

20 December 2019

ASX Announcement

Completion of Placement and Section 708A Notice

Connected IO Limited (“**CIO**” or “**Company**”) is pleased to announce that it has completed its placement raising \$1.25 million through the issue of 416,666,664 new Shares at an issue price of \$0.003 per share to sophisticated and professional investors (“**Placement**”) (see ASX announcement on 18 December 2019).

The Placement was within the Company's capacity under ASX Listing Rules 7.1 and 7.1A, with 182,428,033 Shares issued under Listing Rule 7.1A and 234,238,631 Shares under Listing Rule 7.1.

Additional Information for Shares issued under LR 7.1A

In relation to the issue of 182,428,033 Shares by the Company on 20 December 2019 pursuant to ASX Listing Rule 7.1A, the Company provides the following additional information.

- (a) The dilution to existing shareholders as a result of the shares issued pursuant to the Placement under Listing Rule 7.1A (182,428,033 Shares) was 10.0%.
- (b) The securities were issued by the Company under LR7.1A and not as a pro rata issue or other type of issue in which existing ordinary security holders would have been eligible to participate as it was considered to be the most efficient and expedient method of raising the funds required.
- (c) The Placement was not underwritten.
- (d) The Company will pay a fee of 6% of the value of the funds raised from securities issued under Listing Rule 7.1A, payable via the issue of shares at a deemed issue price of \$0.003, subject to shareholder approval.

Issue of Securities Approved at Annual General Meeting

The Company also confirms the issue of securities to Directors as approved by Shareholders at the Annual General Meeting held on 27 November 2019, being 166,435,333 Shares, 100 million Class A Performance Rights and 100 million Class B Performance Rights. An Appendix 3B for the issue of these securities is attached.

Notice under Section 708A

The Company gives notice pursuant to Section 708A(5)(e) of the Corporations Act that the securities issued on 20 December 2019 were issued without disclosure under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act. The Company, as at the date of this notice, has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company and Section 674 of the Corporations Act. There is no excluded information to be disclosed for the purposes of Sections 708A(7) and (8) of the Corporations Act.

ABOUT CONNECTED IO

Connected IO Limited has its operations based in Dallas, in the USA. Its business is a wireless technology innovator and manufacturer operating in the multi-trillion-dollar “IOT” (Internet of Things) sector. CIO specializes in machine to machine (“M2M”) connectivity, providing hardware and software solutions to some of the world’s largest companies. CIO’s software solutions also include a customised cloud management interface and a variety of support services. Cisco predicts there will be 50 billion connected devices by 2020.

For further information regarding this announcement please contact Adam Sierakowski, Chairman of Connected IO Limited on 08 6211 5099.

This announcement was approved and authorised for release by the Company’s Board of Directors.



Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

CONNECTED IO LIMITED

ABN

99 009 076 233

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares
Class A Performance Rights
Class B Performance Rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 166,435,333 Shares
100,000,000 Class A Performance Rights
100,000,000 Class B Performance Rights |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 16,435,333 Ordinary fully paid shares

150,000,000 Ordinary fully paid shares (escrowed for 12 months from date of issue)

100,000,000 Class A Performance Rights and 100,000,000 Class B Performance Rights convert on a 1:1 basis on the satisfaction of the Performance Milestones, as approved by Shareholders on 27 November 2019. Full terms of the Performance Rights are set out in Annexure A |

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<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares – Yes</p> <p>Class A Performance Rights – No, will convert into Shares on satisfaction of milestone</p> <p>Class B Performance Rights – No, will convert into Shares on satisfaction of milestone</p>
<p>5 Issue price or consideration</p>	<p>150,000,000 Shares, Class A and Class B Performance Rights issued for nil cash consideration to the Managing Director in recognition of his efforts to date, compensation for his discounted salary and as an incentive to provide ongoing dedicated services to the Company.</p> <p>16,435,333 Ordinary fully paid shares issued at a deemed issue price of \$0.003 each in lieu of non-executive director fees owed by the Company up to 30 September 2019.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>150,000,000 shares and Class A and Class B Performance Rights issued as a reward and incentive for the Managing Director providing ongoing dedicated services to the Company.</p> <p>16,435,333 Ordinary fully paid shares issued in lieu of non-executive director fees owed by the Company up to 30 September 2019.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>27 November 2019</p>

6c	Number of +securities issued without security holder approval under rule 7.1	Nil				
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil				
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	166,435,333 Shares; 100,000,000 Class A Performance Rights; and 100,000,000 Class B Performance Rights; as approved by Shareholders at the Annual General Meeting held on 27 November 2019.				
6f	Number of +securities issued under an exception in rule 7.2	Nil				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 – 27,524,325 Listing Rule 7.1A – 16,643,533				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	20 December 2019				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>2,407,582,054</td> <td>Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	2,407,582,054	Fully paid ordinary shares
Number	+Class					
2,407,582,054	Fully paid ordinary shares					

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	100,000,000	Class A Performance Shares which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone.
	50,000,000	Class B Performance Shares which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone.
	75,000,000	Unlisted Options (exercisable at \$0.01; expiring 20 December 2020).
	23	Convertible Notes with a face value of \$1,321,000 (convertible on the basis of \$0.003 per share).
	100,000,000	Class A Performance Rights which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone.
	100,000,000	Class B Performance Rights which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable
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Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the +securities will be offered	Not applicable
14	+Class of +securities to which the offer relates	Not applicable
15	+Record date to determine entitlements	Not applicable

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable

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applicable)

30 How do security holders sell their entitlements *in full* through a broker?

Not applicable

31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?

Not applicable

32 How do security holders dispose of their entitlements (except by sale through a broker)?

Not applicable

33 ⁺Issue date

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(*tick one*)

(a) ⁺Securities described in Part 1.

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<input type="text"/>	<input type="text"/>

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:Date: 20 December 2019
(Company secretary)

Print name: Nicki Farley

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,813,085,059
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	11,195,272 – Shares issued on conversion of Notes and interest 150,000,000 – Shares issued to Managing Director 16,435,333 – Shares issued in lieu of Director Fees
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	1,990,715,664

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Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	298,607,349
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>199,726 – Shares issued for convertible note interest</p> <p>33,644,748 – Potential Share Issue for Line of Credit Interest (payable in cash or shares at the election of the Lender).</p> <p>234,238,631 – Placement Shares</p>
"C"	271,083,024
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
<p>"A" x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	298,607,349
<p>Subtract "C"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	271,083,024
Total ["A" x 0.15] – "C"	27,524,325 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,990,715,664
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	199,071,566
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	182,428,033 - Placement
“E”	182,428,033

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	199,071,566
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	182,428,033
Total ["A" x 0.10] – "E"	16,643,533 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

ANNEXURE A
TERMS OF CLASS A AND CLASS B PERFORMANCE RIGHTS

The Class A Performance Rights and Class B Performance Rights (together the “**Performance Rights**”) entitle the holder to subscribe for Shares on the terms and conditions set out below.

(a) Entitlement

Each Performance Right entitles the holder of the Performance Right to be issued one fully paid ordinary share in the Company, for no cash consideration, on these terms of issue including the performance milestone(s) set out below.

(b) No cash consideration

The Performance Rights will be granted for no cash consideration.

(c) Vesting

If the Board determines, in its sole discretion, that the performance milestones and vesting conditions for a class of Performance Rights set out below have been satisfied prior to the relevant expiry date then that class of Performance Rights will vest and be exercisable into Shares on a one for one basis.

Performance Rights	Class A	Class B
Amount payable on grant	Nil	Nil
Grant date	27 November 2019	27 November 2019
Vesting date	12 months after satisfaction of Class A Performance Milestone, subject to continuing engagement as Managing Director	12 months after satisfaction of Class B Performance Milestone, subject to continuing engagement as Managing Director
Expiry date	31 December 2023	31 December 2023
Exercise price	Nil	Nil
Performance Milestone	Company and its subsidiaries achieving aggregate gross revenue of greater than AUD\$4m during any calendar year ending on or before 31 December 2022	Company and its subsidiaries achieving aggregate gross revenue of greater AUD\$8m during any calendar year ending on or before 31 December 2022
Conversion	On satisfaction of Class A Performance Milestone and completion of vesting period	On satisfaction of Class B Performance Milestone and completion of vesting period
Transfer	The Rights are strictly not transferrable.	The Rights are strictly not transferrable.
Shares delivered on conversion	1 Share per Class A Performance Right.	1 Share per Class B Performance Right.

(d) Lapse

If a performance milestone is not satisfied by the relevant expiry date, then the relevant class of Performance Rights will automatically lapse.

(e) Exercise

Subject to paragraphs (c) and (g), Performance Rights may only be exercised by notice in writing to the Company (Exercise Notice). Any Exercise Notice for a Performance Right received by the Company will be deemed to be a notice of the exercise of that Performance Right as at the date of receipt. No exercise price, or share issue price, is payable by the holder and the Company must

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issue the number of Shares, update the share register and issue and send to the holder an updated holding statement within 5 business days after receiving the notice.

(f) Shares issued on exercise

The Share issued upon vesting will rank equally in all respects with the Company's ordinary shares and the Company will apply to the ASX for official quotation of the Shares after they are issued.

(g) Shareholder and regulatory approvals

Notwithstanding any other provision of these terms and conditions, exercise of Performance Rights into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Performance Rights would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Performance Right that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Performance Rights may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Performance Rights will not result in any person being in contravention of section 606(1) of the Corporations Act.

(h) Participation in new issues

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

(i) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the exercise of an Performance Right will be increased by the number of Shares which the holder would have received if the holder had exercised the Performance Right before the record date for the bonus issue.

(j) Adjustment for rights issue

If the Company makes a rights issue of Shares pro rata to existing Shareholders there will be no adjustment to these terms and conditions.

(k) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) Quotation

The Company will not apply for quotation of the Performance Rights on ASX.

(m) Transferability

The Performance Rights may not be transferred.

(n) Compliance with laws

If the Corporations Act, the Listing Rules or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, the Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

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