion's plans and objectives?	<p>The Company's main objectives upon Completion are as follows:</p> <ul style="list-style-type: none"> • transition Alcidion from its project orientated origins into a product orientated company, with the Miya Platform as the cornerstone product; • rebalance the organisation from its core focus of engineering to a balanced business with a significant sales and marketing capability; • accelerate the selling and delivery of the Miya Platform; • develop a replicable, sustainable and commercial model in Australia, with the view to establishing a direct US presence in the medium to long-term; • commercialise Alcidion's CDSS and SmartForms platforms within the domestic market; and • harden the SmartForm platform, to ensure that it is free of software defects to support rapidly deployment and adoption in international markets. 	Section 2.7

Topic	Summary	Further Information
How does Alcidion generate revenue?	<p>Alcidion receives revenue from the following revenue streams:</p> <ul style="list-style-type: none"> • system design fees; • system installation fees; • servicing and maintenance fees; and • consulting fees relating to bespoke consulting to clients. 	Section 2.5
What material contracts are Alcidion and the Company a party to	<p>The material contracts of Alcidion and the Company comprise:</p> <ul style="list-style-type: none"> • the Share Purchase Agreement; • the Minority Seller Agreements; • the Executive Employment Agreements; • the Key Customer Contracts; • the Deeds of Indemnity; and • the Lead Manager Mandate. 	Section 7
F. Financial Information		
What is the Company's financial performance?	<p>Based on the reviewed pro-forma consolidated statement of financial position of the Company as at 30 June 2015, as result of the Alcidion Acquisition and the Public Offer, the Company will have:</p> <ul style="list-style-type: none"> • total assets of approximately \$8.70 million; • total liabilities of approximately \$1.77 million; and • net assets of \$6.93 million. <p>At Completion, and after taking into account the costs of the Alcidion Acquisition and the Offers, the Company will have cash and cash equivalents of approximately \$7,000,000.</p> <p>The information in respect of the historical business of Alcidion should not be regarded as an indication of the future performance of the Company. Prospective investors should be aware that there is no certainty that the future performance of the Company will be similar to the historical performance of Alcidion.</p> <p>Relevant financial information in respect of the Company, including a pro-forma Statement of Financial Position detailing the effect of the Alcidion Acquisition (including the Public Offer), is in set out in Section 5.</p> <p>Section 5 also contains historical financial information in relation to Alcidion, including Statements of Financial Position for the financial year ended 30 June 2015 and condensed consolidated Statements of Profit and Loss and Other Comprehensive Income for the financial years ended 30 June 2015, 2014 and 2013.</p>	Section 5

Topic	Summary	Further Information
What is the Company's dividend policy?	The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.	Section 1.24
G. Key Risks		
What are the key risks of investing in the Company?	<p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 6.</p> <p>In undertaking its business activities, the Company will be exposed to risks, which include, but are not limited to:</p> <ul style="list-style-type: none"> Offers and Alcidion Acquisition Conditional: As part of the Company's Change in Activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. The Prospectus is being issued to assist the Company to re-comply with these requirements. The Shares will be suspended on the morning of the day of the Meeting. It is anticipated that the Shares will remain suspended until completion of the Public Offer, completion of the Alcidion Acquisition, re-compliance by the Company with Chapters 1 and 2 of the 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 the Shares will consequently remain suspended from quotation. Dilution risk and substantial Shareholders; The Alcidion Acquisition and the Public Offer will result in the issue of a large number of Shares. Upon Completion, existing Shareholders will hold approximately 22.94% of the Company's enlarged share capital. <p>Further, from Completion, Professor Pradhan, Mr Blight, Blue Sky and Allure Capital will be substantial Shareholders and will hold, in aggregate, approximately 61.14% of the Company's enlarged share capital. The above parties will have the potential to exert a significant degree of influence over the Company's management and affairs and over matters</p>	Section 6

Topic	Summary	Further Information
	<p>requiring Shareholder approval, including (among other things) the election of Directors and the approval of significant corporate transactions;</p> <ul style="list-style-type: none"> Development of a commercial enterprise: While Alcidion's Miya Platform has moved beyond a "proof of concept" and is now operating in 11 hospitals in Australia, significant marketing and sales expenditure will be required for Alcidion's products to gain acceptance in the market and for Alcidion to develop a sustainable, commercial and replicable model in Australia. There is no guarantee that Alcidion's products will gain widespread market acceptance or that Alcidion will develop a sustainable commercial model. Failure to develop a sustainable commercial model will adversely affect the Company's financial performance; Regulatory risk: Currently, Alcidion's products and services do not fall within the definition of a "medical device" within the meaning of the TGA. Consequently, Alcidion's products and services are not currently regulated by the TGA. To offer its products and services in the US, Alcidion will likely need to register with the FDA as a manufacturer of a Class II medical device (510(k) exempt) and adopt and implement the QSR820 framework. <p>Alcidion is yet to undertake a regulatory analysis in jurisdictions outside Australia and the US. Any adverse regulation or changes to existing regulation may restrict the ability of Alcidion to provide its products and services;</p> <ul style="list-style-type: none"> Reliance on key management personnel: The Company's business strategy will be implemented by the Board and the management team led by Raymond Blight, Nathan Buzza, Professor Malcolm Pradhan and Dr Chris Stephens. The Company's success will depend on the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel engaged on a contractual basis. The loss of services of any of its key management personnel and the Company's inability to replace them could have a material adverse impact on the Company's ability to successfully implement the Company's business strategy; New product development and technology risk: Moving forward, Alcidion's business will be reliant upon certain technologies and upon the successful commercialisation of these technologies. The Company is confident that Alcidion's products and services offer a unique offering in the Australian and global marketplace. However, there is a risk that as marketable technologies continue to develop in the 	

Topic	Summary	Further Information
	<p>healthcare technology industry, there may be certain product developments that supersede, and render obsolete, Alcidion's products and services. This will adversely affect the Company's financial performance and position and the value of the Securities;</p> <ul style="list-style-type: none"> • Delays in sales cycle: Sales and marketing efforts with respect to hospitals and large health organisations will generally involve a lengthy sales cycle due to these organisations' complex decision-making processes. If potential customers take longer than expected to decide whether to purchase Alcidion's products and services, selling expenses could increase, which could harm the Company's business, financial condition and results of operations; • Costs of acquiring new sales: Due to the often lengthy sales cycle, significant sales and marketing expenses are incurred in acquiring new customers and sales. There can be no guarantee that the expenditure committed and incurred for the purpose acquiring new customers or sales will actually result the acquisition new customers or sales. Further, revenue generated from a new sale may not exceed the actual cost of acquiring the sale. The failure to recover costs incurred in acquiring new customers or sales has the potential to adversely affect the Company's financial position and performance; and • Acceptance of Alcidion's products and services: Alcidion's business model depends on the ability to sell Alcidion's products and services. Acceptance of Alcidion's products and services requires physicians and hospitals to adopt different behaviour patterns and new methods of conducting business and exchanging information. There is no guarantee that physicians and hospitals will integrate Alcidion's products and services into their workflow or that participants in the healthcare market will accept Alcidion's products and services as a replacement for traditional methods of conducting healthcare information management. <p>If the Company or Alcidion fails to achieve broad acceptance of Alcidion's products and services by physicians, hospitals and other healthcare industry participants or to position Alcidion's products and services as a preferred method for information management and healthcare delivery, the Company's business, financial condition and results of operations will be adversely affected.</p>	

Topic	Summary	Further Information
H. Directors and Related Party Interests and Arrangements		
Who are the directors of the Company?	<p>The Directors (as at the date of this Prospectus) are:</p> <ul style="list-style-type: none"> • Mr Tom Bahen – Non-Executive Director; • Mr Josh Puckridge – Non-Executive Director; and • Mr Gavin Wates – Non-Executive Director. <p>On Completion, Messrs Bahen and Wates will resign as Directors. Mr Puckridge will continue to act as a Non-Executive Director.</p> <p>Refer to Section 4.1 for details of the Directors' qualifications and experience.</p>	Section 4.1
Who are the Proposed Directors and Key Management?	<p>The Proposed Directors are:</p> <ul style="list-style-type: none"> • Mr Raymond Blight – Chairman and Chief Executive Officer • Mr Nathan Buzza – Executive Director, Vice-President of Sales and Marketing • Professor Malcolm Pradhan – Executive Director and Chief Medical Officer • Mr Nicholas Dignam – Non-Executive Director • Mr Josh Puckridge - Non-Executive Director <p>From Completion, the key management personnel will be Mr Blight, Mr Buzza, Professor Pradhan, Dr Chris Stephens and Mr Duncan Craig.</p> <p>Refer to Section 4.2 for details of the Proposed Directors' and key management personnel's qualifications and experience.</p>	Section 4.2
What interests do the Directors and Proposed Directors have in the Securities and the Offers?	<p>The interests of the Directors and Proposed Directors, including details of their remuneration and the Securities held by them are detailed in Sections 9.1 to 9.3.</p>	Sections 9.1 to 9.3
I. Applications and Other Information		
How can I apply for Shares under the Public Offer?	<p>You may apply for Shares offered pursuant to the Public Offer by completing an Application Form attached to, or accompanying, this Prospectus.</p> <p>Applications for Shares under the Public Offer must be for a minimum of \$2,000 (64,516 Shares) and thereafter in multiples of \$500 (16,129 Shares) and payment for all the Shares must be made in full at the issue price of \$0.031 per Share.</p> <p>To the extent permitted by law, a completed Application Form lodged together with a cheque for the Application Monies (if applicable) constitutes a binding and irrevocable offer to subscribe for the number of Securities</p>	Section 1.15

Topic	Summary	Further Information
	specified in the Application Form.	
How to apply for Securities under the Vendor Offer?	<p>Applications for Securities under the Vendor Offer may only be made by the Alcidion Vendors.</p> <p>A personalised Vendor Offer Application Form will be issued to each Alcidion Vendor, together with a copy of the Prospectus.</p>	
How to apply for Securities under the Beacon Offer	<p>Application for Securities under the Beacon Offer may only be made by Beacon.</p> <p>A personalised Beacon Offer Application Form will be issued to Beacon, together with a copy of the Prospectus.</p>	
What is the allocation policy?	The allotment of Shares under the Public Offer will be determined by the Directors, in conjunction with the Lead Manager. The Directors reserve the right to issue Shares in full for any Application or any lesser number or to decline any Application. Any decision on allocation will be made after the Public Offer has closed.	Section 1.16
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Securities pursuant to the Offers.	Section 1.15
What are the tax implications of investing in the Company?	The tax consequences of any investment in Shares will depend on your personal circumstances. You should obtain your own tax advice before deciding to invest in the Company.	Section 1.27
Will any Securities be subject to escrow	<p>The Company has received advice from ASX that:</p> <ul style="list-style-type: none"> certain Vendor Securities will be subject to escrow restrictions for a period of 24 months from the date on which the Shares are reinstated to official quotation on ASX; certain Vendor Securities will be subject to escrow restrictions for a period of 12 months, from the date on which the Alcidion Shares, which gave rise to the entitlement to receive Vendor Securities, were issued; and the Beacon Securities will be subject to escrow restrictions for a period of 24 months from the date on which the Shares are reinstated to official quotation on ASX. <p>The Shares issued pursuant to the Public Offer will not be subject to escrow restrictions.</p> <p>Refer to Section 1.14 for further details of Restricted Securities and escrow arrangements.</p>	Section 1.14
Can the Offers be withdrawn?	<p>The Public Offer will not proceed unless:</p> <ul style="list-style-type: none"> Shareholders pass the Acquisition Resolutions; 	Sections 1.6 and 1.20

Topic	Summary	Further Information
	<ul style="list-style-type: none"> the Company receives conditional approval for re-quotation of the Shares on the Official List on terms which the Company reasonably believes are capable of satisfaction; and the Minimum Subscription is achieved. <p>The Directors may at any time decide to withdraw this Prospectus and the Public Offer in which case the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.</p> <p>If the Public Offer does not proceed, none of the Vendor Offer, the Beacon Offer or the Alcidion Acquisition will proceed.</p>	
How can I obtain further information?	Further information can be obtained by reading this Prospectus in its entirety and consulting your professional advisers. You can also contact the Company Secretary, Mr Josh Puckridge, on +61 8 6489 1600.	Section 1.28

1. Details of Offers

1.1 The Public Offer

This Prospectus invites investors to apply for 64,516,129 Shares at an issue price of \$0.031 each to raise approximately \$2,000,000 (before costs) (**Public Offer**).

The Shares offered under this Prospectus are of the same class and will rank equally in all respect with the existing Shares. Refer to Section 8.1 for details of the rights and liabilities attaching to Shares.

Refer to Section 1.15 for details on how to apply for Shares under the Public Offer.

1.2 The Vendor Offer

On 18 August 2015, the Company announced it had entered into a binding term sheet with Alcidion Corporation Pty Ltd ACN 093 148 488 (**Alcidion**), Professor Malcolm Pradhan and Raymond Blight pursuant to which the Company agreed to acquire the entire issued share capital of Alcidion subject to the satisfaction of certain conditions precedent (**Alcidion Acquisition**). On 17 November 2015, the Company entered into the Share Purchase Agreement to effect the Alcidion Acquisition. Refer to Section 7.1 for a summary of the key terms and conditions of the Share Purchase Agreement and the Alcidion Acquisition.

This Prospectus also includes an offer of 400,000,000 Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to the Alcidion Vendors (or their nominees) in the proportions detailed in Schedule 1 in consideration for the acquisition of the entire issued capital of Alcidion (**Vendor Offer**).

The Shares to be issued under the Vendor Offer are of the same class and will rank equally in all respect with the existing Shares. Refer to Section 8.1 for details of the rights and liabilities attaching to Shares.

Refer to Sections 8.2 and 8.3 for details of the rights and liabilities attaching to the Class A Contingent Share Rights and the Class B Contingent Share Rights to be issued under the Vendor Offer.

Alcidion Vendors should refer to Section 1.15 for details of how to apply for Securities under the Vendor Offer.

1.3 The Beacon Offer

This Prospectus also includes an offer of 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights (together the **Beacon Securities**) to the Beacon in consideration for corporate advisory work related to the initial introduction and structuring of the Alcidion Acquisition (**Beacon Offer**).

Refer to Sections 8.2 and 8.3 for details of the rights and liabilities attaching to the Class A Contingent Share Rights and the Class B Contingent Share Rights to be issued under the Beacon Offer.

Refer to Section 1.15 for details of how to apply for Securities under the Beacon Offer.

1.4 Minimum Subscription

If the Public Offer of \$2,000,000 (being 64,516,129 Shares) (**Minimum Subscription**) has not been raised within four months from the date of this Prospectus, the Company will not issue any Shares under the Public Offer and will repay all Application Monies (without interest) for the Shares within the time prescribed under the Corporations Act.

1.5 Re-compliance with the Listing Rules

At the general meeting of Shareholders to be held 21 December 2015 (**General Meeting**), the Company will seek Shareholder approval for:

- (a) a change in the nature and scale of the Company's activities as a result of the Alcidion Acquisition (**Change of Activities**);
- (b) the issue of Vendor Securities to Professor Pradhan in accordance with section 611 item 7 of the Corporations Act;
- (c) the issue of the Vendor Securities to the remaining Alcidion Vendors;
- (d) the issue of the Shares under the Public Offer;
- (e) participation by Mr Nathan Buzza (or his nominee) in the Public Offer;
- (f) the issue of Contingent Share Rights to Beacon;
- (g) the appointment of Messrs Nathan Buzza, Raymond Blight, Malcolm Pradhan and Nicholas Dignam as Directors; and
- (h) the change of the Company's name to "Alcidion Group Limited".

To give effect to the Change of Activities, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company will be suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied the conditions of the Offers (refer to Section 1.6), including re-compliance with Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. In the event the Conditions of the Offers are not satisfied or the Company does not receive conditional approval for re-quotation on ASX on terms which the Company reasonably believes are capable of satisfaction, then the Company will not proceed with the Public Offer and will repay Application Monies received (without interest). If the Company does not proceed with the Public Offer, it will not proceed with the Vendor Offer, the Beacon Offer or the Alcidion Acquisition.

The Company will apply to ASX no later than seven days from the date of this Prospectus for Official Quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

The Company will not apply to ASX for Official Quotation of the Class A Contingent Share Rights or the Class B Contingent Share Rights issued pursuant to this Prospectus.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation to the Shares issued pursuant to this Prospectus is not taken in any way as an indication by ASX as to the merits of the Company or the Shares.

1.6 Conditional Offers

Completion of the Public Offer is conditional on:

- (a) Shareholders approving:
 - (i) the change in nature and scale of the activities of the Company as a result of the Alcidion Acquisition (refer to Section 1.5);
 - (ii) the issue of the Vendor Securities to the Alcidion Vendors;
 - (iii) the issue of the Beacon Securities to Beacon;
 - (iv) the issue of Shares under the Public Offer;
 - (v) the appointment of Messrs Nathan Buzza, Raymond Blight, Malcolm Pradhan and Nicholas Dignam as Directors; and
 - (vi) the change of the Company's name to "Alcidion Group Limited",
(together, the **Acquisition Resolutions**);
- (b) the Company receiving conditional approval for re-quotation of the Shares on the Official List on terms which the Company reasonably considers are capable of satisfaction; and
- (c) the Company achieving the Minimum Subscription (refer to Section 1.4).

If the above conditions are not satisfied, the Company will not proceed with the Public Offer and will return to Applicants all the Application Monies (without interest) in accordance with the provisions of the Corporations Act.

If the Public Offer does not proceed, the Vendor Offer, the Beacon Offer and the Alcidion Acquisition will not proceed.

1.7 Oversubscription

There will be no oversubscriptions in respect of the Public Offer.

1.8 Purpose of the Public Offer

The purpose of the Public Offer is to:

- (a) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules;
- (b) provide the Company with sufficient funding to:
 - (i) enable it to complete the Alcidion Acquisition (for further information, refer to 7.1); and
 - (ii) assist it to achieve the objectives detailed in Section 2.2;

- (iii) satisfy the working capital requirements for the Company's future expanded business, following completion of the Alcidion Acquisition; and
 - (iv) meet the costs of the Offers; and
- (c) enhance the public profile of Alcidion and the Company.

1.9 Use of Funds

As at 30 September 2015, the Company had cash reserves of approximately \$3,650,000 (refer to Section 5).

The Company intends to apply the funds raised from the Public Offer, together with the Company's cash reserves and Alcidion's cash reserves, over the 24 months following reinstatement to quotation of the Shares as follows:

Item	\$
Cash position of the Company as at 30 September 2015	3,650,000
Cash position and working capital of Alcidion at Completion	1,750,000
Capital raised under Public Offer	2,000,000
Total Funds Available	7,400,000
Research and Development	1,000,000
US Market Expansion	1,500,000
Sales and Marketing	1,000,000
Business Development	1,750,000
Working Capital	1,750,000
Costs of the Offers ¹ and Alcidion Acquisition	400,000
Total Funds Allocated	7,400,000

Notes:

1. Refer to Section 9.6 for further details regarding the costs of the Offers.

The above is a statement of current intention as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Board believes that its current cash reserves and the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve the Company's objectives as set out in this Prospectus.

The above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities or any number of other factors (including the risk factors outlined in Section 6), actual expenditure levels may differ significantly to the above estimates. The Board will consider the use of further debt or equity funding where it is appropriate to expand the sale and marketing efforts, accelerate a specific product development or capitalise on other opportunities as they arise.

1.10 Capital Structure

On the basis that the Company completes the Public Offer and the Alcidion Acquisition, the Company's capital structure will be as follows:

	Number of Shares	Number of Options	Number of Contingent Share Rights
Balance at the date of this Prospectus	138,263,829	5,500,000 ¹	Nil
To be issued pursuant to the Public Offer	64,516,129	Nil	Nil
To be issued pursuant to the Vendor Offer	400,000,000	Nil	266,666,666 ²
To be issued to the Beacon Offer	Nil	Nil	26,881,720 ³
Total	602,779,958	5,500,000¹	293,548,386

Notes:

1. Unlisted Options comprise 1,000,000 Options exercisable on or before 2 August 2016, at an exercise price of \$0.30 each; 4,000,000 Options exercisable on or before 19 October 2016 at an exercise price of \$0.30; and 500,000 Options exercisable on or before 23 August 2017 at an exercise price of \$0.075.
2. Comprises of 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to be issued to the Alcidion Vendors in the proportions detailed in Schedule 1. Refer to Sections 8.2 and 8.3 for terms and conditions of the Class A Contingent Share Rights and the Class B Contingent Share Rights.
3. Comprises 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights to be issued to Beacon Capital Pty Ltd. Refer to Section 1.3.

1.11 Effect on Control

The effect on control of the Offers depends upon the take-up of the Shares issued pursuant to the Public Offer.

The Directors will allocate Shares so that the issue of Shares pursuant to this Prospectus will not result in any Shareholder or Applicant, other than Professor Pradhan, increasing its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Upon Completion, and assuming no Options are exercised and no Class A Contingent Share Rights or Class B Contingent Share Rights are converted into Shares:

- (a) Mr Malcolm Pradhan (and his associates) will hold approximately 23.20% of the Company's issued capital;
- (b) Mr Raymond Blight (and his associates) will hold approximately 16.35% of the Company's issued capital;
- (c) Blue Sky (and its associates) will hold approximately 15.07% of the Company's issued capital;

- (d) Allure Capital (and its associates) will hold approximately 6.52% of the Company's issued capital; and
- (e) existing Shareholders will hold approximately 22.94% of the Company's issued capital.

1.12 Substantial Shareholders

As at the date of this Prospectus, Shareholders holding a relevant interest in 5% or more of the Shares on issue are as follows:

Name	Number of Shares	Percentage of Shares
Konkera Pty Ltd <Konkera Family Trust>	7,800,000	5.64%

Based on the information known at the date of this Prospectus, upon Completion, the following persons will have a relevant interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares ¹
Professor Malcolm Pradhan	139,861,782	23.20%
Mr Raymond Blight	98,548,711	16.35%
Blue Sky	90,863,812	15.07%
Allure Capital	39,292,837	6.52%

Notes:

1. Refer to Section 6.1(c) for details of the percentage interest of the above substantial Shareholders if the Class A Milestone and Class B Milestone are satisfied in respect of the Contingent Share Rights.

1.13 Market Price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest: \$0.086 on 19 November 2015

Lowest: \$0.044 on 23 October 2015.

1.14 Restricted Securities

None of the Company's Shares or Options are currently Restricted Securities or subject to escrow restrictions imposed by ASX.

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules, and based on preliminary advice received from ASX, the Company expects that the following Securities will be treated as Restricted Securities for the following periods of time:

Class of Securities	Number	Escrow Period
Shares issued to Alcidion Vendors who are Related Parties of the Company or Promoters	248,714,874	24 months commencing on the date on which Shares are reinstated to official quotation
Shares issued to Alcidion Vendors who are neither Related Parties of the Company nor Promoters	18,644,759	12 months commencing on the date on which the Alcidion Shares, which give rise to the entitlement to Vendor Securities, were issued
Class A Contingent Share Rights issued to Alcidion Vendors who are Related Parties of the Company or Promoters	107,096,413	24 months commencing on the date on which Shares are reinstated to official quotation
Class A Contingent Share Rights issued to Alcidion Vendors who are neither Related Parties of the Company nor Promoters	38,064,877	12 months commencing on the date on which the Alcidion Shares, which give rise to the entitlement to Vendor Securities, were issued
Class B Contingent Share Rights issued to Alcidion Vendors who are Related Parties of the Company or Promoters	110,322,219	24 months commencing on the date on which Shares are reinstated to official quotation
Class B Contingent Share Rights issued to Alcidion Vendors who are neither Related Parties of the Company nor Promoters	38,064,877	12 months commencing on the date on which the Alcidion Shares, which give rise to the entitlement to Vendor Securities, were issued

During the period in which those Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact a Shareholder's ability to dispose of their Shares in a timely manner.

None of the Shares issued pursuant to the Public Offer will be subject to escrow restrictions.

The Alcidion Vendors and Beacon have acknowledged that some or all of the Vendor Securities or the Beacon Securities (as applicable) may be escrowed, in accordance with the requirements of ASX, and have agreed to sign such form of escrow agreement as required by ASX.

Prior to the Company's Securities being re-instated to trading on ASX, the Company will enter into Restriction Agreements with the recipients of the Restricted Securities in accordance with Chapter 9 of the Listing Rules.

1.15 How to Apply

(a) Public Offer

If you wish to apply for Shares under the Public Offer, complete the Public Offer Application Form attached to, or accompanying, this Prospectus. Alternatively complete a paper copy of the electronic Public Offer Application Form which accompanies the electronic version of this Prospectus which can be found and downloaded from www.naracoota.com.au. Completed Public Offer Application

Forms should be returned to and received by the Company, together with the Application Monies in full, prior to 5:00pm (WST) on the Closing Date.

Applications must be for a minimum of \$2,000 (64,516 Shares) and thereafter in multiples of \$500 (16,129 Shares) and payment for all the Shares must be made in full at the issue price of \$0.031 per Share.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Public Offer.

Refer to the instructions on the back of the Public Offer Application Form when completing your Application. Cheques must be made payable to "**Naracoota Resources Limited**" and crossed "**Not Negotiable**". All cheques must be in Australian dollars.

An original completed and lodged Public Offer Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Directors reserve the right to close the Public Offer early without prior notice. Applicants are therefore encouraged to submit their Public Offer Application Forms as early as possible. However, the Company reserves the right to extend the Public Offer or accept late Applications.

(b) **The Vendor Offer**

The Vendor Offer is an offer to Alcidion Vendors only.

Only Alcidion Vendors may apply for the Vendor Securities under the Vendor Offer, in the proportions detailed in Schedule 1, by completing the Vendor Offer Application Form attached to, or accompanying, this Prospectus. The Company will provide personalised Vendor Offer Application Forms to the persons entitled to participate in the Vendor Offer.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Vendor Securities pursuant to the Vendor Offer.

Completed Vendor Offer Application Forms should be returned to the Company prior to 5:00pm (WST) on the Closing Date.

(c) **The Beacon Offer**

The Beacon Offer is an offer to Beacon only.

Only Beacon may apply for the Beacon Securities under the Beacon Offer by completing the Beacon Offer Application Form attached to, or accompanying, this Prospectus. The Company will provide a personalised Beacon Offer Application Form to Beacon.

No brokerage, commission or stamp duty is payable by Beacon on subscription or issue of the Beacon Securities pursuant to the Beacon Offer.

The completed Beacon Offer Application Form should be returned to the Company prior to 5:00pm (WST) on the Closing Date.

1.16 Issue and Allocation of Shares

The Directors will determine the allocation of Shares under the Public Offer in consultation with the Lead Manager. The Directors, in conjunction with the Lead Manager, reserve the right to issue Shares in full for any Application or to issue any lesser number or to decline any Application provided that no Shareholder or Applicant increases its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Where the number of Shares issued is less than the number applied for, or where no Issue is made, the surplus Application Monies (without interest) will be returned by cheque to the Applicant in accordance with the Corporations Act. Any decision on allocation will be made after the Public Offer has closed.

Subject to the conditions to the Offers being satisfied (refer to Section 1.6), Securities issued pursuant to the Offers will be issued as soon as practicable following the satisfaction of the conditions to the Offers.

It is the Applicants' responsibility to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statement will do so at their own risk.

1.17 Application Monies held in Trust

Pending the issue of the Shares or refund of Application Monies, pursuant to this Prospectus, all Application Monies will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies.

The Company will be entitled to retain all interest that accrues on the Application Monies and each Applicant waives the right to claim any part of such interest.

1.18 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers means that the Company will not issue 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 or Options can be transferred without having to rely on paper documentation.

Further, monthly statements will be provided to holders if there have been any changes in their Security holding in the Company during the preceding month. Security holders may request a holding statement at any other time; however there may be a charge for such additional statements.

1.19 ASX Waivers

Listing Rule 2.1 Condition 2 provides that the issue price or sale price of all securities for which an entity seeks quotation (except options) must be at least \$0.20. ASX has granted the Company a waiver from Listing Rule 2.1 Condition 2 to the extent necessary not to require the issue price of the Shares proposed to be issued pursuant to the Public Offer to be at least \$0.20, on the condition that the issue price is not less than \$0.031 each and Shareholders approve the issue price.

Listing Rule 1.1 Condition 11 provides that if an entity has options on issue, the exercise price for each underlying security must be at least \$0.20. ASX has granted the Company a waiver of Listing Rule 1.1 Condition 11 to the extent necessary to permit the exercise price of the Class A Contingent Share Rights and the Class B Contingent Share Rights not to be at least \$0.20, on the condition that Shareholders approve the issue of the Class A Contingent Share Rights and the Class B Contingent Share Rights.

Further, ASX Guidance Note 12 provides that if an entity is required to re-comply with Chapters 1 and 2 of the Listing Rules, ASX will not apply Listing Rule 1.1 Condition 11 in respect of the entity's existing options. ASX has confirmed that the Company will not have to restructure its existing Options (refer to Section 1.10) to increase their exercise price to at least \$0.20.

1.20 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Public Offer, in which case, the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

1.21 Underwriting

The Public Offer is not underwritten.

1.22 Commitments in Relation to the Public Offer

At the date of this Prospectus, the Company has received firm commitments from Sophisticated Investors for the subscription of Shares, under the Public Offer, totalling \$2,000,000. The Directors reserve the right to allot a lesser number of Shares than specified in a Firm Commitment Letter. Any decision on allocation will be made after the Public Offer has closed.

1.23 Lead Manager

The Company has appointed Patersons as the lead manager to the Public Offer on the terms and conditions detailed in the Lead Manager Mandate. Refer to Section 7.5 for further details on the Lead Manager Mandate.

1.24 Dividend Policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

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

1.25 Overseas Investors

No action has been taken to register or qualify the Securities, or the Offers, or otherwise to permit the public offering of Securities, in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons into whose possession this Prospectus comes should observe all applicable restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to its Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

1.26 Risks

As with any securities investment, there are risks associated with investing in the Company. Key risk factors that could affect the financial and market performance of the Company are detailed in Section 6. The Shares offered under this Prospectus should be considered speculative. Before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

1.27 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation matters referred to above.

1.28 Enquiries in relation to the Offers

This Prospectus provides information for prospective investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Any investment in the Company under this Prospectus should be considered speculative.

Questions relating to the Offers can be directed to the Company Secretary on +61 8 6489 1600.

2. Company and Alcidion Overview

2.1 Company and Strategy

The Company is an Australian public company that has been listed on the Official List (ASX code: NRR) since 24 June 2011. The Company's principal activities are gold and copper exploration in Western Australia.

In May 2013 the Company divested its Horseshoe Range Project and part of its Fraser Range Project retaining P52/1213 of the Fraser Range Project. Since then, the Company has been actively pursuing investment opportunities in Australia and overseas, with a view to creating Shareholder value. The opportunities have not been limited to the mineral exploration sector.

On 18 August 2015, the Company announced it had entered into a binding term sheet with Alcidion, Professor Malcolm Pradhan and Mr Raymond Blight pursuant to which the Company agreed to acquire the entire issued share capital of Alcidion, subject to the satisfaction of certain conditions precedent. On 17 November 2015, the Company entered into the Share Purchase Agreement which, subject to the satisfaction of certain conditions, will give effect to the Alcidion Acquisition. Refer to Section 7.1 for a summary of the terms of the Alcidion Acquisition and the Share Purchase Agreement.

The Company has called for a General Meeting to be held on 21 December 2015 at Suite 9, 330 Churchill Avenue Subiaco, Western Australia 6008 to seek Shareholder approval for, among other things, the change in the nature and scale of the Company activities.

If the Alcidion Acquisition completes, following reinstatement of Shares to the Official List of ASX, the Company's primary focus will be to support the Company's growth by following the Alcidion business model and strategy as set outlined.

Following Completion, the Company will assess divestment opportunities in relation to its current mineral exploration interests.

2.2 Overview of Alcidion's and its Business

Alcidion, incorporated in June 2000, is a provider of intelligent informatics software for high performance healthcare. Alcidion empowers clinicians with decision support tools to ensure the highest quality of care for their patients. By providing clinicians with decision support tools and making recommendations about patient care, patient flow and patient safety, organisational efficiency may be optimised and key clinical risks eliminated.

Alcidion is focused on anticipating the needs of the healthcare industry and is focused on accelerating the commercialization of its innovative technologies that help create a healthier tomorrow, today.

Over the past decade, and under the stewardship of Professor Malcolm Pradhan and Mr Ray Blight, the former Chief Executive of the SA Health Commission, Alcidion has invested in excess of \$15 million in the research and development of a cutting edge Clinical Decision Support System or "CDSS".

In 2012, Alcidion raised \$2 million in a Series A round led by Blue Sky Funds. This Series A round was complimented through \$1.96 million in funding from Commercialisation Australia to accelerate the development of Alcidion's Miya CDSS, culminating in the

successful deployment of a “proof of concept” site throughout Western Health in Melbourne.

2.3 Alcidion's Group Structure

Alcidion is an Australian private company with 19 private shareholders and one institutional shareholder. As at the date of this Prospectus, Alcidion has one wholly-owned subsidiary, Pelsaert Capital Pty Ltd, which is a non-trading entity.

2.4 Alcidion Products and Technology

Alcidion's products target key problems for emergency rooms, inpatient services and outpatient departments and are built upon a next generation health informatics software platform, which incorporates intelligent electronic medical records or "EMR", a clinical decision support engine and electronic SmartForms. These tools guide the clinician decision making process with expert knowledge and enable clinicians to enter structured data that provides the CDSS with detailed clinical knowledge about patients.

Alcidion's Miya Platform, a CDSS product suite currently comprises:

(a) "Miya Flow"

Miya Flow is an e-health guidance system that optimises the patient journey for patients by integrating powerful electronic journey boards, mobile EMR data capture, EMR software and an intelligent monitoring system. It highlights risk and notifies clinicians to ensure changes to patient's health and impediments to patient flow are managed before they impact on length of stay. Miya Flow allow access and bed managers to track hospital capacity and respond to demand issues wherever they are using the Miya access mobile bed management system.

Powerful, point of care, mobile, patient flow software that provides informatics support to the care team in real time and can be structured to provide best practice guidance. Patient journey status across the hospital's services is tracked and displayed on browser workstations and large digital display journeys, which are faster and safer than conventional manual processes (in avoiding human error). Further, the management of hospital bed stock is enhanced by being informed of real-time patient clinical needs and emerging clinical risk.

(b) "Miya ED"

Emergency Departments face unique challenges – continually confronted with an ever increasing volume of complex patients while simultaneously being tasked with achieving KPIs for quality of care and discharge time frames. As clinicians' workloads increase, there is an increased likelihood that key risks for patients are not identified or acted upon in a timely manner.

Miya ED helps Emergency Department clinicians to identify and act upon clinical risks as they arise – both during an ED admission and post discharge.

Miya ED provides a set of clinical dashboards and whiteboards allowing emergency departments to have a dedicated display for risk management by augmenting existing ED information systems. Miya ED highlights key clinical risks, activates best practice guidance for common problems and detects high

risk laboratory results for clinical management, even for those results that arrive after the patient has been discharged.

(c) **"Miya Clinic"**

An outpatient department solution that supports busy clinicians by aggregating multiple sources of clinical data and presenting the important aspects of the patient record for each specialty clinic. Best practice is supported through clinical decision support acting on structured clinical data that is captured using SmartForms. Chronic diseases are monitored and displayed to clinicians in an easy to use disease management overview. Miya Clinic streamlines outpatient management by tracking the status of each patient as they arrive and are treated in the outpatient clinic.

Miya Clinic saves clinical time and effort spent searching for relevant data during clinics, and optimises outpatient processes from referral through to discharge ensuring that patients receive best practice, high quality care, while reducing clinical risk.

(d) **"iCVIS" (Intelligent Cardiovascular Information System) - OEM**

iCVIS is the application of advanced decision support and health informatics to address the problems faced by today's cardiologists. It is an intelligent cardiovascular information system, developed as a product within the FUJIFILM Australia product range. This product provides a solution for more efficient and effective processing of cardiology patients.

In a clinical setting, the decision support based approach of iCVIS involves the use of a clinical portal. The portal allows the cardiologist to access an integrated single screen presentation of all relevant patient information in real time. The clinical portal can present the cardiologist with an overview of critical information including patient history, current symptoms and problem list, allergies and alerts, pathology results, diagnostic images and reports and current medications.

The use of iCVIS by the cardiologist enables a problem solving approach to patient management. iCVIS can facilitate the creation of a complete and comprehensive personalised treatment plan which is based on patient history, presenting symptoms and recognition of the complexity of co-morbidities such as the presence of diabetes.

Access to iCVIS enables the cardiologist to incorporate the concept of personalised medicine into patient management. iCVIS has the ability to link problem lists and clinical pathways to ensure that all necessary investigation is performed in the correct sequence and that test results are recorded and any follow up actions completed.

(e) **"Miya Orders"**

Miya Orders is a computerised physician order entry (**CPOE**) solution that doesn't require a costly EMR platform – and allows clinicians to order diagnostic tests at the point of care.

Miya Orders is a system which guides the ordering of expensive emergency department pathology tests in accordance with best practice ordering clinical

guidelines promulgated by the Australian College of Pathologists and Australian College of Emergency Medicine.

2.5 Alcidion's Business Model

The core of Alcidion's business model is to create intellectual property in the form of CDSS software, developed to improve the quality of care for patients and to improve the productivity of clinicians and care teams. Alcidion's software is bundled with other technologies and services to create complete clinical and business solutions for healthcare providers. Succinctly, Alcidion designs, delivers, installs, runs and supports solutions for healthcare provider organisations around Australia and New Zealand.

This business model flow results in various revenue streams from the initial pilot design of a client's CDSS systems, the installation of such systems and the ongoing servicing and maintenance of those systems.

Alcidion receives revenue from the following revenue streams:

- (a) system design fees;
- (b) system installation fees;
- (c) servicing and maintenance fees; and
- (d) consulting fees relating to bespoke consulting to clients.

Alcidion develops and licenses its IP (its system architecture, application software, executable and referential knowledge, data and algorithms) to clients where standard license terms are perpetual, providing clients permanent rights to use the software purchased. This approach contrasts with the approach of many competitors that typically focus on selling "upgrades" to clients. Alcidion believes this difference yields sustainable, positive, long term client relationships.

2.6 Alcidion's Customers and Revenue

Alcidion's typical customers are currently Australian and New Zealand based healthcare providers and departments such as public hospitals and medical centres.

Currently, Alcidion has 10 unique customers. An overview of Alcidion's contracted revenue for the financial year ended 30 June 2015 is set out below:

Customer	Contracted Revenue FY15
Customer 1	\$1.26m
Customer 2	\$1.92m
Customer 3	\$0.85m
Customer 4	\$0.01m
Customer 5	\$0.09m
Customer 6	\$0.25m

Customer	Contracted Revenue FY15
Customer 7	\$0.03m
Customer 8	\$0.04m
Customer 9	\$0.20m
Customer 10	\$0.21m
Total	\$4.86m

2.7 Objectives and Strategy of the Company and Growth Opportunities

(a) Objectives

The Company's main objectives, following Completion, are as follows:

- (i) operate Alcidion as a product company, with the Miya Platform as the cornerstone product;
- (ii) rebalance the organisation from its core focus of engineering to a balanced business with a significant sales and marketing capability;
- (iii) accelerate the selling and delivery of the Miya Platform and associated applications;
- (iv) develop a replicable, sustainable and commercial model in Australia, with the view to establishing a direct US presence in the medium to long-term;
- (v) commercialise Alcidion's Miya Platform for the domestic and international markets;
- (vi) harden the product suite, to optimise performance to support rapidly deployment and adoption in international markets; and
- (vii) seek to increase year on year growth.

(b) Strategy

Alcidion will seek to achieve these objectives through:

- (i) further refining its products and services: to lower the cost of installation, commissioning and support;
- (ii) entry into private hospital chains: to leverage rapid, repeat sales to "sister" hospitals, driven by a highly successful inaugural installation in one hospital. Alcidion has commenced an implementation study for such a private hospital chain with many hospitals in Australia and internationally;
- (iii) sales to public hospital networks: to simplify the sales process via one sale leading to multiple hospital installations. Alcidion has used this formula successfully with a single customer which has resulted in

multiple installations, and will focus on this mechanism in the other Australia States, and in New Zealand;

- (iv) leveraging and support of OEM relationships and partners to drive their domestic growth, and engage their international subsidiaries and parent companies to take Alcidion products to their global customer base. An example of such a relationship is that Alcidion has with FUJIFILM Australia. Alcidion has completed the build and commissioning of an intelligent cardiovascular information system (iCVIS), which is branded as a FUJIFILM product, that FUJIFILM Australia will now market and support across its existing Australian customer base; and
- (v) expansion of sales and marketing capacity: by heightening recognition of the Alcidion brand and generating sales leads, with the aim of significantly increasing direct sales coverage and sales results across Australia and New Zealand.

(c) **Growth Opportunities**

Whilst growth domestically is currently Alcidion's key focus, there is a significant opportunity for growth in the United States of America. The US has the highest per capita healthcare costs in the world but still has lower life expectancy and higher infant mortality rates than other developed nations.

The United States market is the primary target market for Alcidion and a concerted effort is planned to prepare the company for US market entry.

The United States was identified as a core strategic target on the following basis:

- (i) highest GDP expenditure on health in the world at 17.9% (versus 9.4% in Australia);
- (ii) largest volume of acute care hospitals in the English speaking world;
- (iii) as a result of high labour costs, CDSSs yield strong returns on investment; and
- (iv) by 2016, the US Federal Government requires (legislated) hospitals to have one component of a CDSS, and beginning in 2016, the US Federal Government will progressively reduce funding to hospitals that have not adopted and deployed CDSS technology.

To offer its products and services in the US, Alcidion will likely need to register with the FDA as a manufacturer of a Class II medical device (510(k) exempt) and adopt and implement the QSR820 framework.

3. Industry Overview

3.1 Market Overview

Alcidion's Miya Platform provides the dual function of assisting patient flow through hospital facilities and also acts as a support system for clinicians. Consequently, both the patient flow management solutions market and CDSS market are relevant to Alcidion.

(a) Patient Flow Management Solutions

A 2015 report on the global patient flow management solutions market has estimated the market is currently valued at US\$251 million and is likely to grow at an annual rate over the next five years of 22% in most geographical markets to reach US\$678 million by 2019 (Patient Flow Management Solutions by Market Type, January 2015, Markets and Markets). This market is one which has developed recently.

The major factors driving the market are:

- (i) the high return on investment achieved by adopting the solutions;
- (ii) demand for improved quality of care and focus on patient satisfaction; and
- (iii) incentives by various governments for the adoption of healthcare information technology, particularly, EMR and patient flow management solutions.

(b) CDSS

Currently, the term "clinical decision support systems" or "CDSS" covers a wide range of systems and the development of an effective CDSS is seen as a panacea for many problems associated with the healthcare industry:

- (i) the increase in healthcare costs;
- (ii) the trend for patients to acquire and use medical information from sources other than their physicians;
- (iii) the rising demand for analytical solutions;
- (iv) increasing concerns about litigation associated with inefficient medical practice; and
- (v) government initiatives for the adoption of CDSS in an attempt to reduce costs.

The global CDSS market is estimated to be worth approximately US\$550 million by 2018 and between 2013 and 2018 it is expected to grow at an annual rate of 10%. The major market is North America, followed by Europe where there is a growing demand for electronic health records with clinical support system modules in the Netherlands and Spain.

Prior to seeking to establish a US Market presence, Alcidion intends to focus its efforts in establishing a solid foundation within the Australian and New Zealand

markets. Within the Australian market, there are a total of 1338 hospitals, with 482 of these locations being identified as potential targets, representing 70,000 beds.

Alcidion estimates that the total addressable market size in Australia is approximately \$42m annually, with a CAGR of 15-18%.

(c) **Competition**

There is significant competition in the patient flow management solutions and CDSS markets. Some of the key players include Allscripts, Cerner, Core Medical Systems, Epic, GE Healthcare Technologies, Health IQ, Computer Sciences Corporation (iSoft), McKesson, Orion Healthcare, Philips Healthcare and Siemens Healthcare, each of which offers a suite of software solutions that compete with many of Alcidion's software solutions and services.

The Company believes that Alcidion's principal competitive factors in this market include the breadth and quality of its solution and service offerings, the features and capabilities of the information systems, the availability of ongoing support for Alcidion systems and customers, and the adoption of Alcidion's SmartForms technology at the point of care.

4. Board, Management and Corporate Governance

4.1 Directors' Profiles

The names and details of the Directors in office as at the date of this Prospectus are as follows:

(a) **Mr Tom Bahen – Non-Executive Director**

B.Com

Mr Bahen is currently a director of Private Clients and Institutional Sales at national stock broking firm, Patersons Securities Limited. Mr Bahen has extensive experience in equity capital markets and corporate advisory. Mr Bahen is also an executive director of ASX listed Carbine Resources Limited (ASX: CRB).

(b) **Mr Josh Puckridge – Non-Executive Director**

B.Com

Mr Puckridge was formerly an executive Director of Discovery Resources Limited (ASX: DIS) now Aquis Entertainment Limited (ASX: AQS). Mr Puckridge is a Non-Executive Director of TopTung Limited (ASX: TTW) (formerly Krucible Metals Limited). Mr Puckridge has robust experience within funds management, and mergers and acquisitions. Mr Puckridge was a former founding Director and Secretary of Windward Resources Limited (ASX: WIN).

(c) **Mr Gavin Wates – Non-Executive Director**

B.Com, CA, GradDipAppFin

Mr Wates is a corporate finance executive with a leading Australian stockbroking firm. He has been involved in the corporate finance industry for over 13 years and has extensive experience in mergers and acquisitions, equity capital markets and corporate restructures.

Mr Wates has worked as an investment banker in both Australia and London, is a chartered accountant by training and has completed a graduate diploma of applied finance.

On Completion, Messrs Bahen and Wates will resign as Directors. Mr Puckridge will remain as a Director.

4.2 Proposed Directors' and Proposed Management Profiles

Proposed Directors

With effect Completion, the following individuals will be appointed as directors of the Company:

(a) **Mr Raymond Blight – Chairman and Chief Executive Officer**

B.Tech, B.Ec, MBM, FIE (Aust), FAICD

Mr Blight is a co-founder and Chief Executive of Alcidion. He brings a wealth of experience and knowledge to Alcidion, including the role of the Chief Executive and Chairman of the South Australian Health Ministry's Advisory Council. Mr Blight's qualifications include the awards of Bachelor of Technology (Electronics), Bachelor of Economics and Masters of Business. Mr Blight currently chairs the University of South Australia Information Technology and Mathematical Sciences Advisory Board.

(b) **Mr Nathan Buzza – Executive Director, Executive Vice President of Sales and Marketing**

Mr Buzza is recognised as a technology pioneer in the evolution and implementation of specialised medical technology. Having founded Clinical Middleware provider CommtechWireless in 1992, Mr Buzza grew his business into a successful multinational deploying the technology across 8,000 locations worldwide. Mr Buzza's accomplishments were recognised by Ernst & Young, where Mr Buzza was awarded the "Entrepreneur of the Year" Award as well as the WA IT & Telecommunications Life Time achievement Award for contribution to the IT community.

(c) **Professor Malcolm Pradhan – Executive Director and Chief Medical Officer**

MBBS, PhD FACHI

Professor Pradhan's broad knowledge and vision of the path to a high performance healthcare system are complimented by formal qualifications of an MBBS from University of Adelaide and a PhD in Medical Informatics from Stanford University. Mr Pradhan was awarded the title of Adjunct Professor at the University of South Australia, and performs a leadership role within the University of South Australia's academic organisation as an educator and a researcher.

(d) **Mr Nicholas Dignam – Non-Executive Director**

B.Com, LLB, MappFin

Nick Dignam is an Investment Director at Blue Sky Private Equity and is responsible for originating new investment opportunities, working with portfolio companies to deliver growth and managing exit processes. Nick has more than ten years' experience working in private equity and corporate finance roles. Nick is currently a Non-Executive Director representing Blue Sky Private Equity on the Boards of HPS, the largest outsourced hospital pharmacy services business in Australia; Wild Breads, a leading producer of artisan breads; and GM Hotels, a portfolio of ten hotels in South Australia. Mr Dignam's position on the Board will be as a nominee of Blue Sky.

Mr Dignam is a director of CommStrat Limited (**CommStrat**), a trade journal publishing business. Mr Dignam was appointed as a director on 17 December 2014. The directors of CommStrat appointed voluntary administrators on 13 February 2015. On 19 March 2015, at a creditors meeting of CommStrat,

CommStrat was placed into liquidation and it was removed from the Official List of ASX on 31 August 2015.

Mr Dignam's appointment as a director of CommStrat was as a result of his role as an Investment Manager at Blue Sky Funds. Blue Sky Funds was appointed by the Supreme Court of South Australia to manage an investment vehicle called the PCI Trust, following the removal of the PCI Trust's previous investment manager. One of the PCI Trust's investments was a shareholding in CommStrat.

The CommStrat business faced significant structural headwinds as a result of the decline of print media and trade journals. Despite attempts to restructure the CommStrat business, the business was unable to turnaround, and the directors of CommStrat resolved to place it into voluntary administration.

Nick holds a Bachelor of Commerce and a Bachelor of Laws from the University of Queensland, and a Masters of Applied Finance from Queensland University of Technology.

As noted in Section 4.1, Mr Puckridge will continue as a Director, following Completion. Details of Mr Puckridge's qualifications and experience are set out in Section 4.1(b).

Proposed Management

In addition, to Messrs Buzza, Pradhan and Blight, from Completion, Dr Chris Stephens and Mr Duncan Craig will form part of the management team. Dr Stephens will perform the role of Senior Vice President of Sales and Mr Craig will perform the role of Chief Financial Officer. Details of Dr Stephens' and Mr Craig's qualifications and experience are set out below.

(e) **Dr Chris Stephens**

B.Com, B.Ec, MIPA

Dr Stephens is Senior Vice President Sales of Alcidion and brings over 15 years' experience in eHealth, most recently as the Managing Director of Orion Health's Australian Operations.

Dr Stephens relocated to Australia in 2007 to rebuild Orion Health's Australian business. Starting with 3 staff, he expanded the business to over 70 staff, with offices in Sydney, Melbourne and Canberra and a significant customer base. During this time, Chris also led the sale of the National Electronic Health Record in Singapore, was recognised as Sales Manager of the Year in 2010 and assumed responsibility as Managing Director of Australia from 2011 to 2014.

(f) **Mr Duncan Craig**

B.Com, B.Ec, MIPA

With over 26 years' of experience in corporate finance; corporate management; and the use of Information Technology within corporate management, Mr Craig has a broad depth of knowledge across many types of businesses. In 1995, Mr Craig gained full membership to the accounting body that is now the Institute of Public Accountants. After this, Mr Craig spent 16 years in South East Asia infusing his interest and knowledge of Information Technology within corporate finance and management. Mr Craig utilised his expertise in sound financial

management and reporting and provided finance leadership in international transactions.

Mr Craig returned to Australia in 2011 and took up the position of Chief Financial Officer within Alcidion's executive team.

Mr Craig has tertiary qualifications in Accounting, Financial Markets and Economics (major in Economic Development and minor in Econometrics).

4.3 Executive Employment Agreement and Remuneration of Directors

For details regarding the executive employment agreements of Professor Pradhan, Mr Blight, Mr Buzza and Dr Stephens, refer to Section 7.2. For details of remuneration of the Directors and Proposed Directors, refer to Section 9.3.

4.4 Corporate Governance

The 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, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The table in Section 4.5 provides a summary and explanation of the Company's departure from the Recommendations. The Company will also provide an explanation of any departures from the Recommendations in its future annual reports.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below. All of the Company's corporate governance policies, together with a copy of the Constitution, are available on the Company's website www.naracoota.com.au.

Following Completion, the Board proposes to undertake a review of the Company's corporate governance policies and practices.

(a) Board charter

The Board has adopted a Board charter which prescribed certain principles for the operation and structure of the Board. The charter also establishes certain principles and procedures in accordance with which the Board is required to act and allocates the functions of the Company between the Board and management of the Company.

(b) Code of conduct

The Board has adopted a code of conduct which sets basic principles of business conduct to which the Directors, officers and employees of the Company must adhere.

(c) **Board of Directors**

The Board is responsible for the 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:

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

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

- (i) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- (ii) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (iii) acting on behalf of, and being accountable to, the Shareholders;
- (iv) approving and monitoring the budget and the adequacy and integrity of financial and other reporting; and
- (v) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.

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

(d) **Composition of the Board**

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to Shareholders.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board's membership but an informal assessment process, facilitated in consultation with the Company's professional advisors, has been committed to by the Board.

The Board currently consists of Mr Tom Bahen, Mr Josh Puckridge and Mr Gavin Wates.

Following Completion, Messrs Bahen and Wates will resign and Professor Malcolm Pradhan, Mr Nathan Buzza, Mr Raymond Blight and Mr Nicholas Dignam will be appointed as directors of the Company. Refer to Section 4.2 for details of their qualifications and experience.

(e) **Identification and management of risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(f) **Continuous disclosure policy**

The Board has adopted a continuous disclosure policy to ensure the Company will be in a position to comply with its disclosure obligations arising from the Corporations Act and the Listing Rules. The focus of the policy is on continuous disclosure compliance and improving access to information for investors.

The Company Secretary is responsible for:

- (i) overseeing and co-ordinating disclosure of information to ASX; and
- (ii) providing guidance to Directors and employees on disclosure requirements and procedures.

(g) **Ethical standards**

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

(h) **Independent professional advice**

The Board and individual Directors may seek independent external professional advice as considered necessary at the expenses of the Company, subject to prior consultation with the Chairman.

(i) **Remuneration and Nomination Committee**

The Company does not have a formal remuneration and nomination committee. This function is currently performed by the full Board.

The Board will decide the remuneration of an executive Director without the affected executive Director participating in the decision making process.

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 Listing Rules, as applicable. The determination of non-executive Director's 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 fees paid to Directors in the past two financial years and for this financial year are detailed in Section 9.3.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as options) as the Directors determine where a Director performs special duties or

otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, accommodation 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 executives and Directors who will create value for Shareholders, having regard to the amount considered appropriate for a company of its size and level of activity as well as the relevant Director's time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans, including the appropriateness of performance hurdles and total payments proposed.

(j) **Trading policy**

The Board has adopted a securities trading policy that provides guidelines on the sale and purchase of Securities by Directors, officers, and other key management personnel and employees of the Company and their associates. The securities trading policy prohibits trading during the designated "blackout periods" and recommends trading only during certain "trading windows". The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(k) **External audit**

Shareholders in general meetings are 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.

(l) **Audit and Risk Committee**

The Company does not have a formal Audit & Compliance Committee. This function is currently performed by the full Board. In carrying out this function, the Board's role includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system, the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function.

4.5

Departures from the Recommendations

The Company's departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Explanation for Departure
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board:	The Company's Corporate Governance Plan does not include an express policy specifically addressing diversity. Due to the current size of the Company's operations, the Board does not consider it necessary to have a diversity policy but

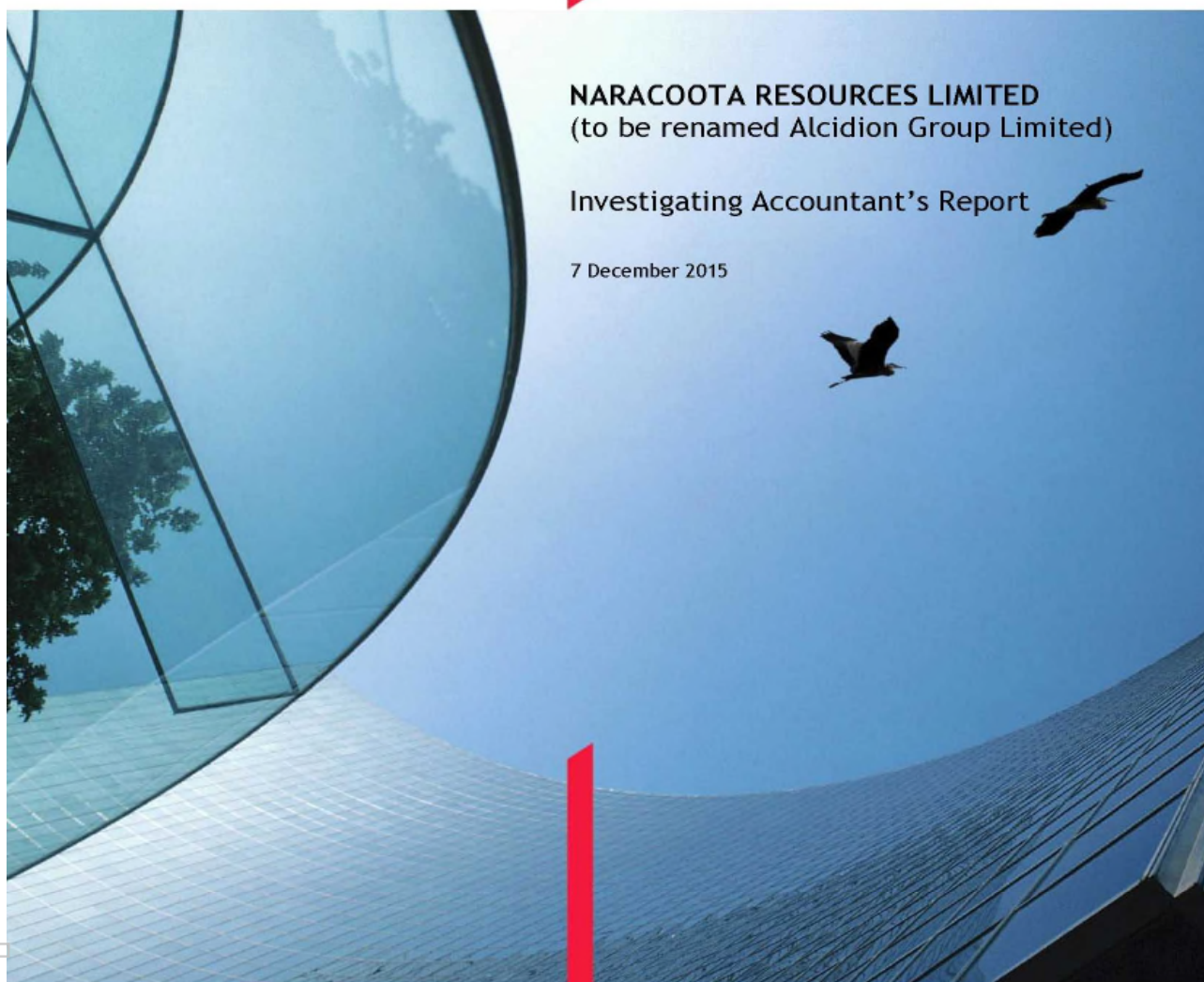
Principles and Recommendations	Explanation for Departure
<ul style="list-style-type: none"> (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period: <ul style="list-style-type: none"> (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012. 	<p>will consider implementing a policy in the future.</p> <p>The Board does not presently intend to set measurable gender diversity objectives because:</p> <ul style="list-style-type: none"> (i) it is the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and (ii) if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit; and <p>The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.</p>
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues 	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a nomination committee. Pursuant to clause 4(f) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the nomination committee under the written terms of reference for that committee.</p> <p>The duties of the nomination committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devotes time on an annual basis to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p> <p>The Board regularly updates the</p>

Principles and Recommendations	Explanation for Departure
and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	Company's board skills matrix (in accordance with Recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>While a majority of the Board is currently independent, following Completion, each of Professor Pradhan, Mr Blight and Mr Buzza (or entities controlled by them) will be substantial Shareholders of the Company and those individuals will hold three of the five Board positions. Consequently, the Company will not comply with this Recommendation.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Company does not currently have a CEO. However, it should be noted that, following Completion, Mr Raymond Blight will be both the Chairman and CEO of the Company and, therefore will not comply with this Recommendation.</p>
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company does not currently have an audit and risk committee. Pursuant to clause 4(f) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the audit and risk committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the audit and risk committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devotes time annually to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>

Principles and Recommendations	Explanation for Departure
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework. 	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company currently does not have an audit and risk committee. Pursuant to clause 4(f) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the audit and risk committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the audit and risk committee are outlined in Schedule 3 of the Company's corporate governance plan available online on the Company's website.</p> <p>The Board devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	<p>Schedule 3 of the Company's corporate governance plan provides for the internal audit function of the Company. The audit charter contained in the Company's corporate governance plan outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p> <p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have an internal audit function.</p>
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; 	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Remuneration Committee. Pursuant to clause 4(f) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate</p>

Principles and Recommendations	Explanation for Departure
<ul style="list-style-type: none"> (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Governance Plan available online on the Company's website.</p> <p>The Board devotes time annually to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>

5. Investigating Accountant's Report





Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

7 December 2015

The Directors
Naracoota Resources Limited
Suite 9, 330 Churchill Avenue
SUBIACO WA 6008

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Naracoota Resources Limited ('NRR' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to certain financial information of NRR for inclusion in the Prospectus. The Prospectus is required under Australian Securities Exchange ('ASX') requirements for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, as a result of NRR entering into the Share Purchase Agreement to acquire Alcidion Corporation Pty Ltd ('Alcidion') ('the Acquisition'), a healthcare informatics business, currently operating in 11 Australian hospitals.

Broadly, the Prospectus will offer 64,516,129 Shares at an issue price of \$0.031 each to raise approximately \$2 million before costs ('the Public Offer'). This is the minimum subscription for the Public Offer. The Prospectus also contains:

- a) An offer of 400,000,000 Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to the Alcidion Vendors (or their nominees) in consideration for the acquisition of all the issued capital in Alcidion ('Vendor Offer'); and
- b) An offer of 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights to Beacon Capital Pty Ltd ('Beacon') in consideration for the initial introduction and structuring of the Acquisition ('Beacon Offer').

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

2

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the International BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts of omissions of financial services licensees) in each State or Territory other than Tasmania.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical 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.

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') of both NRR and Alcidion included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- the audited historical Statement of Financial Position as at 30 June 2013, 30 June 2014 and 30 June 2015.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information of NRR has been extracted from the financial reports for the years ended 30 June 2013, 30 June 2014 and 30 June 2015, which was audited by Stantons International in accordance with the Australian Auditing Standards. Stantons International issued unmodified audit opinions on the financial reports for the years ended 30 June 2013, 30 June 2014 and 30 June 2015.

The Historical Financial Information of Alcidion has been extracted from the financial reports for the years ended 30 June 2013, 30 June 2014 and 30 June 2015, which was audited by William Buck Chartered Accountants and Advisors in accordance with the Australian Auditing Standards. William Buck Chartered Accountants and Advisors issued unmodified audit opinions on the financial reports for the years ended 30 June 2013, 30 June 2014 and 30 June 2015.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (together the 'Pro Forma Historical Financial Information') of NRR included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2015.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of NRR, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by NRR to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on NRR's financial position as at 30 June 2015. As part of this process, information about NRR's financial position has been extracted by the Company from NRR's financial statements for the year ended 30 June 2015.

On 18 August 2015, NRR announced that it had entered into a binding term sheet to acquire the entire issued share capital of Alcidion. On 17 November 2015, the Company entered into the Share Purchase Agreement, which subject to the satisfaction of certain conditions precedent, will give effect to the Acquisition. In consideration for the Acquisition, NRR will issue the following securities to the Alcidion Vendors, as proposed under the Vendor Offer:

- 400,000,000 fully paid ordinary shares ('Consideration Shares');
- 133,333,333 Class A Contingent Share Rights that convert to ordinary shares on NRR achieving \$10 million in revenue (audited) over 12 consecutive months, within 24 months from re-admission of NRR as Alcidion on the ASX ('Class A Contingent Share Rights'); and
- 133,333,333 Class B Contingent Share Rights that convert to ordinary shares on NRR achieving \$15 million in revenue (audited) over 12 consecutive months, within 36 months from re-admission of NRR as Alcidion on the ASX ('Class B Contingent Share Rights').

The Company will also issue the following to Beacon, as proposed under the Beacon Offer, in consideration for the initial introduction and structuring of the Acquisition;

- 11,827,957 Class A Contingent Share Rights; and
- 15,053,763 Class B Contingent Share Rights.

3. Directors' responsibility

The directors of NRR are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

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

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

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

4

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the Statement of Profit or Loss and Other Comprehensive Income of NRR and Alcidion for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- the Statement of Financial Position of NRR and Alcidion as at 30 June 2013, 30 June 2014 and 30 June 2015.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of NRR as at 30 June 2015.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of NRR or Alcidion not described above, has come to our attention 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.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2015, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The Company will change its name from Naracoota Resources Limited to Alcidion Group Limited;
- Under the Share Purchase Agreement, the following adjustments will be made to Alcidion prior to completion of the Acquisition:
 - Alcidion will be acquired free of any convertible debt obligations with any convertible debt on issue converted to fully paid ordinary equity in Alcidion prior to the completion of the Acquisition. Alcidion currently has \$1.5 million of convertible debt which will be converted to equity prior to the Acquisition ('Convertible Debt Adjustment');
 - Alcidion will have cash equal to \$1.75 million. Any cash in excess of this will be returned to the Alcidion Vendors via a capital reduction ('Cash Adjustment');

- Alcidion will have working capital equal to \$1.5 million ('Working Capital Adjustment');
- The issue of the 400,000,000 Consideration Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights to the Alcidion Vendors under the Vendor Offer in consideration for the Acquisition. Currently there are no reasonable grounds in which to assess the likelihood of the performance milestones being met, resulting in the conversion of the Class A and Class B Contingent Share Rights. Therefore, no adjustments have been made to the pro-forma statement of financial position based on the issue of any Class A and Class B Contingent Share Rights;
- The issue of 11,827,957 Class A Contingent Share Rights and 15,053,763 Class B Contingent Share Rights to Beacon under the Beacon Offer. Currently there are no reasonable grounds in which to assess the likelihood of the performance milestones being met, resulting in the conversion of the Class A and Class B Contingent Share Rights. Therefore, no adjustments have been made to the pro-forma statement of financial position based on the issue of any Class A and Class B Contingent Share Rights;
- The issue of 64,516,129 Shares at an offer price of \$0.031 each to raise approximately \$2 million before costs pursuant to the Prospectus, based on the minimum subscription; and
- Costs of the Public Offer and the Alcidion Acquisition are estimated to be \$400,000. The full amount relates to the issuing of new capital and is therefore offset against contributed equity.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Public Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Adam Myers

Director

APPENDIX 1

NARACOOTA RESOURCES LIMITED (TO BE RENAMED ALCIDION GROUP LIMITED)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Naracoota Resources Limited	Audited for the
Statement of Profit or Loss and Other Comprehensive Income	year ended
	30-Jun-15
	\$
Interest revenue	113,744
Total revenue	113,744
Employee and contractors expenses	(147,214)
Depreciation expense	(267)
Consultants expenses	(158,532)
Exploration and evaluation expenses	(15,860)
Other expenses	(70,292)
Loss from continuing operations before income tax expense	(278,421)
Income tax credit (Research and Development rebate)	-
Total comprehensive loss for the year	(278,421)

This statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 2

NARACOOTA RESOURCES LIMITED (TO BE RENAMED ALCIDION GROUP LIMITED)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	NRR Audited as at 30-Jun-15 \$	Alcidion Audited as at 30-Jun-15 \$	Pro forma adjustments \$	Pro forma after Offer \$
CURRENT ASSETS					
Cash and cash equivalents	2	3,737,819	2,321,254	1,028,746	7,087,819
Trade and other receivables		12,195	1,269,176	-	1,281,371
TOTAL CURRENT ASSETS		3,750,014	3,590,430	1,028,746	8,369,190
NON CURRENT ASSETS					
Mining properties		13,172	-	-	13,172
Property, plant & equipment		-	190,112	-	190,112
Intangible asset		-	5,775	-	5,775
Deferred tax assets		-	124,690	-	124,690
TOTAL NON CURRENT ASSETS		13,172	320,577	-	333,749
TOTAL ASSETS		3,763,186	3,911,007	1,028,746	8,702,939
CURRENT LIABILITIES					
Trade and other payables		14,859	499,270	-	514,129
Borrowings		-	47,096	-	47,096
Provisions		-	227,116	-	227,116
Other		-	831,472	-	831,472
TOTAL CURRENT LIABILITIES		14,859	1,604,954	-	1,619,813
NON CURRENT LIABILITIES					
Borrowings	3	-	1,500,000	(1,500,000)	-
Provisions		-	155,476	-	155,476
TOTAL NON CURRENT LIABILITIES		-	1,655,476	(1,500,000)	155,476
TOTAL LIABILITIES		14,859	3,260,430	(1,500,000)	1,775,289
NET ASSETS		3,748,327	650,577	2,528,746	6,927,650
EQUITY					
Issued capital	4	8,689,184	2,100,004	(1,302,332)	9,486,856
Reserves	5	509,619	-	(509,619)	-
Accumulated losses	6	(5,450,476)	(1,449,427)	4,340,697	(2,559,206)
TOTAL EQUITY		3,748,327	650,577	2,528,746	6,927,650

* The cash and cash equivalents balance above does not account for working capital spent during the period from 1 July 2015 until completion. From 1 July 2015 to 31 October 2015, the Company and Alcidion have generated revenues of \$1,159,114 and spent approximately \$1,948,581 on working capital of the Company and Alcidion and expenses related to the Transaction and the Offer, resulting in a net loss of \$789,467.

The pro forma consolidated statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The pro forma consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4.

APPENDIX 3

NARACOOTA RESOURCES LIMITED (TO BE RENAMED ALCIDION GROUP LIMITED)
NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Income tax

The income tax expense (income) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets and liabilities.

Current income tax expense charged to profit or loss is the tax payable on taxable income and is measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balance during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases or assets and liabilities and their carrying amounts in the financial

statements. 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 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 settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects that 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.

b) Property, plant and equipment

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives to the Company.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of 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 present values in determining recoverable amounts.

Freehold land and buildings are carried at their recoverable amounts, based on periodic, but at least triennial, valuations by the directors.

c) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

d) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

f) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally

accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

The company also receives revenue in from the Government Grants.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

g) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with amounts normally paid within 30 days of recognition of the liability.

h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability is established at the fair value of the leased assets, or if lower, the present value of the minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

j) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

k) Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred.

l) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption.

	Audited 30-Jun-15	Pro forma after Offer
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$
Cash and cash equivalents	3,737,819	7,087,819
Audited balance of NRR at 30 June 2015		3,737,819
Audited balance of Alcidion at 30 June 2015		2,321,254
<i>Pro-forma adjustments:</i>		
Proceeds from shares issued under the Public Offer		2,000,000
Capital raising costs		(400,000)
Net Cash and Working Capital Adjustment		(571,254)
		1,028,746
Pro-forma Balance		7,087,819

* The cash and cash equivalents balance above does not account for working capital spent during the period from 1 July 2015 until completion. From 1 July 2015 to 31 October 2015, the Company and Alcidion have generated revenues of \$1,159,114 and spent approximately \$1,948,581 on working capital of the Company and Alcidion and expenses related to the Transaction and the Offer, resulting in a net loss of \$789,467.

	Audited 30-Jun-15	Pro forma after Offer
NOTE 3. BORROWINGS	\$	\$
Borrowings	-	-
Audited balance of NRR at 30 June 2015		-
Audited balance of Alcidion at 30 June 2015		1,500,000
<i>Pro-forma adjustments:</i>		
Convertible Debt Adjustment		(1,500,000)
		(1,500,000)
Pro-forma Balance		-

	Audited 30-Jun-15 \$	Pro forma after Offer \$
NOTE 4. ISSUED CAPITAL		
Issued capital	8,689,184	9,486,856
	Number of shares	\$
Fully paid ordinary share capital of NRR at 30 June 2015	138,263,829	8,689,184
Fully paid ordinary share capital of Alcidion as at 30 June 2015	-	2,100,004
<i>Pro-forma adjustments:</i>		
Proceeds from shares issued under the Public Offer	64,516,129	2,000,000
Capital raising costs	-	(400,000)
Convertible Debt Adjustment	-	1,500,000
Issue of Consideration Shares under the Vendor Offer	400,000,000	4,286,852
Elimination of NRR's Issued capital on Acquisition	-	(8,689,184)
	464,516,129	(1,302,332)
Pro-forma Balance	602,779,958	9,486,856

Following the Public Offer, the Company will also have the following Contingent Share Rights on issue:

Contingent Share Rights on issue following the Offer	Class A	Class B
Alcidion Vendors	133,333,333	133,333,333
Beacon Capital Pty Ltd	11,827,957	15,053,763
Total Contingent Share Rights on issue following the Offer	145,161,290	148,387,096

	Audited 30-Jun-15 \$	Pro forma after Offer \$
NOTE 5. RESERVES		
Reserves	509,619	-
Audited balance of NRR at 30 June 2015		509,619
Audited balance of Alcidion at 30 June 2015		-
<i>Pro-forma adjustments:</i>		
Elimination of NRR's reserves on Acquisition		(509,619)
		(509,619)
Pro-forma Balance		-

	Audited 30-Jun-15	Pro forma after Offer
NOTE 6. ACCUMULATED LOSSES	\$	\$
Accumulated losses	(5,450,476)	(2,559,206)
Audited balance of NRR at 30 June 2015		(5,450,476)
Audited balance of Alcidion at 30 June 2015		(1,449,427)
<i>Pro-forma adjustments:</i>		
Net Cash and Working Capital Adjustment		(571,254)
Elimination of NRR's accumulated losses on Acquisition		5,450,476
Amount recognised as ASX listing expense on Acquisition		(538,525)
		4,340,697
Pro-forma Balance		(2,559,206)

NOTE 7: ACQUISITION ACCOUNTING

Provisional accounting for the Acquisition

A summary of the details with respect to the Acquisition as included in our Report is set out below. These details have been determined for the purpose of the pro-forma adjustments as at 30 June 2015, and will require re-determination based on the identifiable assets and liabilities as at the successful acquisition date, which may result in changes to the value as disclosed below.

Under the terms of the Acquisition, NRR acquires all the issued share capital of Alcidion by issuing a total of 400,000,000 Consideration Shares, 133,333,333 Class A Contingent Share Rights and 133,333,333 Class B Contingent Share Rights in NRR to the Alcidion Vendors, giving the Alcidion Vendors a controlling interest in NRR and equating to a controlling interest in the combined entity following the Acquisition. Alcidion has thus been deemed the acquirer for accounting purposes as it will own approximately 74.31% ($400,000,000 / 538,263,829$) of the consolidated entity (prior to the shares issued in relation to the Offer). The acquisition of Alcidion by NRR is not deemed to be a business combination, as NRR is not considered to be a business under *AASB 3 Business Combinations*.

As such the consolidation of these two companies is on the basis of the continuation of Alcidion with no fair value adjustments, whereby Alcidion is deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction is to account for it under *AASB 2 Share Based Payments*, whereby Alcidion is deemed to have issued shares to NRR shareholders in exchange for the net assets held by NRR.

In this instance, the value of the NRR shares provided has been determined as the notional number of equity instruments that the shareholders of Alcidion would have had to issue to NRR to give the owners of NRR the same percentage ownership in the combined entity. We have deemed this to be \$4,286,852.

The pre-acquisition equity balances of NRR are eliminated against this increase in Share Capital upon consolidation and the balance is deemed to be the amount paid for the ASX listing status of NRR, being \$538,525.

The net assets acquired, and the amount recognised as an ASX listing expense, are as follows:

	Acquiree's carrying amount before Acquisition
NOTE 7. PROVISIONAL ACCOUNTING FOR THE ACQUISITION	(\$)
Net assets acquired:	
Cash and cash equivalents	3,737,819
Trade and other receivables	12,195
Mining properties	13,172
Trade and other payables	(14,859)
Net assets of NRR as at 30 June 2015	3,748,327
Fair value of consideration for Acquisition	4,286,852
Total NRR net assets acquired	3,748,327
Amount recognised as ASX listing expense upon Acquisition	538,525

NOTE 8: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 9: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 4

NARACOOTA RESOURCES LIMITED (TO BE RENAMED ALCIDION GROUP LIMITED)

HISTORICAL FINANCIAL INFORMATION OF ALCIDION CORPORATION PTY LTD

Alcidion Corporation Pty Ltd Statement of Financial Position	Audited as at 30-Jun-14 \$	Audited as at 30-Jun-13 \$
CURRENT ASSETS		
Cash and cash equivalents	2,249	2,399,074
Trade and other receivables	2,668,247	927,215
TOTAL CURRENT ASSETS	2,670,496	3,326,289
NON CURRENT ASSETS		
Property, plant & equipment	227,788	326,093
Intangible assets	6,479	7,183
Deferred tax assets	113,935	131,155
TOTAL NON CURRENT ASSETS	348,202	464,431
TOTAL ASSETS	3,018,698	3,790,720
CURRENT LIABILITIES		
Trade and other payables	365,478	435,193
Borrowings	181,434	100,262
Provisions	228,397	213,017
Other	1,046,826	407,129
TOTAL CURRENT LIABILITIES	1,822,135	1,155,601
NON CURRENT LIABILITIES		
Borrowings	100,000	14,098
Provisions	127,722	213,025
TOTAL NON CURRENT LIABILITIES	227,722	227,123
TOTAL LIABILITIES	2,049,857	1,382,724
NET ASSETS	968,841	2,407,996
EQUITY		
Issued capital	2,100,004	2,100,004
Accumulated losses	(1,131,163)	307,992
TOTAL EQUITY	968,841	2,407,996

APPENDIX 4 (CONT)

NARACOOTA RESOURCES LIMITED (TO BE RENAMED ALCIDION GROUP LIMITED)

HISTORICAL FINANCIAL INFORMATION OF ALCIDION CORPORATION PTY LTD

Aucidion Corporation Pty Ltd	Audited for the year ended 30-Jun-15	Audited for the year ended 30-Jun-14	Audited for the year ended 30-Jun-13
Statement of Profit or Loss and Other Comprehensive Income	\$	\$	\$
Sales			
Recurring income	1,568,582	1,449,568	1,314,365
Non-recurring income	3,276,892	817,736	2,687,846
Total sales	4,845,474	2,267,304	4,002,211
Cost of sales	(1,982,168)	(2,550,195)	(2,306,148)
Gross profit	2,863,306	(282,891)	1,696,063
Interest income	19,446	35,701	59,941
Other income	1,784	99,572	1,046,959
Expenses			
Employee and consultancy expenses	(2,633,909)	(2,018,277)	(1,829,736)
Finance costs	(13,945)	(8,014)	(7,154)
Travel expenses	(197,874)	(87,207)	(115,180)
Corporate expenses	(529,550)	(440,765)	(451,053)
Depreciation	(115,066)	(99,234)	(126,560)
Other expenses	(53,757)	(63,903)	(34,616)
Profit/(loss) before income tax expense	(659,565)	(2,865,018)	238,664
Income tax benefit	341,301	1,425,863	17,074
Total comprehensive loss for the year	(318,264)	(1,439,155)	255,738

6. Risk Factors

The Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities pursuant to this Prospectus.

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by the holders of Securities. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

6.1 Specific Risks.

(a) **Conditional Acquisition and Re-compliance with Chapters 1 and 2 of the Listing Rules**

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. The Prospectus is being issued to assist the Company to re-comply with these requirements. The Shares will be suspended on the morning of the day of the Meeting. It is anticipated that the Shares will remain suspended until completion of the Public Offer, completion of the Alcidion Acquisition, re-compliance by the Company with Chapters 1 and 2 of the 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 the Shares will consequently remain suspended from quotation.

Further, if any of the conditions detailed in Section 7.1(c) are not satisfied (or waived), the Alcidion Acquisition will not proceed.

(b) **Dilution Risk**

The Company currently has 138,263,829 Shares on issue and will issue:

- (i) a further 400,000,000 Shares as part of the consideration for the Alcidion Acquisition;
- (ii) a further 64,516,129 Shares under the Public Offer; and
- (iii) a further 293,548,386 Shares if all applicable milestones for the Class A Contingent Share Rights and Class B Contingent Share Rights are satisfied and are converted into Shares.

Existing Shareholders will retain approximately:

- (i) 22.94% of the Shares if no Options are exercised and the milestones for the Class A Contingent Share Rights and Class B Contingent Share Rights are not satisfied;

- (ii) 22.73% of the Shares if all Options are exercised and the milestones for the Class A Contingent Share Rights and Class B Contingent Share Rights are not satisfied;
- (iii) 18.49% of the Shares if no Options are exercised, the milestone for the Class A Contingent Share Rights is satisfied and the milestone for the Class B Contingent Share Rights is not satisfied;
- (iv) 18.35% of the Shares if all Options are exercised, the milestone for the Class A Contingent Share Rights is satisfied and the milestone for the Class B Contingent Share Rights is not satisfied;
- (v) 18.41% of the Shares if no Options are exercised, the milestone for the Class A Contingent Share Rights is not satisfied and the milestone for the Class B Contingent Share Rights is satisfied;
- (vi) 18.27% of the Shares if all Options are exercised, the milestone for the Class A Contingent Share Rights is not satisfied and the milestone for the Class B Contingent Share Rights is satisfied;
- (vii) 15.43% of the Shares if no Options are exercised and the milestones for the Class A Contingent Share Rights and the Class B Contingent Share Rights are satisfied; and
- (viii) 15.33% of the Shares if all Options are exercised and the milestones for the Class A Contingent Share Rights and the Class B Contingent Share Rights are satisfied.

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 Alcicion Business.

(c) **Substantial Shareholders**

On Completion, and assuming no Options are exercised and no Class A Contingent Share Rights or Class B Contingent Share Rights are converted into Shares:

- (i) Professor Malcolm Pradhan (and his associates) will hold approximately 23.20% of the Company's issued Shares;
- (ii) Mr Raymond Blight (and his associates) will hold approximately 16.35% of the Company's issued Shares;
- (iii) Blue Sky (and its associates) will hold approximately 15.07% of the Company's issued Shares; and
- (iv) Allure Capital (and its associates) will hold approximately 6.52% of the Company's issued Shares.

Assuming the Public Offer and Alcicion Acquisition are completed, assuming the milestones in respect of the Class A Contingent Share Rights and the Class B Contingent Share Rights are satisfied, and assuming no Options are exercised:

- For personal use only
- (i) Professor Malcolm Pradhan (and his associates) will hold approximately 26.01% of the Company's issued capital;
 - (ii) Mr Raymond Blight (and his associates) will hold approximately 18.32% of the Company's issued capital;
 - (iii) Blue Sky (and its associates) will hold approximately 16.90% of the Company's issued capital; and
 - (iv) Allure Capital (and its associates) will hold approximately 6.83% of the Company's issued capital.

The above parties will have the potential to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including (among other things) the election of Directors and the approval of significant corporate transactions.

There is a risk that the interests of the Alcidion Vendors generally may not be aligned to the interests of other Shareholders. The Securities proposed to be issued to the Alcidion Vendors will also be subject to escrow arrangements (refer to Section 1.14). Until those Securities are released from escrow, trading in Shares may not be liquid, and this could impact the price at which Shares are able to be traded on ASX.

Should any of the above Alcidion Vendors sell all or part of their Shares once they are released from their escrow restrictions, the Share price may be adversely affected.

(d) **Development of a commercial enterprise**

While Alcidion's Miya Platform has moved beyond a "proof of concept" and is now operating in 11 hospitals in Australia, significant marketing and sales expenditure will be required for Alcidion's products to gain acceptance in the market and for Alcidion to develop a sustainable and commercial model in Australia. There is no guarantee that Alcidion's products will gain widespread market acceptance or that Alcidion will develop a sustainable commercial model. Failure to develop a sustainable commercial model will adversely affect the Company's financial performance.

(e) **Regulatory risk**

Currently, Alcidion's products and services do not fall within the definition of a "medical device" within the meaning of the *Therapeutic Goods Act 1989 (Cth)* (TGA). While certain software does fall within the definition of "medical device", software that is limited to displaying and collating information does not. Consequently, Alcidion's products and services are not currently regulated by the TGA.

To offer its products and services in the US, Alcidion will likely need to register with the US Food and Drug Administration (FDA) as a manufacturer of a Class II medical device (510(k) exempt) and adopt and implement the FDA's Quality System Regulation 820 (QSR820) framework.

With the increasing use of technology and software in healthcare, there is a global trend for there to be a harmonisation or standardisation of regulations

relating to the use of medical software and devices. This may result in further regulatory changes in the US and Australia.

In addition to incurring costs in satisfying FDA requirements, to the extent that Alcidion's products and services become regulated by the TGA, Alcidion will incur costs in ensuring that its products and services comply with such regulations. These costs may be significant.

Alcidion is yet to undertake a regulatory analysis in jurisdictions outside Australia and the US. Any adverse regulation or changes to existing regulation may restrict the ability of Alcidion to provide its products and services.

(f) **Reliance on key management personnel**

The Company's business strategy will be implemented by the Board and the management team led by Mr Raymond Blight, Mr Nathan Buzza, Professor Pradhan and Dr Chris Stephens. The Company's success will depend on the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel engaged on a contractual basis. The loss of services of any of its key management personnel and the Company's inability to replace them could have a material adverse impact on the Company's ability to successfully implement the Company's business strategy.

There is no guarantee that the Company will be able to attract and retain suitably qualified personnel, and a failure to do so could materially and adversely affect the Company's business, operating results and financial prospects including its ability to grow.

(g) **New product development and technology risk**

Moving forward, Alcidion's business will be reliant upon certain technologies and upon the successful commercialisation of these technologies. The Company is confident that Alcidion's products and services offer a unique offering in the Australian and global marketplace. However, there is a risk that as marketable technologies continue to develop in the healthcare technology industry, there may be certain product developments that supersede, and render obsolete, Alcidion's products and services. This will adversely affect the Company's financial performance and position and the value of the Securities.

(h) **Delays in sales cycle**

Sales and marketing efforts with respect to hospitals and large health organisations will generally involve a lengthy sales cycle due to these organisations' complex decision-making processes. Historically, Alcidion has found that it can take approximately 18 months from initial engagement with a potential client to securing a purchase order. It is difficult to predict the sales cycle and implementation schedule for Alcidion's products and services going forward. The duration of the sales cycle and implementation schedule for Alcidion's products and services depend on a number of factors, including the nature and size of the potential customer and the extent of the commitment being made by the potential customer. If potential customers take longer than expected to decide whether to purchase Alcidion's products and services, selling expenses could increase, which could harm the Company's business, financial condition and results of operations.

(i) **Costs of acquiring new sales**

Due to the often lengthy sales cycle, significant sales and marketing expenses are incurred in acquiring new sales. There can be no guarantee that the expenditure committed and incurred for the purpose acquiring new sales will actually result in new sales. Further, revenue generated from a new sale may not exceed the actual cost of acquiring the sale. The failure to recover costs incurred in acquiring new sales has the potential to adversely affect the Company's financial position and performance.

(j) **Acceptance of Alcidion's products and services**

Alcidion's business model depends on the ability to sell Alcidion's products and services. Acceptance of Alcidion's products and services requires physicians and hospitals to adopt different behaviour patterns and new methods of conducting business and exchanging information. There is no guarantee that physicians and hospitals will integrate Alcidion's products and services into their workflow or that participants in the healthcare market will accept Alcidion's products and services as a replacement for traditional methods of conducting healthcare information management. Achieving market acceptance for Alcidion's products and services will require substantial sales and marketing efforts and the expenditure of significant financial and other resources to create awareness and demand by participants in the healthcare industry. If the Company or Alcidion fails to achieve broad acceptance of Alcidion's products and services by physicians, hospitals and other healthcare industry participants or to position Alcidion's products and services as a preferred method for information management and healthcare delivery, the Company's business, financial condition and results of operations will be adversely affected.

(k) **Failure to renew existing contracts or win new contracts**

The ability of Alcidion's business to renew contracts with existing customers and win new contracts with existing and new customers is fundamental to its business, growth and profitability. Alcidion's business faces competition in the healthcare technology industry in which it operates. New contracts, including contracts entered into with an existing customer where a previous contract has expired, are usually subject to a competitive process. There is a risk that Alcidion's business may not win these contracts for any of a number of reasons. These include, for example:

- (i) lower pricing from competitors;
- (ii) increased competition;
- (iii) inability to differentiate Alcidion's products and services and to market them effectively;
- (iv) failure to maintain the quality or efficiency of Alcidion's products and services or to anticipate, identify or react to changes in customer preferences or requirements;
- (v) failure to react to new developments in healthcare information management technology; and

- (vi) negative perceptions adversely affecting Alcidion's brand and reputation as a result of the eventuation of some of the other risk factors detailed in this Section 6.

Failure to successfully renew existing contracts or to win new contracts could negatively impact the Company's financial performance, including, in the case of a failure to retain an existing customer, by leaving the Company with excess capacity or redundancy costs, and adversely impact its ability to grow its operations.

(l) **Failure to properly understand customer requirements and customer demand**

A large number of Alcidion's material contracts are long term contracts, and many are not able to be terminated by Alcidion unless the customer is in breach. The Company and Alcidion may from time to time enter into contracts where the agreed revenue is insufficient to cover the costs of delivering the services or to provide adequate profit margins. This can occur for a number of reasons, including a failure to properly understand the scope and requirements of a contract, a failure to assess accurately the costs of delivering the contracted services, a failure to properly model the drivers of customer demand or a failure to adhere to the business' internal risk assessment and contracting process guidelines. The risk of such failures occurring may increase as the Company seeks to expand Alcidion's products and services into new markets. If the Company or Alcidion enter into low margin contracts, the Company's revenue and profitability could be adversely impacted.

(m) **Ability to manage growth effectively**

The Company will need to expand its operations if the Company successfully achieves market acceptance for Alcidion's products and services. The Company cannot be certain that its systems, procedures, controls and existing space will be adequate to support expansion of its operations. The Company's future operating results will depend on the ability of its officers and key employees to manage changing business conditions and to implement and improve its technical, administrative, financial control and reporting systems. The Company may not be able to expand and upgrade its systems and infrastructure to accommodate these increases. Difficulties in managing any future growth, including as a result of the Alcidion Acquisition, could have a significant negative impact on the Company's business, financial condition and results of operations.

(n) **Ability to establish and maintain additional strategic relationships**

To be successful, the Company must continue to maintain Alcidion's existing strategic relationships and establish additional strategic relationships with leaders in a number of healthcare and health information technology industry segments. This is critical to the Company's success because the Company believes that these relationships contribute towards its ability to:

- (i) extend the reach of Alcidion's products and services to a larger number of physicians and hospitals and to other participants in the healthcare industry;
- (ii) develop and deploy new products and services;

- (iii) further enhance the "Alcidion" brand; and
- (iv) generate additional revenue and cash flows.

(o) **Product failure**

If Alcidion's products and services fail to perform properly due to errors or similar problems, the Company's business could suffer. Complex software, such as those utilised by Alcidion's products and services, often contains defects or errors, some of which may remain undetected for a period of time. It is possible that such errors may be found after the introduction of new software or enhancements to existing software.

Despite testing, it is possible that errors may occur in Alcidion's products and services. If the Company detects any errors before a solution is introduced, the Company may have to delay deployment for an extended period of time while the problem is addressed.

If the Company does not discover software errors that affect Alcidion's current or new products and services until after they are deployed, the Company will need to provide enhancements to correct such errors. Errors in Alcidion's products and services could result in:

- (i) harm to the Company's reputation or the "Alcidion" brand;
- (ii) lost sales;
- (iii) delays in commercial releases;
- (iv) product liability claims;
- (v) delays in or loss of market acceptance of Alcidion's products and services;
- (vi) terminations or renegotiations of customer contracts; and
- (vii) unexpected expenses and diversion of resources to remedy errors.

Furthermore, customers may use Alcidion's products and services together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when Alcidion's products or services do not cause these problems, the existence of these errors may result in the Company incurring significant costs, the diversion of the attention of technical personnel from development efforts, adversely impact the Company's reputation or the "Alcidion" brand or cause significant customer relations problems.

(p) **Contractual risk**

Alcidion's business has a significant dependence on its counterparties and their ability to meet their contractual obligations pursuant to the agreements and arrangements entered into with Alcidion. In particular, Alcidion relies on the continuation of the contracts summarised in Section 7.3.

The Company's financial performance will depend upon the performance of counterparties to each of the agreements, of their respective obligations in those agreements. If any counterparty defaults, it may be necessary for the Company

or Alcidion (as the case may be) to seek legal remedy in court. Legal action can be costly and there is no guarantee that a legal remedy will be ultimately granted on appropriate terms, or at all.

The Company has no current reason to believe that any of the parties which Alcidion has contracted with will not meet and satisfy their obligations under their respective agreements or arrangements.

(q) **Intellectual Property**

The Company's business plan is predicated on Alcidion's proprietary systems and technology products. Accordingly, Alcidion's trademarks, trade names, copy rights, trade secrets and other intellectual property rights are important to its success and unauthorised use of any of Alcidion's intellectual property rights may adversely affect the Company's business and the Company's and Alcidion's reputation. There can be no assurances that the Company or Alcidion will be able to:

- (i) register or protect new intellectual property it develops in the future; or
- (ii) prevent the unauthorised use of its intellectual property.

Failure to adequately protect Alcidion's intellectual property rights could adversely affect the Company's financial performance and condition.

(r) **Competition**

Each healthcare technology product or service has its own character. However, the Company will be subject to competition from other operators in the healthcare technology industry internationally and domestically. A number of factors, including any one or more of the following, could increase the market share of any of those competitors relative to the Company's share and materially affect the Company's financial performance and position:

- (i) acquiring or developing technologies which give them a competitive advantage;
- (ii) lowering prices;
- (iii) increasing scale or range of products or services; or
- (iv) undertaking strategic moves to combine or consolidate their business.

(s) **Insurance**

The Company faces various risks in connection with Alcidion and may lack adequate insurance coverage. Alcidion maintains insurance coverage for information technology, professional indemnity, public and product liability, directors' and officers' liability, travel, management liability and office insurance. While the Company will endeavour to maintain appropriate insurances, including in relation to the Alcidion Business, there is no guarantee that such insurance will be available to the Company at economically viable premiums (or, potentially, at all). Further, if there is a claim, there can be no guarantee that the level of insurance held by the Company or Alcidion will be sufficient.

If the Company incurs substantial losses or liabilities, including in relation to the Alcidion Business, and the insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

(t) **Liability claims**

Alcidion's business may be exposed to liability claims if its products or services are faulty or cause harm to its customers. The Company may have to expend significant financial and managerial resources to defend against such claims. If a successful claim is made against the Company or Alcidion, the Company or Alcidion (as the case may be) may be fined or sanctioned and its reputation and brand may be negatively impacted. This could adversely affect the Company's financial performance, operations and prospects.

(u) **Brand Name Risk**

The "Alcidion" brand is a key aspect of the business and the growth of Alcidion's business is dependent on market awareness of its brand. The "Alcidion" reputation and value of the brand may be adversely affected by a number of factors including (but not limited to) disputes or litigation with third parties and adverse media coverage (including social media). Erosion in the "Alcidion" reputation or value of the brand may adversely affect the Company's financial performance or position.

(v) **Future capital needs**

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes that its available cash, following completion of Alcidion Acquisition, and including the proceeds of the Public Offer should be adequate to fund its business activities in the short term as stated in this Prospectus.

Should the Company require additional funding, there can be no assurance that additional financing (whether debt or equity) will be available, either on acceptable terms or at all. Any inability to obtain additional funding, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

(w) **Liabilities resulting from consultancy arrangements**

Historically, Alcidion has engaged a large number of contractors to perform work for Alcidion over an extended period. It is possible that, at law, a number of these contractors may be regarded as employees rather than contractors.

If any such contractors were deemed to be employees, Alcidion may become liable to pay certain employee entitlements and other liabilities in connection with the employment of such employees. If such liabilities were to eventuate, this may materially and adversely affect the Company's financial condition.

6.2 General Risks

(a) Securities investments

There are risks associated with any securities investment. The prices at which the Company's quoted Securities trade on ASX may fluctuate in response to a number of factors including:

- (i) the recruitment or departure of key personnel;
- (ii) actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- (iii) variations in the Company's financial results or those of companies that are perceived to be similar to the Company including changes caused by changes in financial accounting standards or practices or taxation rules or practices;
- (iv) announcements regarding litigation or other proceedings that involve the Company;
- (v) war or acts of terrorism or catastrophic disasters that disrupt world trade or adversely affect confidence in financial markets;
- (vi) other general economic, industry and market conditions; and
- (vii) other factors described in this Section 6.

(b) Share 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 technology related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Liquidity risk

There is no guarantee that there will be an ongoing liquid market for the Securities. Accordingly, there is a risk that, should the market for the Securities

become illiquid, Security holders will be unable to realise their investment in the Company.

(d) **Economic risk**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the healthcare technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in, particular, investor sentiment towards the healthcare technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(e) **Taxation**

There is the potential for further changes to tax laws and changes in the way tax laws are interpreted. Any change to the current rates of taxes imposed on the Company is likely to affect returns to Shareholders.

The Company obtains external expert advice on the application of the tax laws to its operations. An interpretation of taxation laws by a revenue authority that is contrary to the Company's interpretation of those laws may increase the amount of tax to be paid.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(f) **Policies and legislation**

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions in the countries in which the Company could conduct business, could materially affect the Company's prospects. Political changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Company as a whole.

6.3 Investment Speculative

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company, Alcidion 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 the value of the Securities offered under this Prospectus.

Therefore, the Securities 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 Securities.

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

7. Material Contracts

7.1 Alcidity Acquisition Agreements

On 18 August 2015, the Company announced it had entered into a binding term sheet with Alcidity, Professor Malcolm Pradhan and Mr Raymond Blight pursuant to which the Company agreed to acquire the entire issued share capital of Alcidity, subject to the satisfaction of certain conditions precedent.

The Company will issue the following Securities to the Alcidity Vendors, in the proportions set out in Schedule 1, in consideration for the acquisition of the entire issued capital of Alcidity:

- an aggregate total of 400,000,000 Shares;
- an aggregate total of 133,333,000 Class A Contingent Share Rights; and
- an aggregate total of 133,333,000 Class B Contingent Share Rights,

(together, the **Vendor Securities**).

The formal agreements to effect the Alcidity Acquisition comprise:

- (a) the Share Purchase Agreement, pursuant to which the Company will acquire the Alcidity Shares held by the Major Alcidity Vendors, representing 90.53% of the issued capital of Alcidity; and
- (b) the Minority Seller Agreements, pursuant to which the Company will acquire the remaining 9.47% of the issued share capital of Alcidity, which is held by the Minority Alcidity Vendors.

Share Purchase Agreement

- (c) Completion of the Share Purchase Agreement and the Alcidity Acquisition is subject to and conditional upon among other things:
 - (i) BDO opining that the issue of Vendor Securities to Professor Malcolm Pradhan is reasonable to Shareholders not related to Professor Pradhan;
 - (ii) Alcidity providing the Company with management accounts for the period ended 31 December 2015;
 - (iii) Shareholders approving the Acquisition Resolutions at the General Meeting;
 - (iv) completion of the Public Offer;
 - (v) the Minority Alcidity Vendors entering into the Minority Seller Agreements;
 - (vi) the Company obtaining all necessary regulatory approvals and third party consents required to complete the Alcidity Acquisition, including re-complying with Chapters 1 and 2 of the Listing Rules, on terms which the Company considers are capable of satisfaction; and

- (vii) no Material Adverse Effect having occurred in relation to Alcidion between the date of the Share Purchase Agreement and Completion,

(together, the **Conditions**).

- (d) Consideration for the acquisition of the Alcidion Shares held by the Major Alcidion Vendors is the issue the following Securities to the Major Alcidion Vendors in the proportions set out in Schedule 1:
- (i) an aggregate total of 362,115,530 Shares;
 - (ii) an aggregate total of 120,705,176 Class A Contingent Share Rights;
 - (iii) an aggregate total of 120,705,176 Class B Contingent Share Rights and
- (e) Prior to Completion, Alcidion may approve a capital reduction to permit a return of capital to certain Alcidion shareholders of an aggregate amount of up to \$400,000 (**Capital Reduction**).
- (f) At Completion, Mr Tom Bahen and Mr Gavin Wates will resign as Directors. Pursuant to the Share Purchase Agreement, the Vendors have nominated that Professor Pradhan, Mr Blight, Mr Buzza and Mr Nicholas Dignam be appointed as Directors. Further details regarding the qualification and experience of the Proposed Directors is set out in Section 4.2.
- (g) Pursuant to the Share Purchase Agreement, the Major Alcidion Vendors have warranted to the Company that, at Completion:
- (i) Alcidion's cash and cash equivalents will be equal to or exceed \$1.75 million (**Target Cash**) (**Target Cash Warranty**); and
 - (ii) Alcidion's working capital will be equal to or exceed \$1.5 million (**Target Working Capital**) (**Target Working Capital Warranty**),
- and, to the extent that extent that the Target Cash Warranty and/or the Target Working Capital Warranty are not true, and the funds set aside for the Capital Reduction are insufficient to satisfy any deficiency in Target Cash and/or Target Working Capital, the Major Alcidion Vendors have agreed to indemnify the Company, on a several basis, in respect of any such deficiency.
- (h) The Company and each of the Major Alcidion Vendors have provided other warranties, covenants and indemnities, which are customary for a transaction of this nature.
- (i) The Major Alcidion Vendors have agreed to use their best endeavours to procure that each Minority Alcidion Vendor, enters into a Minority Seller Agreement to effect the transfer of all Alcidion Shares held by the Minority Alcidion Vendors.
- (j) The Major Alcidion Vendors have acknowledged that some or all of the Vendor Securities may be treated as Restricted Securities by ASX and have agreed to execute such form of restriction agreement as may be required by ASX.
- (k) The Share Purchase Agreement may be terminated by the Company and the Major Alcidion Vendors:
- (i) by agreement in writing; or

- (ii) where the Conditions have not been satisfied by the End Date.
- (l) Either the Company or the Major Alcidion Vendors (**Non-Defaulting Party**) may terminate the Share Purchase Agreement if:
- (i) the other party (**Defaulting Party**) fails to perform and comply in all material respects, with its obligations under the Share Purchase Agreement; or
 - (ii) the Defaulting Party fails to deliver all documents and instruments required to be delivered at Completion or fails to perform all of its obligations at Completion,
- but only where the Defaulting Party does not remedy such failure within 10 Business Days of the Non-Defaulting Party giving the Defaulting Party written notice setting out the details of the specific failure to perform, comply or deliver.
- (m) The Share Purchase Agreement may be terminated by the Company if:
- (i) any material breach of the warranties given by the Major Alcidion Vendors comes to the notice of the Company; or
 - (ii) anything occurs or comes to the attention of the Company which has or is likely to have a Material Adverse Effect on Alcidion.

Minority Seller Agreements

The Company has or proposes to enter into the Minority Seller Agreements with the Minority Alcidion Vendors to acquire the remaining 9.47% of the issued share capital of Alcidion which is not owned by the Major Alcidion Vendors.

The Minority Alcidion Vendors will receive the following Securities, in the proportions set out in Schedule 1, in consideration for acquisition of their Alcidion Shares:

- (n) an aggregate total of 37,884,470 Shares;
- (o) an aggregate total of 12,628,157 Class A Contingent Share Rights; and
- (p) an aggregate total of 12,628,157 Class B Contingent Share Rights.

Each Minority Seller Agreement contains limited representations and warranties by the relevant Minority Alcidion Vendor relating to title and ownership of the Alcidion Shares held by it.

Pursuant to each Minority Seller Agreement, each of the Minority Alcidion Vendors acknowledges that some or all of the Vendor Securities it receives may be treated as Restricted Securities by ASX and agrees to execute such form of restriction agreement as may be required by ASX.

Completion of the sale and purchase of the Alcidion Shares under the Share Purchase Agreement and the Minority Seller Agreements is interdependent and will occur contemporaneously.

7.2 Executive Employment Agreements

(a) Executive Employment Agreement - Professor Malcolm Pradhan

At Completion, the Company will enter into an employment agreement with Professor Pradhan (**Pradhan Employment Agreement**). The principal terms of the Pradhan Employment Agreement are as follows:

- (i) Professor Pradhan will be employed in the position of Executive Director and Chief Medical Officer;
- (ii) the term of employment will be for a period of 2 years, with the Company having the ability to extend the term for an additional 2 years;
- (iii) Professor Pradhan will be paid remuneration of \$235,000 per annum (exclusive of superannuation); and
- (iv) Either party may terminate the Pradhan Employment Agreement by the giving of 6 months' notice (or payment in lieu of notice), unless the Company is terminating as a result of wilful or serious misconduct by Professor Pradhan, in which case no notice is required.

(b) Executive Employment Agreement - Mr Raymond Blight

At Completion, the Company will enter into an employment agreement with Mr Blight (**Blight Employment Agreement**). The principal terms of the Blight Employment Agreement are as follows:

- (i) Mr Blight will be employed in the position of Chairman and Chief Executive Officer;
- (ii) the term of employment will be for a period of 2 years, with the Company having the ability to extend the term for an additional 2 years;
- (iii) Mr Blight will be paid remuneration of \$235,000 per annum (exclusive of superannuation) in respect of his role as Chief Executive Officer and a further \$25,000 (exclusive of superannuation) for his role as Chairman; and
- (iv) Either party may terminate the Blight Employment Agreement by the giving of 6 months' notice (or payment in lieu of notice), unless the Company is terminating as a result of wilful or serious misconduct by Mr Blight, in which case no notice is required.

(c) Executive Employment Agreement - Mr Nathan Buzza

At Completion, the Company will enter into an employment agreement with Mr Buzza (**Buzza Employment Agreement**). The principal terms of the Buzza Employment Agreement are as follows:

- (i) Mr Buzza will be employed in the position of Executive Director, Vice-President of Sales and Marketing;
- (ii) the term of employment will be for a period of 2 years, with the Company having the ability to extend the term for an additional 2 years;

- (iii) Mr Buzza will be paid remuneration of \$235,000 per annum (exclusive of superannuation) and will also be entitled to a home office allowance of \$25,000; and
- (iv) Either party may terminate the Buzza Employment Agreement by the giving of 6 months' notice (or payment in lieu of notice), unless the Company is terminating as a result of wilful or serious misconduct by Mr Buzza, in which case no notice is required.

(d) **Employment Agreement - Dr Chris Stephens**

On 13 April 2015, Alcidion entered into an employment agreement with Dr Chris Stephens (**Stephens Employment Agreement**). The principal terms of the Stephens Employment Agreement are as follows:

- (i) Dr Stephens is employed in the position of Senior Vice-President of Sales, effective from 1 July 2015;
- (ii) the Stephens Employment Agreement does not have a fixed term;
- (iii) Dr Stephens remuneration is \$219,000 per annum (inclusive of superannuation);
- (iv) Dr Stephens is entitled to commissions of up to 5% of revenue generated from new sales, subject to Dr Stephens achieving minimum revenue targets; and
- (v) Either party may terminate the Stephens Employment Agreement by the giving of 4 weeks' notice (or payment in lieu of notice), unless the Company is terminating as a result of wilful or serious misconduct by Dr Stephens, in which case no notice is required.

At the date of this Prospectus, the Company does not intend to enter into a new employment agreement with Dr Stephens, following Completion. Following Completion, it is proposed that Dr Stephens employment relationship will remain with Alcidion.

7.3 Key Customer Contracts

A summary of the key terms of Alcidion's material customer contracts, as at the date of this Prospectus are set out below:

(a) **Customer 1 Master Services Agreement**

Customer description	Corporate organisation responsible for management of public hospitals.
Services provided	Provision of Miya Platform and add-ons, together with other services requested from time to time under the provision of Statements of Work (SOW) issued under the Master Services Agreement.
Term of agreement	2 years ending on 30 June 2016. Alcidion expects that this agreement will be varied to extend the term. As at the date of this Prospectus, Alcidion has not received any indication that the agreement will not be extended or varied. If the customer does not provide notice of termination one month prior to the end of the term, the agreement will

	be renewed for another 2 years.
Termination rights of customer	6 months' notice, or upon a breach of the agreement or an SOW by Alcidity, where such breach continues for a period of 14 days.
Fee structure	<p>Under the agreement, Alcidity receives:</p> <ul style="list-style-type: none"> • a fee in relation to the base charge for the Miya Platform; and • a fee for each add-on. <p>Under this fee structure, Alcidity currently receives payments totalling approximately \$613,000 per annum.</p>
Other terms	Alcidity indemnifies the customer and its officers, employees and agents against any loss arising from the negligent acts or omissions of Alcidity (or its employees, agents or sub-contractors) in connection with the agreement up to a maximum of \$1 million.

(b) **Customer 2 Master Services Agreement**

Customer description	State government department responsible for operating public hospitals.
Services provided	Provision of Miya Platform and add-ons, together with other services requested from time to time under the provision of Statements of Work (SOW) issued under the Master Services Agreement.
Term of agreement	30 months, expiring 30 June 2017.
Termination rights of customer	4 months' notice, or upon a breach of the agreement or an SOW by Alcidity, where such breach continues for a period of 14 days.
Fee structure	<p>Under the agreement, Alcidity receives:</p> <ul style="list-style-type: none"> • a fee in relation to the base charge for the Miya Platform; and • a fee for each add-on. <p>Under this fee structure, Alcidity currently receives payments totalling approximately \$615,000 per annum.</p>
Other terms	Automatically renews for a further 5 year term if notice to terminate is not received at least 30 days prior to 30 June 2017.

(c) **Customer 9 IT Supply Agreement**

Customer description	Division of an Australian national healthcare organisation.
Services provided	Provision of a chronic disease management system and services.
Term of agreement	5 years from 1 February 2013.
Termination rights of customer	4 months' for convenience, or immediately for certain breaches by Alcidity or where Alcidity becomes insolvent.
Fee structure	Under this agreement, Alcidity receives:

	<ul style="list-style-type: none"> • a fixed maintenance and support fee; and • a fee per user. <p>Under this fee structure, Alcidion currently receives payments totalling approximately \$200,000 per annum.</p>
Other terms	The agreement contains a change of control provision, which requires the customer's consent to a proposed change of control of Alcidion. Alcidion has sought the customer's consent to the change of control resulting from the Alcidion Acquisition.

(d) **Customer 10 Contractor Agreement**

Customer description	Corporate organisation which is a public health service provider.
Services provided	Provision of Miya Platform and add-ons.
Term of agreement	2 years ending on 31 August 2017.
Termination rights of customer	6 months' notice, or immediately if Alcidion becomes insolvent or indicates that it intends to cease carrying on business.
Fee structure	<p>Under the agreement, Alcidion receives:</p> <ul style="list-style-type: none"> • a fee in relation to the base charge for the Miya Platform; and • a fee for each add-on. <p>Under this fee structure, Alcidion currently receives payments totalling approximately \$212,000 per annum.</p>
Other terms	Not applicable.

7.4 Deeds of Indemnity

Upon Completion, the Company will enter into deeds of indemnity, insurance and access with each of the Proposed Directors (**Deeds of Indemnity**). Under the Deeds of Indemnity, the Company will indemnify the Proposed Directors 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. The Company will also be required to maintain insurance policies for the benefit of the Proposed Directors must also allow the Proposed Directors to inspect Board papers in certain circumstances.

Where the Company is required by the Corporations Act, or is otherwise required by law, to seek the approval of Shareholders to the terms of, or the Company's entry into the Deeds of Indemnity, the provisions of the Deeds of Indemnity which would contravene the Corporations Act or other law, but for such approval, will not become operative until such time as such Shareholder approval has been obtained.

7.5 Lead Manager Mandate

The Company has appointed Patersons to act as lead manager to the Public Offer. In consideration for its services, Patersons will receive a fee of 6.0% of the total amount raised under the Public Offer and a corporate advisory fee of \$30,000 (all fees exclusive

of GST) on completion of the Public Offer. In addition, Patersons will be entitled to be reimbursed for reasonable out of pocket expenses incurred in connection with the assignment.

Pursuant to the Lead Manager Mandate, Patersons will have a right of first refusal to act as lead manager to any capital raising or similar corporate transaction that the Company undertakes in the 24 months following completion of the Public Offer.

The Lead Manager Mandate contains covenants, warranties, representations and indemnities that are customary for such an agreement.

8. Rights Attaching to Securities

8.1 Rights attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued 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 or attorney to attend and vote at general meetings of the Company.

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

(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 or attorney;
- (ii) on a show of hands, every person present who is a shareholder or a representative of a shareholder has one vote in respect of each share carrying the right to 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 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 a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend rights

The Directors alone may declare a dividend to be paid to Shareholders. The dividend is payable at a time determined in the directors' discretion. No dividend may be declared or paid except as allowed by the Corporations Act. No interest is payable in respect of unpaid dividends. The Directors may set aside the Company's profit any amount that they consider appropriate. This amount may be used in any way that profits can be used, and can be invested or used in the Company's business in the interim.

(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 the 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.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is liability.

(e) **Shareholder liability**

As the Shares to be issued under the Offers contained in this Prospectus are fully paid shares, they are not 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 and the Listing Rules.

(g) **Variation of rights**

Pursuant to 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), whether or not the Company is being wound up, 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.

(h) **Alteration of Constitution**

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

8.2 **Terms and Conditions of Class A Contingent Share Rights**

(a) **Satisfaction**

- (i) Each Class A Contingent Share Right will be satisfied by the issuance of one Share in accordance with this paragraph (a).

- (ii) Subject to paragraph (b) below, each Class A Contingent Share Right will be satisfied by the issuance of one Share upon the occurrence of the Company achieving audited sales revenue of at least \$10,000,000 in a period of 12 consecutive months no later than two years from the date on which Shares are re-admitted to quotation on ASX (**Class A Milestone**).
- (iii) Subject to paragraph (a)(i) above and paragraph (b) below, upon the occurrence of a Change of Control of the Company (other than as a result of the transactions contemplated in this Agreement):
 - (A) where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights will result in the issue of less than or equal to 10% of the total number of Shares on issue, each Contingent Share Right will automatically entitle the holder to one Share; and
 - (B) where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights will result in the issue of greater than 10% of the total number of Shares on issue:
 - (1) the total number of Contingent Share Rights to be satisfied through the issuance of Shares in exchange therefor must be equal to 10% of the total number of Shares on issue;
 - (2) the number of Shares to be issued with respect to each class of Contingent Share Rights shall be on an equal basis between each such class; and
 - (3) any Class A Contingent Share Rights that are not satisfied through the issuance of Shares in accordance with paragraphs (a)(iii)(B)(1) and (a)(iii)(B)(2) above will continue to be held by the holder on the same terms and conditions set out herein.

(b) **Expiry Date**

If the Class A Milestone has not been satisfied by the date which is two years from the date on which Shares are re-admitted to quotation on ASX, all Class A Contingent Share Rights shall not be capable of satisfaction and shall immediately lapse.

(c) **No Official Quotation of Class A Contingent Share Rights**

The Company will not apply for official quotation of the Class A Contingent Share Rights.

(d) **Shares Issued on Satisfaction**

Shares issued on satisfaction of the Class A Contingent Share Rights will rank equally with the Shares then on issue.

(e) **Official Quotation of Shares on Satisfaction**

Application will be made by the Company to ASX for official quotation of Shares issued within three business days of the satisfaction of the Class A Contingent Share Right.

(f) **Timing of Issue of Shares**

(i) Within three Business Days of the satisfaction of the Class A Contingent Share Rights, the Company must:

- (A) issue Shares (subject to paragraph (f)(ii) below) to a holder or its nominee for nil consideration, and
- (B) at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

(ii) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:

- (A) issue a prospectus on the date that Shares are issued under paragraph (f)(i) above (in which case the date for issuing those Shares may be extended to not more than 10 Business Days after the satisfaction of the Class A Contingent Share Rights, to allow the Company time to prepare that prospectus); or
- (B) issue a prospectus before the date that Shares are issued under paragraph (f)(i) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

(g) **Escrow Restrictions**

Holders of the Class A Contingent Share Rights must comply with all escrow restrictions imposed by ASX in respect of Shares issued on satisfaction of the Class A Contingent Share Rights.

(h) **Reconstruction**

In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Class A Contingent Share Rights and their terms of satisfaction through the issuance of Shares in exchange therefor will be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the holder by virtue of such reconstruction, consolidation or division.

(i) **Non-Transferable**

The Class A Contingent Share Rights are not transferable or assignable to another party.

(j) **Copies of Notices and Reports**

Holders of the Class A Contingent Share Rights have the same right as Shareholders to receive notices, reports and audited accounts.

(k) **Voting Rights**

Holders of the Class A Contingent Share Rights will have no right to vote in respect of their Class A Contingent Share Rights.

(l) **Dividends**

Holders of Class A Contingent Share Rights are not entitled to a dividend on their Class A Contingent Share Rights.

(m) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Class A Contingent Share Rights and holders of the Class A Contingent Share Rights will not, in respect of their Class A Contingent Share Rights, be entitled to participate in new issues of capital offered to Shareholders.

(n) **Winding Up**

If the Company is wound up before satisfaction of all of the Class A Contingent Share Rights by the issuance of Shares in exchange therefor, the holders will have no right to participate in surplus assets or profits of the Company on winding up in respect of their Class A Contingent Share Rights.

(o) **Interpretation**

In these terms and conditions, the following terms have the following meanings:

- (i) **Associates** has the meaning given to that term in the Corporations Act;
- (ii) **Change of Control** means:
 - (A) the offeror under a Takeover Bid in respect of all Shares has achieved acceptances in respect of more than 50.01% of Shares and that Takeover Bid has become unconditional;
 - (B) the announcement by the Company that its Shareholders have, at a Court convened meeting of Shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all securities of the Company are to be either:
 - (1) cancelled; or
 - (2) transferred to a third party,and the Court, by order, approves the proposed scheme of arrangement; or
 - (C) any person, individually or together with their Associates, acquires a Relevant Interest in 50.01% or more of the total

number of Shares on issue by any other means (other than as a result of the transactions contemplated pursuant to the Alcideon Acquisition);

- (iii) **Corporations Act** means the *Corporations Act 2001* (Cth);
- (iv) **Relevant Interest** has the meaning given to that term in the Corporations Act; and
- (v) **Takeover Bid** has the meaning given to that term in the Corporations Act.

8.3 Terms and Conditions of Class B Contingent Share Rights

(a) Satisfaction

- (i) Each Class B Contingent Share Right will be satisfied by the issuance of one Share in accordance with this paragraph (a).
- (ii) Subject to paragraph (b) below, each Class B Contingent Share Right will be satisfied by the issuance of one Share upon the Company achieving audited sales revenue of at least \$15,000,000 in a period of 12 consecutive months no later than three years from the date on which Shares are re-admitted to quotation on ASX (**Class B Milestone**).
- (iii) Subject to paragraph (a)(i) above and paragraph (b) below, upon the occurrence of a Change of Control of the Company (other than as a result of the transactions contemplated in this Agreement):
 - (A) where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights will result in the issue of less than or equal to 10% of the total number of Shares on issue, each Contingent Share Right will automatically entitle the holder to receive one Share; and
 - (B) where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights through the issuance of Shares in exchange therefor will result in the issue of greater than 10% of the total number of Shares on issue:
 - (1) the total number of Contingent Share Rights to be satisfied through the issuance of Shares must equal be to 10% of the total number of Shares on issue;
 - (2) the number of Shares to be issued with respect to each class of Contingent Share Rights shall be on an equal basis between each such class; and
 - (3) any Class B Contingent Share Rights that are not satisfied through the issuance of Shares in accordance with paragraphs (a)(iii)(B)(1) and (a)(iii)(B)(2) above will continue to be held by the holder on the same terms and conditions set out herein.

(b) **Expiry Date**

If the Class B Milestone has not been satisfied by the date which is three years from the date on which Shares are re-admitted to quotation on ASX, all Class B Contingent Share Rights shall not be capable of satisfaction and shall immediately lapse.

(c) **No Official Quotation of Class B Contingent Share Rights**

The Company will not apply for official quotation of the Class B Contingent Share Rights.

(d) **Shares Issued on Satisfaction**

Shares issued on satisfaction of the Class B Contingent Share Right will rank equally with the Shares then on issue.

(e) **Official Quotation of Shares on Satisfaction**

Application will be made by the Company to ASX for official quotation of Shares issued within three business days of the satisfaction of the Class B Contingent Share Rights.

(f) **Timing of Issue of Shares**

(i) Within three Business Days of the satisfaction of the Class B Contingent Share Rights, the Company must:

- (A) issue Shares (subject to paragraph (f)(ii) below) to a holder or its nominee for nil consideration, and
- (B) at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

(ii) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:

- (A) issue a prospectus on the date that Shares are issued under paragraph (f)(i) above (in which case the date for issuing those Shares may be extended to not more than 10 Business Days after the satisfaction of the Class B Contingent Share Rights, to allow the Company time to prepare that prospectus); or
- (B) issue a prospectus before the date that Shares are issued under paragraph (f)(i) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

(g) **Escrow Restrictions**

Holders of the Class B Contingent Share Rights must comply with all escrow restrictions imposed by ASX in respect of Shares issued on satisfaction of the Class B Contingent Share Rights.

(h) **Reconstruction**

In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Class B Contingent Share Rights and their terms of satisfaction through the issuance of Shares in exchange therefor will be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the holder by virtue of such reconstruction, consolidation or division.

(i) **Non-Transferable**

The Class B Contingent Share Rights are not transferable or assignable to another party.

(j) **Copies of Notices and Reports**

Holders of the Class B Contingent Share Rights have the same right as the Shareholders to receive notices, reports and audited accounts.

(k) **Voting Rights**

Holders of the Class B Contingent Share Rights will have no right to vote in respect of their Class B Contingent Share Rights.

(l) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Class B Contingent Share Rights and holders of the Class B Contingent Share Rights will not, in respect of its Class B Contingent Share Rights, be entitled to participate in new issues of capital offered to Shareholders.

(m) **Dividends**

Holders of Class B Contingent Share Rights are not entitled to a dividend on their Class B Contingent Share Rights.

(n) **Winding Up**

If the Company is wound up before satisfaction of all of the Class B Contingent Share Rights by the issuance of Shares in exchange therefor, the holders will have no right to participate in surplus assets or profits of the Company on winding up in respect of their Class B Contingent Share Rights.

(o) **Interpretation**

In these terms and conditions, the following terms have the following meanings:

(i) **Associates** has the meaning given to that term in the Corporations Act;

(ii) **Change of Control** means:

(A) the offeror under a Takeover Bid in respect of all Shares has achieved acceptances in respect of more than 50.01% of Shares and that Takeover Bid has become unconditional;

(B) the announcement by the Company that its Shareholders have, at a Court convened meeting of Shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all securities of the Company are to be either:

(1) cancelled; or

(2) transferred to a third party,

and the Court, by order, approves the proposed scheme of arrangement; or

(C) any person, individually or together with their Associates, acquires a Relevant Interest in 50.01% or more of the total number of Shares on issue by any other means (other than as a result of the transactions contemplated pursuant to the Alcidion Acquisition);

(iii) **Corporations Act** means the *Corporations Act 2001* (Cth);

(iv) **Relevant Interest** has the meaning given to that term in the Corporations Act; and

(v) **Takeover Bid** has the meaning given to that term in the Corporations Act.

9. Additional Information

9.1 Interests of Directors

Except as disclosed in this Prospectus, no Director or Proposed Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director or Proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director or Proposed of the Company for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

9.2 Director Holdings

As at the date of this Prospectus, the interests of the Directors and Proposed Directors and their associated entities in the Securities are as follows:

Director / Proposed Director	Shares	Options
Mr Tom Bahen ¹	6,700,000	-
Mr Josh Puckridge	-	-
Mr Gavin Wates ²	6,700,000	-
Professor Malcolm Pradhan	-	-
Mr Raymond Blight	-	-
Mr Nathan Buzza	-	-
Mr Nicholas Dignam	-	-

Note:

1. Indirect. The Shares are held by Cobia Holdings Pty Ltd, an entity controlled by Mr Bahen.
2. Indirect. The Shares are held by Upsky Equity Pty Ltd, an entity controlled by Mr Wates.

Save for Mr Nathan Buzza, who has advised the Company that, Allure Capital, a company which he controls, intends to subscribe for 6,451,612 Shares under the Public Offer, no Directors, Proposed Directors or any of their associates intend to participate in the Public Offer.

The anticipated interests of the Directors and Proposed Directors in the Securities, following completion of the Alcidity Acquisition and the Offers (assuming the subscription for Shares under the Public Offer by Allure Capital (an entity controlled by Mr Buzza), are as follows:

Director /Proposed Director	Shares	Options	Class A Contingent Share Rights	Class B Contingent Share Rights
Mr Tom Bahen ¹	6,700,000	-	-	-
Mr Josh Puckridge	-	-	-	-
Mr Gavin Wates ²	6,700,000	-	-	-
Professor Malcolm Pradhan	139,861,782	-	46,620,594	46,620,594
Mr Raymond Blight	98,548,711	-	32,849,570	32,849,570
Mr Nathan Buzza ³	39,292,837	-	10,947,075	10,947,075
Mr Nicholas Dignam	-	-	-	-

Note:

1. Indirect. The Shares are held by Cobia Holdings Pty Ltd, an entity controlled by Mr Bahen.
2. Indirect. The Shares are held by Upsky Equity Pty Ltd, an entity controlled by Mr Wates.
3. Indirect. The Securities will be held by Allure Capital, an entity controlled by Mr Buzza.

9.3 Remuneration of Directors

The remuneration (including superannuation) of the existing Directors for the past two financial years and for this financial year is as follows:

	Financial Year 2016 ¹ (\$)	Financial Year 2015 (\$)	Financial Year 2014 (\$)
Mr Tom Bahen	12,368	9,303	-
Mr Josh Puckridge	16,743	10,046	-
Mr Gavin Wates	12,368	29,683	29,844

Notes:

1. 1 July 2015 to November 2015.

Following Completion, the annual remuneration (including superannuation) of the Directors will be as follows:

Director	Annual Remuneration (\$)
Professor Malcolm Pradhan	257,325
Mr Raymond Blight	284,700
Mr Nathan Buzza	282,325
Mr Nicholas Dignam	-
Mr Josh Puckridge	43,800

In addition to Mr Buzza's remuneration noted above, which will be paid by the Company to Mr Buzza, Alcidion has agreed to pay Allure Capital Pty Ltd, an entity controlled by Mr Buzza, a consultancy fee of \$116,000 in connection with work performed by Allure Capital Pty Ltd in relation to the Alcidion Acquisition. This fee will be paid by Alcidion to Allure Capital Pty Ltd prior to Completion and does not affect Alcidion's obligation under

the Share Purchase Agreement to deliver Alcidion with cash and cash equivalents equal to or exceeding \$1.75 million and with working capital equal to or exceeding \$1.5 million.

9.4 Interests of Promoters, Experts and Advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, has, or has had in the two years before the date of this Prospectus, any interest in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to any of those persons, except as disclosed in this Prospectus and as follows:

- (a) Computershare Investor Services Pty Limited is the Company's share registry, and will be paid for these services on standard industry terms and conditions. However, the Company is responsible for the management of all Applications and the reconciliation of funds received under the Public Offer.
- (b) Patersons has acted as lead manager to the Public Offer. In respect of this work, Patersons will be paid approximately \$150,000 as detailed in Section 7.5. During the two years preceding lodgement of this Prospectus with ASIC, Patersons has not received any fees from the Company. However, Patersons has been reimbursed expenses in the amount of \$8,347 during the two years preceding lodgement of this Prospectus with ASIC.
- (c) BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 5. The Company has paid BDO Corporate Finance (WA) Pty Ltd \$9,180 for these services. During the two years preceding lodgement of this Prospectus with ASIC, BDO Corporate Finance (WA) Pty Ltd has received fees from the Company totalling \$23,460.
- (d) Stantons International Audit and Consulting Pty Ltd has acted as auditor to the Company. During the two years preceding lodgement of this Prospectus with ASIC, Stantons International Audit and Consulting Pty Ltd has received fees from the Company totalling \$37,272.
- (e) DLA Piper Australia has acted as the Australian legal advisors to the Offers. In respect of this work the Company will pay approximately \$55,000 to DLA Piper Australia. Subsequently, fees will be charged in accordance with normal charge out rates. During the two years preceding lodgement of this Prospectus with ASIC, DLA Piper Australia has received approximately \$65,000 in fees from the Company, which includes fees for services provided in relation to the Alcidion Acquisition and the preparation of the notice of meeting seeking approval of the Alcidion Acquisition at the General Meeting.

The amounts disclosed above are exclusive of GST.

9.5 Related Party Transactions

Except as set out elsewhere in this Prospectus, the Directors are not aware of any material transactions between the Company and related parties and/or Directors.

9.6 Expenses of Offers

The total expenses of the Offers payable by the Company is as follows:

Item	Expense (\$)
ASIC Lodgement Fee	2,500
ASX Quotation Fee	72,000
Lead Manager Fee	150,000
Legal Fees	55,000
Investigating Accountant's Fee	9,180
Other costs	10,000
TOTAL	298,680

9.7 Company Tax Status and Financial Year

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually. The taxation year of the Company ends on 30 June annually.

Revenues and expenditures disclosed in this Prospectus are presented exclusive of the amount of GST, unless otherwise disclosed.

9.8 Taxation Implications

The acquisition and disposal of Shares will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the Shares.

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

9.9 Litigation and Claims

So far as the Directors and the Proposed Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

9.10 Consents

Each of the parties referred to in this Section 9.10:

- For personal use only
- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC;
 - (b) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section 9.10; and
 - (c) has not authorised or caused the issue of this Prospectus or the making of the Offers.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors of the Company, persons named in this Prospectus with their consent as Proposed Directors, any underwriters, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Accordingly, each of the parties referred to in this Section 9.10 makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name, a statement and/or a report (if any) included in this Prospectus with the consent of that party as specified in this Section 9.10.

Patersons has given its written consent to being named as lead manager to the Public Offer in this Prospectus.

Stantons International Audit and Consulting Pty Ltd has given its written consent to be named as auditor to the Company in this Prospectus.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to be named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 5 in the form and context in which the report is included.

DLA Piper Australia has given its written consent to being named as Australian legal adviser to the Company in this Prospectus.

Computershare Investor Services Pty Limited has given its written consent to being named as Share Registry in this Prospectus.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

9.11 Continuous Disclosure

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules which require it to disclose to ASX any information which it becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Securities. Exceptions apply for certain information which does not have to be disclosed.

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

9.12 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form(s) applicable to you. If you have not, please contact the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

9.13 Documents Available for Inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 9.10.

10. Authorisation

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

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

For, and on behalf of, Naracoota Resources Limited

A handwritten signature in black ink, appearing to read 'Josh Puckridge', with a stylized 'J' and 'P'.

Josh Russell Puckridge
Director

7 December 2015

For personal use only

11. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Acquisition Resolutions	has the meaning given to that term in Section 1.6.
Alcidion	has the meaning given to that term in Section 1.2.
Alcidion Acquisition	has the meaning given to that term in Section 1.2.
Alcidion Business	means Alcidion's business, being the provision of intelligent informatics software for high performance healthcare.
Alcidion Share	means a fully paid ordinary share in the capital of Alcidion.
Alcidion Vendors	has the meaning given to that term in Section 7.1.
Allure Capital	means Allure Capital Pty Ltd ACN 152 310 766.
Application Form	means the Public Offer Application Form, the Vendor Offer Application Form or the Beacon Offer Application Form as the context requires.
Applicant	means a person who submits an Application Form.
Application	means a valid application for Securities under an Offer made pursuant to an Application Form.
Application Monies	means application monies for Shares under the Public Offer received and banked by the Company.
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Securities Exchange Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.
ASX Settlement Operating Rules	means ASX Settlement Operating Rules of ASX Settlement Pty Ltd ABN 49 008 504 532.
Beacon	means Beacon Capital Pty Ltd ACN 607 525 155.
Beacon Offer Application Form	means the application form attached to, or accompanying, this Prospectus relating to the Beacon Offer.
Beacon Offer	has the meaning given to that term in Section 1.3.
Beacon Securities	has the meaning given to that term in Section 1.3.
Blue Sky	means Blue Sky Medical Technology Pty Limited as trustee for the BSPE Medical Technology Unit Trust.
Blue Sky Funds	means Blue Sky Alternative Investments Limited ACN 136 866

236.

Board	means the board of Directors from time to time.
CAGR	means compound annual growth rate.
CDSS	means Clinical Decision Support System.
Change of Activities	has the meaning given in Section 1.5.
CHESS	has the meaning given to that term in Section 1.17.
Class A Contingent Share Rights	means the class "A" contingent share rights issued by the Company on the terms and conditions detailed in Section 8.2.
Class A Milestone	has the meaning given to that term in Section 8.2(a)(ii).
Class B Contingent Share Rights	means the class "B" contingent share rights issued by the Company on the terms and conditions detailed in Section 8.3.
Class B Milestone	has the meaning given to that term in Section 8.3(a)(ii).
Closing Date	means the closing date of the Public Offer detailed in the Indicative Timetable.
Company	means Naracoota Resources Limited ACN 143 142 410.
Completion	means completion of the Alcidion Acquisition.
CommStrat	has the meaning given in Section 4.2(d).
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
CPOE	has the meaning given in Section 2.4(e).
Deeds of Indemnity	has the meaning given in Section 7.3(d).
Directors	means the directors of the Company.
ED	means Emergency Department.
EMR	means Electronic Medical Records.
End Date	31 March 2016.
Executive Employment Agreements	means the agreements referred to in Section 7.2.
Exposure Period	means the exposure period under section 727(3) of the Corporations Act, being the seven days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus with ASIC during which the Company must not process Applications.

FDA	has the meaning given in Section 6.1(e).
Firm Commitment Letter	means a letter pursuant to which the Company has received a firm commitment from a Sophisticated Investor to subscribe for Shares under the Public Offer.
General Meeting	has the meaning given to that term in Section 1.5.
GST	means goods and services tax.
Indicative Timetable	means the indicative timetable for the Offers on page 8
Investigating Accountant	means BDO Corporate Finance (WA) Pty Ltd.
Key Customer Contracts	means the agreements referred to in Section 7.3.
Lead Manager Mandate	has the meaning given to that term in Section 7.5.
Listing Rules	means the official listing rules of ASX.
Major Alcidity Vendors	means Professor Malcolm Pradhan, Mr Raymond Blight, Blue Sky and Allure Capital.
Material Adverse Effect	means any event, change, circumstance, effect or other matter occurring after the date of the Share Purchase Agreement that has or is reasonably likely to have, individually or in aggregate, with or without notice, lapse of time or both, a material adverse effect on Alcidity or its Subsidiaries, including but not limited to the assets, liabilities, properties, condition (financial or otherwise), operations, reputation or prospects of Alcidity or its business.
Minimum Subscription	has the meaning given to that term in Section 1.4.
Minority Alcidity Vendors	means each of those parties identified as such in Schedule 1.
Minority Seller Agreement	means the sale agreement entered, or to be entered, into between the Company and each Minority Alcidity Vendor to effect the transfer of the Alcidity Shares held by the Minority Alcidity Vendor.
Miya Platform	a proprietary CDSS product suite, developed by Alcidity.
OEM	means original equipment manufacturer.
Offer	means the Public Offer, the Vendor Offer or the Beacon Offer as the context requires and Offers means all of them.
Official List	means the official list of ASX.

Official Quotation	means Official quotation by ASX in accordance with the Listing Rules.
Opening Date	means the date specified as the opening date in the Indicative Timetable.
Option	means an option to acquire a Share.
Promoter	has the meaning given in the Listing Rules.
Proposed Directors	means the persons identified as Proposed Directors in the Corporate Directory.
Prospectus	means this prospectus dated 7 December 2015.
Public Offer	has the meaning given to that term in Section 1.1.
Public Offer Application Form	means the application form attached to, or accompanying, this Prospectus relating to the Public Offer.
QSR820	has the meaning given in Section 6.1(e).
Recommendations	has the meaning given to that term in Section 4.3.
Related Party	has the meaning given in section 228 of the Corporations Act.
Restricted Securities	has the meaning given to that term in the Listing Rules.
Restriction Agreement	means a restriction agreement in a form set out in the Listing Rules.
Section	means a section of this Prospectus.
Securities	means a Share, Option, Contingent Share Right or other form of security issued or granted (as the case may be) by the Company.
Share Purchase Agreement	means the share sale and purchase agreement, dated 17 November 2015, between the Company, Alcidion, Malcolm Pradhan, Raymond Blight, Blue Sky and Allure Capital.
Share Registry	means Computershare Investor Services Pty Limited ACN 078 279 277.
Shareholder	means a registered holder of a Share.
Share	means a fully paid ordinary share in the capital of the Company.
SmartForms	means electronic forms that allow clinical staff to enter clinical data quickly in a way that is structured and mapped to standard terminology systems so that computers can understand the meaning and context of the information.
Sophisticated Investors	has the meaning given in section 708(8) of the Corporations Act.

Subsidiary	has the meaning given in section 9 of the Corporations Act.
TGA	has the meaning given in Section 6.1(e).
Vendor Offer Application Form	means the application form attached to, or accompanying, this Prospectus relating to the Vendor Offer.
Vendor Offer	has the meaning given to that term in Section 1.2.
Vendor Securities	has the meaning given to that term in Section 7.1.
WST	means Western standard time, being the time in Perth, Western Australia.

Schedule 1 - Alcidion Vendors and Vendor Securities

Majority Alcidion Vendor	Number of Shares	Number of Class A Contingent Share Rights	Number of Class B Contingent Share Rights
Professor Malcolm Pradhan	139,861,782	46,620,594	46,620,594
Mr Raymond Blight	98,548,711	32,849,570	32,849,570
Blue Sky	90,863,812	30,287,937	30,287,937
Allure Capital	32,841,225	10,947,075	10,947,075
Sub-total	362,115,530	120,705,176	120,705,176

Minority Alcidion Vendor	Number of Shares	Number of Class A Contingent Share Rights	Number of Class B Contingent Share Rights
Ms Lin Lin	9,221,668	3,073,889	3,073,889
Bellwether Super Pty Ltd as trustee for the Craig Superannuation Fund	5,901,868	1,967,289	1,967,289
Mr Duncan Robert Craig	3,873,101	1,291,033	1,291,033
Mr Phillip John Coulson	3,177,329	1,059,110	1,059,110
Walani Pty Ltd	3,177,329	1,059,110	1,059,110
Mr Jacob Oscar Coulson	2,541,863	847,288	847,288
Mr Timothy Arthur Kestell	1,906,397	635,465	635,465
Mr Samuel Jefferson Blight	1,844,334	614,778	614,778
Mr Chris Michael Threlfo	1,844,333	614,778	614,778
Smac Nominees Pty Ltd	1,270,931	423,644	423,644
David John Datson and Carolyn Mary Datson as trustees for the EDT Computer Services Superannuation Fund	922,167	307,389	307,389
Mr David Jay Karon	922,167	307,389	307,389
Konkera Pty Ltd	635,465	211,822	211,822
Mr Sean Barry Colyer	276,650	92,217	92,217
Mr Ida Bagus Gede Indra Parwita	276,650	92,217	92,217

Minority Alcidion Vendor	Number of Shares	Number of Class A Contingent Share Rights	Number of Class B Contingent Share Rights
Mr Chris James van der Pennen	92,217	30,739	30,739
Sub-total	37,884,470	12,628,157	12,628,157
Total	400,000,000	133,333,333	133,333,333

INSTRUCTIONS FOR COMPLETION OF THIS PUBLIC OFFER APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS PUBLIC OFFER APPLICATION FORM

Please complete all relevant sections of this Public Offer Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Public Offer Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be for a minimum of 64,516 Shares and in multiples thereof 16,129 Shares thereafter.

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$0.031 – the application price per Share.

3 Name(s) in which the Shares are to be registered

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

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With the exception of annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.computershare.com.au

5 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address

As permitted under the Corporations Act, the Company will only be forwarding printed annual reports to Shareholders electing to receive one. Our Company annual report and Company information will be available at www.naracoota.com.au. You may elect to receive all communications despatched by the Company electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFNs is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.

8 Cheque Details

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to **Naracoota Resources Limited** and crossed "Not Negotiable". Please complete the relevant details in section 8.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your Application.