

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or transferred, or subsequently sell or transfer, all of your shares in CAP-XX Limited, please send this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is effected for onward transmission to the purchaser or transferee. However, the distribution of this document and/or any accompanying documents into a jurisdiction other than the United Kingdom may be restricted by law or regulation and therefore such documents should not be distributed, forwarded to or transmitted in or into the United States of America, Canada, Australia, Japan, the Republic of Ireland, the Republic of South Africa, New Zealand, the Cayman Islands, Barbados, Switzerland, the State of Kuwait or Singapore or in or into any other jurisdiction where the extension of the Offer to Qualifying Participants would breach any applicable law or regulation. If you have sold or transferred part only of your holding of Existing Ordinary Shares prior to the Ex-Entitlement Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications.

The Directors, whose names appear on page 3 of this document, and the Company accept responsibility, collectively and individually, in accordance with the AIM Rules, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The total consideration under the Offer to Qualifying Participants will be less than €8 million (or an equivalent amount) in aggregate and it is therefore an exempt offer to the public for the purposes of section 86 (1)(e) of FSMA and the Placing Shares will only be available to qualified investors for the purposes of the Prospectus Regulation or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Neither the Placing, the Subscription nor the Offer to Qualifying Participants constitutes an offer to the public requiring an approved prospectus under section 85(1) of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules made by the Financial Conduct Authority of the United Kingdom ("FCA") pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition this document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

This document does not constitute an offer to buy, acquire or subscribe for (or the solicitation of an offer to buy, acquire or subscribe for) the Placing Shares or the Subscription Shares. Further, this document does not constitute an offer of securities within the meaning of section 706 of the *Corporations Act (Cth)* 2001. This document is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC or any other regulator and is not approved by or registered with any regulator).

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that, subject to the passing of the Resolution at the General Meeting, Admission will become effective and that dealings in the New Ordinary Shares will commence on 3 January 2020. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares.

CAP-XX Limited

(Incorporated and registered in Australia with Australian Company Number 050 845 291)

Proposed Acquisition of Assets from Murata Placing of 87,000,001 Placing Shares at 3 pence per share Subscription of 4,666,666 Subscription Shares at 3 pence per share Offer to Qualifying Participants of up to 25,000,000 Offer Shares at 3 pence per share Proposed granting of authority to allot shares and Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 12 to 20 of this document and which recommends Shareholders to vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Allenby Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as AIM nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Allenby Capital Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Allenby Capital Limited or for advising any other person on the arrangements described in this document. Allenby Capital Limited has not authorised the contents of, or any part of, this document and makes no representation or warranty, express or implied, as to the contents of this document and Allenby Capital Limited does not accept any liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any information. Allenby Capital Limited as nominated adviser and broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or any other person. Allenby Capital Limited has given and not withdrawn its consent to the inclusion in this document of the references to their names in the form and context in which they appear. Nothing in this document shall be effective to limit or exclude any liability for fraud or which, by law or regulation, cannot otherwise be so limited or excluded.

Notice of a General Meeting of the Company, to be held at the offices of CAP-XX Limited, Units 9/12 Mars Road, Lane Cove, Australia at 6:00 p.m. AEDT on 30 December 2019, is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned in accordance with the instructions printed on it as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services Pty Ltd, by 6:00 p.m. AEDT on 24 December 2019 or 48 hours before any adjourned meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting in person should they so wish. Holders of Depository Interests should complete a Form of Instruction or give an instruction via the CREST system. To be valid the accompanying Form of Instruction for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach Computershare Investor Services PLC by 9:00 p.m. AEDT on 23 December 2019 (being 10:00 a.m. UK time on 23 December 2019). To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 10.00 a.m. (UK time) on 23 December 2019.

FORWARD LOOKING STATEMENTS

This document includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law, regulation or the AIM Rules.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, investors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, only investors who have met the criteria of professional clients and eligible counterparties have been procured. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Patrick Elliott Bruce Grey Anthony Kongats	<i>(Non-Executive Chairman)</i> <i>(Non-Executive Director)</i> <i>(Chief Executive Officer)</i>
Company Secretary	Michael Taylor Robert Buckingham	
Registered Office	Suite 126 117 Old Pittwater Road Brookvale NSW 2100 Australia	
Nominated Adviser and Broker to the Placing	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB United Kingdom	
Solicitors to the Company as to Australian Law	Dentons Australia Limited 77 Castlereagh Street Sydney NSW 2000 Australia	
Solicitors to the Company as to English Law	DAC Beachcroft LLP 25 Walbrook London EC4N 8AF United Kingdom	
Solicitors to Allenby Capital Limited	Haynes and Boone CDG, LLP 1 New Fetter Lane London EC4A 1AN United Kingdom	
Registrar	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford Victoria 3067 Australia	
Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY United Kingdom	
Depository	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY United Kingdom	

CONTENTS

	Page
KEY STATISTICS	5
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	6
DEFINITIONS	7
PART I: LETTER FROM THE CHAIRMAN OF CAP-XX LIMITED	12
PART II: RISK FACTORS	21
PART III: TERMS AND CONDITIONS OF THE OFFER TO QUALIFYING PARTICIPANTS	24
PART IV: QUESTIONS AND ANSWERS ABOUT THE OFFER TO QUALIFYING PARTICIPANTS	36
NOTICE OF GENERAL MEETING	39

KEY STATISTICS

PLACING AND SUBSCRIPTION STATISTICS

Issue Price	3p
Number of Existing Ordinary Shares	324,514,775
Number of Placing Shares	87,000,001
Number of Subscription Shares	4,666,666
Number of Ordinary Shares in issue immediately following Admission of the Placing Shares and the Subscription Shares*	416,181,442
Placing Shares and Subscription Shares as a percentage of the Existing Ordinary Shares in issue immediately following the Placing Shares and the Subscription Shares*	22.0%
Gross Proceeds of the Placing and the Subscription	Approximately £2.75 million
ISIN Code for the Existing Ordinary Shares	AU0000XINAS1

OFFER TO QUALIFYING PARTICIPANTS STATISTICS

Issue Price	3p
Number of Offer Shares	Up to 25,000,000
Gross proceeds from the Offer to Qualifying Participants **	Up to approximately £0.75 million
Enlarged Share Capital following the Placing, the Subscription and the Offer to Qualifying Participants **	441,181,442
Offer Shares as a percentage of the Enlarged Share Capital **	5.7%
ISIN Code for Offer Entitlements	AU0000067712

* Prior to the issue of the Offer Shares

** On the assumption that the Offer to Qualifying Participants is fully subscribed

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document 29 November 2019

OFFER TO QUALIFYING PARTICIPANTS TIMETABLE

Record Date for the Offer to Qualifying Participants 2 December 2019

Ex-entitlement Date 3 December 2019

Offer Entitlements credited to stock accounts of Qualifying Participants 4 December 2019

Latest time and date for payment in full under the Offer to Qualifying Participants or settlement of relevant CREST instruction (if appropriate) 23 December 2019

GENERAL MEETING TIMETABLE

Latest time and date for receipt of Forms of Instruction 9.00pm AEDT on 23 December 2019

Latest time and date for receipt of Forms of Proxy 6.00pm AEDT on 24 December 2019

General Meeting 6.00pm AEDT on 30 December 2019

Announcement of the result of the Offer to Qualifying Participants 27 December 2019

Announcement of result of General Meeting 30 December 2019

ADMISSION AND SETTLEMENT TIMETABLE

Admission and commencement of dealings in the New Ordinary Shares on AIM 3 January 2020

CREST accounts credited with depositary interests in respect of the New Ordinary Shares (CREST shareholders only) 3 January 2020

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service. Certain of the events in the above timetable are conditional upon, amongst other things, the approval of the Resolution to be proposed at the General Meeting. All references are to London time unless stated otherwise.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"A\$"	the Australian dollar, the legal currency of Australia;
"Acquisition"	the proposed conditional acquisition by the Company of the Assets from Murata;
"Admission"	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
"AEDT"	Australian Eastern Daylight Time;
"AIM"	AIM, a market operated by the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time;
"Allenby Capital"	Allenby Capital Limited;
"Assets"	the equipment currently used in Murata's supercapacitor production lines;
"Board" or "Directors"	the directors of the Company whose names are set out on page 3 of this document;
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (that is, not in CREST);
"Company" or "CAP-XX"	CAP-XX Limited, registered in Australia with Australian Company Number 050 845 291;
"Completion"	completion of the Acquisition;
"Computershare"	Computershare Investor Services PLC or Computershare Investor Services Pty Ltd, as appropriate;
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 SI 2001: No.3755 (as amended)) in respect of which Euroclear is the operator (as defined in those regulations);
"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST Courier and Sorting Services Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since) as published by Euroclear;

"CREST member"	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual);
"CREST member account ID"	the identification code or number attached to a member account in CREST;
"CREST participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
"CREST participant ID"	shall have the meaning given in the CREST Manual issued by Euroclear;
"CREST payment"	shall have the meaning given in the CREST Manual issued by Euroclear;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
"CREST Sponsor"	a CREST participant admitted to CREST as a CREST sponsor;
"CREST Sponsored member"	a CREST member admitted to CREST as a sponsored member;
"Depository Interests"	depository interests representing Ordinary Shares;
"Enlarged Share Capital"	the entire issued ordinary share capital of the Company immediately following the issue and allotment of the New Ordinary Shares;
"EU"	the European Union;
"Euroclear"	Euroclear UK & Ireland Limited;
"Existing Ordinary Shares" or "Existing Issued Share Capital"	the 324,514,775 Ordinary Shares in issue as at the date of this document, including Depository Interests where the context requires;
"Ex-entitlement Date"	the date on which the Existing Ordinary Shares are marked "ex" for entitlement under the Offer to Qualifying Participants, being 3 December 2019;
"FCA"	the UK Financial Conduct Authority;
"Forms of Instruction"	the form of written instruction for use by Depository Interest holders in connection with the General Meeting;
"Form of Proxy"	the form of proxy for use by Shareholders at the General Meeting, which accompanies this document;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"General Meeting"	the general meeting of the Company to be held at the offices of CAP-XX Limited at Units 9/12 Mars Road, Lane Cove, NSW 2006, Australia at 6:00pm AEDT on 30 December 2019 or any adjournment thereof, notice of which is set out at the end of this document;

"ISIN"	International Securities Identification Number;
"Issue Price"	3 pence per New Ordinary Share;
"London Stock Exchange"	London Stock Exchange plc;
"Long Stop Date"	17 January 2020
"Money Laundering Regulations"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and all other applicable anti-money-laundering rules and regulations from time to time;
"Murata"	Murata Manufacturing Co., Ltd of Japan, an electronic component manufacturer and a licensee of CAP-XX's patents;
"New Ordinary Shares"	together, the Placing Shares, the Subscription Shares and up to 25,000,000 Offer Shares;
"Notice of General Meeting"	the notice convening the General Meeting, which is set out at the end of this document;
"Offer to Qualifying Participants"	the conditional invitation made to Qualifying Participants to apply to subscribe for the Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part III of this document;
"Offer Shares"	up to 25,000,000 new Ordinary Shares of each being made available to Qualifying Participants pursuant to the Offer to Qualifying Participants;
"Offer Entitlement"	the entitlement of Qualifying Participants to subscribe for Offer Shares allocated to Qualifying Participants on the Record Date pursuant to the Offer to Qualifying Participants;
"Overseas Shareholders"	a Shareholder with a registered address outside the United Kingdom;
"Ordinary Shares"	ordinary shares of no par value in the capital of the Company, including Depositary Interests where the context requires;
"Placees"	subscribers for Placing Shares;
"Placing"	the placing by the Company of the Placing Shares with certain institutional investors and existing Shareholders, otherwise than on a pre-emptive basis, at the Issue Price;
"Placing and Offer to Qualifying Participants Agreement"	the conditional agreement entered into on 29 November 2019 between the Company, the Directors and Allenby Capital in respect of the Placing and the Offer to Qualifying Participants, as described in this document;
"Placing Shares"	87,000,001 new Ordinary Shares to be issued by the Company pursuant to the Placing;

"Project"	the Acquisition and the process of integrating the Assets into CAP-XX's business activities following Completion, including decommissioning, shipping, the fit out of a new factory, recommissioning, engagement with customers and strategic alterations to CAP-XX's product ranges to be financed by the proceeds of the Placing and the Subscription;
"Prospectus Regulation"	the EU Prospectus Regulation (2017/1129/EU);
"Prospectus Regulation Rules"	the Prospectus Regulation Rules issued by the FCA;
"Qualifying Participants"	holders of Existing Ordinary Shares, who are eligible to participate under the terms of the Offer to Qualifying Participants and hold Existing Ordinary Shares via Depository Interests in a CREST account and are on the register of members of the Company at the Record Date (but excluding any Overseas Shareholder who has a registered address in Australia, or in the United States of America or any other Restricted Jurisdiction);
"Receiving Agents"	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6AH;
"Record Date"	6.00 p.m. UK time on 2 December 2019 in respect of the entitlements of Qualifying Participants under the Offer to Qualifying Participants;
"Registrars"	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE;
"Regulatory Information Service"	has the meaning given in the AIM Rules for Companies;
"Resolution"	the resolution to be proposed at the General Meeting set out in the Notice of General Meeting;
"Restricted Jurisdiction"	the United States, Canada, Australia (including any Shareholders who are based in Australia regardless of whether they hold Ordinary Shares or Depository Interests), Japan, New Zealand, the Republic of South Africa, Cayman Islands, Singapore, Barbados, Switzerland and the State of Kuwait and any other jurisdiction where the extension or availability of the Placing, the Subscription or the Offer to Qualifying Participants would breach any applicable law;
"Securities Act"	US Securities Act of 1933 (as amended);
"Shareholders"	persons who are registered as holders of Ordinary Shares (including holders of Depository Interests) from time to time;
"Subscribers"	investors to whom Subscription Shares are to be issued pursuant to the Subscription;
"Subscription"	the conditional subscription by Subscribers to subscribe for the Subscription Shares at the Issue Price;

"Subscription Shares"	the 4,666,666 new Ordinary Shares to be issued by the Company and subscribed for pursuant to the Subscription;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"Uncertificated" or "in Uncertificated form"	recorded on the relevant register or other record of the Ordinary Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"US", "USA" or "United States"	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction;
"USE"	has the meaning given in paragraph 3.2 (c) of Part III of this document;
"USE Instruction"	has the meaning given in paragraph 3.2 (c) of Part III of this document; and
"£" or "Sterling"	pounds sterling, the lawful currency of the United Kingdom.

PART I
LETTER FROM THE CHAIRMAN OF CAP-XX LIMITED

(Registered and incorporated in Australia with Australia Company Number 050 845 291)

Directors:

Patrick Elliott

Bruce Grey

Anthony Kongats

(Non-Executive Chairman)

(Non-Executive Director)

(Chief Executive Officer)

Registered Office:

Suite 126

117 Old Pittwater Road

Brookvale NSW 2100

Australia

To Shareholders and, for information only, to the holders of options over Ordinary Shares

29 November 2019

Dear Shareholder,

Proposed Acquisition of Assets from Murata
Placing of 87,000,001 Placing Shares at 3 pence per share
Subscription of 4,666,666 Subscription Shares at 3 pence per share
Offer to Qualifying Participants of up to 25,000,000 Offer Shares at 3 pence per share
Proposed granting of authority to allot shares
and
Notice of General Meeting

1. Introduction.

On 29 November 2019, the Board announced that the Company had conditionally agreed to acquire the supercapacitor manufacturing assets of Murata. Through the Acquisition, CAP-XX will become the owner and operator of Murata's supercapacitor production lines. The Board is of the view that the Acquisition represents a compelling opportunity to acquire high-quality, modern supercapacitor manufacturing assets, which have become available to CAP-XX at a very low cost. Murata is currently a licensee of CAP-XX's technology and patents, and the Acquisition has been made possible by a change in Murata's group strategy.

The Board believes that the Acquisition represents an opportunity to transform CAP-XX's business, through lower production costs and future incremental sales of small supercapacitors once the production lines have been transferred to a new CAP-XX production facility in Sydney area. The Board plans for the Acquisition to be followed by new product launches to drive organic growth.

Over 12 months of planning in respect of the Acquisition has already been completed. This has involved a strong focus on acquisition integration and production line recommissioning, supported by Murata. CAP-XX and Murata both have experience in the relocation of production lines.

The Company has conditionally raised a total of approximately £2.75 million (before expenses) by way of a Placing and a Subscription of a total of 91,666,667 new Ordinary Shares at the Issue Price of 3 pence per new Ordinary Share, in order to fund the Project.

In addition, in order to provide Shareholders who have not taken part in the Placing or the Subscription with an opportunity to participate in the proposed issue of New Ordinary Shares, the Company is

providing all Qualifying Participants with the opportunity to subscribe at the Issue Price for an aggregate of up to 25,000,000 Offer Shares, to raise up to £0.75 million (before expenses) at the Issue Price, payable in full on acceptance. The Offer to Qualifying Participants is to be made to holders of Depositary Interests only. The proceeds of the Offer to Qualifying Participants will be applied towards additional working capital for CAP-XX.

The Acquisition, the Placing, the Subscription and the Offer to Qualifying Participants are conditional, *inter alia*, on the approval of Shareholders of a resolution to grant the necessary authority to the Directors in accordance with the Company's dilution policy in order to allow the Directors to allot the Placing Shares, the Subscription Shares and the Offer Shares. A Resolution in this respect is contained in the Notice of General Meeting which is set out at the end of this document.

The purpose of this document is to explain the background to and reasons for the Acquisition, the Placing, the Subscription and the Offer to Qualifying Participants, the use of proceeds, details of the Placing, the Subscription and the Offer to Qualifying Participants and to recommend that Shareholders vote in favour of the Resolution.

2. Background to the Acquisition.

The Board considers CAP-XX to be a market leader in the design of prismatic, high power supercapacitors. The Board believes that CAP-XX has particularly strong intellectual property, especially within its suite of patents, which are currently licensed to four multinational electronic component companies, being Murata, AVX Corporation, TDK Corporation and Cornell-Dubilier Electronics Inc.

CAP-XX has employed a dual strategy of intellectual property licencing and direct product sales. Over 30 million CAP-XX supercapacitors have been sold, although the Board is of the view that, more recently, CAP-XX's direct sales have been limited by high factory production costs.

Murata, a key CAP-XX licensee, informed CAP-XX that it was exiting its non-core business including supercapacitors, to focus on multilayer ceramic capacitors and lithium batteries. CAP-XX is a natural purchaser of the Assets and the Board believes that the Acquisition represents a significant opportunity to drive the CAP-XX business forward. Accordingly, CAP-XX has reached agreement with Murata to acquire its production lines, along with introductions to Murata's customers.

Following completion of the Acquisition, the production lines will be relocated to a new factory facility Sydney. The Board anticipates that production of supercapacitors using the Assets will recommence in the third calendar quarter of 2020.

CAP-XX's direct costs of production are currently significantly higher than those of Murata. Accordingly, the Board believes that the Acquisition and the Project should enable CAP-XX to achieve significant levels of profitability once the production lines have been transferred, through lower production costs and incremental sales of small supercapacitors. The Board also expects additional benefits through broader allocation of overheads and faster product development cycles.

As part of the Project additional levels of inventory will be built up by Murata ahead of it ceasing production, to ensure that the interim needs of Murata's current customers (being CAP-XX's prospective future customers) are satisfied until the Assets are recommissioned by CAP-XX.

3. Background to the Assets and the Project.

The Assets.

Murata has invested significantly to date to develop its supercapacitor business. The Assets being acquired comprise the supercapacitor production lines used for the production of Murata's DMF, DMT and DMH products.

The DMT is a high-power, ultra-long life, high temperature supercapacitor that is suited for extreme applications such as solid state drives and automotive applications. Because of its thinness it can be assembled onto printed circuit boards similar to the majority of electronic components. This provides considerable scalability.

The DMF is a general purpose, very high power, long life supercapacitor that has a very low ESR and a wide operating range. It is suitable for high-brightness LED flash, high-power audio, smart meters etc. Its thinness means it can also be assembled onto printed circuit boards similar to the majority of electronic components and this provides considerable scalability.

The DMH is an ultra-thin supercapacitor with a wide operating temperature range. At only 0.4mm thick it is targeted at smart phones, smart credit cards, wearable devices, 3V coin cell battery applications and other 'Internet of Things' applications where thickness is critical.

Murata's supercapacitor production lines are newer than CAP-XX's own production line and have a production capacity that is approximately three times greater than CAP-XX's current production facilities.

Murata has also undertaken that it shall not assert any rights against CAP-XX under any patents or intellectual property (excluding trademarks) owned by Murata and necessary for CAP-XX to operate the equipment or manufacture and sell certain electrochemical double layer capacitors.

Murata's product sales.

The Board understands that Murata's total supercapacitor sales are currently running at approximately A\$14 million per annum. For the year ended 30 June 2019, CAP-XX reported revenue from continuing operations of approximately A\$3.2 million (which includes royalties from its licence to Murata).

Murata's 2019 calendar sales are well diversified, with its supercapacitors being sold to over sixty customers. Approximately 60% of Murata's 2019 expected calendar sales are made into Europe, with approximately 30% and 10% of sales being made into Asia and the USA respectively.

The Board believes that Murata's sales mix is complementary to that of CAP-XX, as the main market segments for both CAP-XX and Murata are IoT wireless sensors, automotive and smart meters.

In addition, the Board believes that once the Murata supercapacitor lines are installed in Sydney, there will be opportunities for CAP-XX to review the range of products that it offers.

4. Project strategy and anticipated milestones.

Anticipated Project milestones.

The Board intends that the execution of the following anticipated timetable will allow the Project to deliver a clear path for CAP-XX's future profitability:

- Fourth calendar quarter of 2019: certain of CAP-XX's staff will complete training in respect of the Assets in Japan.
- First calendar quarter of 2020: Murata's production will be stopped and the Assets will be shipped to Australia. CAP-XX's existing Sydney-based production assets will also be moved to the proposed new factory location.
- Second calendar quarter of 2020: the Assets will be recommissioned in Australia.

- Third calendar quarter of 2020: production via the Assets recommences.

Anticipated product pipeline.

The Board anticipates that the manufacture and sale by CAP-XX of two of the existing Murata supercapacitor series will commence by the end of the second half calendar 2020, with full product deployment by the end of that year. Production of a further series will commence in the second half of 2020 with the expectation that full product deployment by CAP-XX of the existing Murata supercapacitor series will occur in the first calendar quarter of 2022.

Whilst the Company intends for certain of its existing series of supercapacitors to be unchanged following the Acquisition, the Board believes that the Acquisition will provide opportunities for CAP-XX to refine the range of products that it offers.

The Board intends for the Acquisition to be followed by new product streams aimed at driving future growth. These include the previously announced 3 Volt (3V) thin prismatic supercapacitor to be introduced to the market by the end of this year and the introduction of a new 'I' series in the first calendar quarter of 2020.

5. Project budget and use of proceeds

In addition to satisfying the consideration for the Acquisition, which is not considered to be a material sum, and the costs of acquiring new manufacturing equipment, the principal Project costs are as follows:

- labour;
- travel;
- freight;
- insurance;
- the installation process in Sydney; and
- Project contingency.

The total budget for the Acquisition and the Project is approximately A\$5.8 million (approximately £3.1 million). However, the Board believes that once research and development rebates in respect of the Project, net property savings and CAP-XX's other working capital needs have been accounted for, the Company's overall funding requirement will be approximately A\$5.3 million (approximately £2.8 million), which is proposed to be financed through the Placing and the Subscription. The proceeds of the Offer to Qualifying Participants will be applied towards additional working capital for CAP-XX.

6. Details of the Placing

Subject to, *inter alia*, Admission, the Company will issue 87,000,001 Placing Shares which will raise approximately £2.61 million, before expenses, and approximately £2.4 million after the expenses of the Placing. The Placing Shares have been conditionally placed by Allenby Capital, as agent for the Company, with institutional and other investors.

Application will be made for the Placing Shares to be admitted to trading on AIM and dealings are expected to become effective on 3 January 2020.

The Placing is conditional, *inter alia*, upon:

- the agreement implementing the Acquisition entered or to be entered into between the Company and Murata having been executed by all parties thereto and not having been rescinded or terminated prior to Admission;
- the passing of the Resolution at the General Meeting;

- the Placing and Offer to Qualifying Participants Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. UK time on 3 January 2020 or such later time and/or date (being no later than 8.00 a.m. UK time on 17 January 2020) as Allenby Capital and the Company may agree.

If any of the conditions are not satisfied, the Placing Shares (and the Subscription Shares and the Offer Shares) will not be issued and all monies received from the Placees and Qualifying Participants will be returned to them (at the Placees', the Subscribers' and Qualifying Participants' risk and without interest) as soon as possible thereafter. The purpose of the General Meeting is to seek approval from Shareholders of the Resolution to enable the Transaction to proceed.

The Placing Shares to be issued pursuant to the Placing will represent approximately 19.7 per cent. of the Enlarged Share Capital assuming full take-up of the Offer to Qualifying Participants. If there is no take-up of the Offer to Qualifying Participants, the Placing Shares to be issued pursuant to the Placing will represent approximately 20.9 per cent. of the Enlarged Share Capital.

The Placing Shares will, following Admission, rank in full for all dividends and distributions declared, made or paid in respect of the issued ordinary share capital of the Company after the date of their issue and will otherwise rank *pari passu* in all other respects with the Existing Ordinary Shares.

Allenby Capital, as agent for the Company, has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price under the terms of the Placing and Offer to Qualifying Participants Agreement. The Placing is not underwritten and is not subject to clawback. The obligations of Allenby Capital under the Placing and Offer to Qualifying Participants Agreement is conditional, *inter alia*, upon Admission having occurred by not later than 3 January 2020 (or such later date as may be agreed, being no later than 17 January 2020), there being prior to Admission no material breach of the warranties given to Allenby Capital, and Shareholders passing the Resolution at the General Meeting.

The Placing and Offer to Qualifying Participants Agreement contains warranties from the Company in favour of Allenby Capital and in relation to, *inter alia*, the accuracy of the information contained in this document and certain other matters relating to the Company and its business, the Acquisition and the Project. In addition, the Company has agreed to indemnify Allenby Capital in relation to certain liabilities that it might occur in respect of the Placing, the Subscription and the Offer to Qualifying Participants.

Allenby Capital may terminate the Placing and Offer to Qualifying Participants Agreement in specified circumstances (including for breach of warranty at any time prior to Admission, if such breach is reasonably considered by Allenby Capital to be material in the context of the Placing and the Offer to Qualifying Participants). If the conditions of the Placing and Agreement are not fulfilled on or before the relevant date in the Placing and Offer to Qualifying Participants Agreement, application monies will be returned to applicants without interest as soon as possible thereafter.

7. Details of the Subscription

Subject to, *inter alia*, Admission, the Company will issue 4,666,666 Subscription Shares at the Issue Price, which will raise approximately £0.14 million before expenses. Application will be made for the Subscription Shares to be admitted to trading on AIM and dealings are expected to become effective on 3 January 2020.

The Subscription Shares to be issued pursuant to the Subscription will represent approximately 1.06 per cent. of the Enlarged Share Capital assuming full take-up of the Offer to Qualifying Participants. If

there is no take-up of the Offer to Qualifying Participants, the Subscription Shares to be issued pursuant to the Subscription will represent approximately 1.12 per cent. of the Enlarged Share Capital.

The Subscription Shares will, following Admission, rank in full for all dividends and distributions declared, made or paid in respect of the issued ordinary share capital of the Company after the date of their issue and will otherwise rank *pari passu* in all other respects with the Existing Ordinary Shares.

The Subscription is conditional, *inter alia*, upon:

- the passing of the Resolution at the General Meeting;
- the Placing and Offer to Qualifying Participants Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. UK time on 3 January 2020 or such later time and/or date (being no later than 8.00 a.m. UK time on 17 January 2020) as Allenby Capital and the Company may agree.

8. Details of the Offer to Qualifying Participants

The Company is proposing to raise up to £0.75 million before expenses from existing shareholders in the Company under the Offer to Qualifying Participants. A total of, in aggregate, up to 25,000,000 Offer Shares are available to Qualifying Participants pursuant to the Offer to Qualifying Participants at the Issue Price, payable in full on acceptance.

If applications are received from Qualifying Participants for more than the available number of Offer Shares, no assurance can be given that applications by Qualifying Participants will be met in full or in part or at all. Applications made may be allocated in such manner as the Directors may determine in their absolute discretion.

Not all Shareholders will be Qualifying Participants. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Offer to Qualifying Participants. The attention of Overseas Shareholders is drawn to paragraph 6 of Part III of this document.

The Offer to Qualifying Participants is to be made to holders of Depositary Interests only, applications will only be valid if made through the CREST system as more fully described in Part III of this document.

Application has been made for the Offer Entitlements to be admitted to CREST. It is expected that such Offer Entitlements will be credited to CREST on 4 December 2019. The Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. UK time on 23 December 2019. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of *bona fide* market claims. The Offer Shares must be paid in full on application. The latest time and date for receipt of CREST applications and payment in respect of the Offer to Qualifying Participants is 11.00 a.m. UK time on 23 December 2019.

Qualifying Participants should note that the Offer to Qualifying Participants is not a rights issue and therefore the Offer Shares which are not applied for by Qualifying Participants will not be sold in the market for the benefit of the Participants who do not apply under the Offer to Qualifying Participants. Further details of the Offer to Qualifying Participants and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part III of this document.

The Offer to Qualifying Participants is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission (as the case may be). The principal conditions to the Placing are: (a) the agreement implementing the Acquisition entered or to be entered into between the Company and Murata having been executed by all parties thereto and not having been rescinded or terminated prior to Admission; (b) the passing of the Resolution at the General

Meeting; (c) the Placing and Offer to Qualifying Participants Agreement having become unconditional in all respects (save for the condition relating to Admission); and (d) Admission becoming effective by no later than 8.00 a.m. UK time on 3 January 2020 or such later time and/or date (being no later than 8.00 a.m. UK time on 17 January 2020) as Allenby Capital and the Company may agree. Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Offer to Qualifying Participants will not proceed and the Offer Shares will not be issued and all monies received by Computershare will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter. Any Offer Entitlements admitted to CREST will thereafter be disabled.

The Offer Shares (and the Placing Shares and the Subscription Shares) will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the Admission of the Offer Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. UK time on 3 January 2020 at which time it is also expected that the Offer Shares will be enabled for settlement in CREST.

9. Related Party Transactions

Bruce Grey, a Non-Executive Director of the Company, has agreed to subscribe for 833,333 Subscription Shares, which represents an approximate amount of £25,000 at the Issue Price. Anthony Kongats, Chief Executive of the Company, has agreed to subscribe for 333,333 Subscription Shares, which represents an approximate amount of £10,000 at the Issue Price.

Canaccord Genuity Group Inc has subscribed for 15,333,333 Placing Shares, which represents an approximate aggregate amount of £460,000 at the Issue Price.

Bruce Grey and Anthony Kongats, as Directors of CAP-XX are related parties of the Company as defined by the AIM Rules. Canaccord Genuity Group Inc is a substantial shareholder of CAP-XX, currently having an interest in approximately 12.09% of the voting rights of the Company, and is therefore also a related party of the Company as defined by the AIM Rules.

As such, the participation of Bruce Grey, Anthony Kongats and Canaccord Genuity Group Inc in the Subscription and the Placing respectively constitute related party transactions pursuant to AIM Rule 13.

The Directors of CAP-XX (with the exception of Bruce Grey and Anthony Kongats) consider, having consulted with the Company's nominated adviser, Allenby Capital, that the terms of the participation of Bruce Grey and Anthony Kongats in the Subscription and Canaccord Genuity Group Inc in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

10. Reason for the Resolution

CAP-XX is a company whose shares are admitted to trading on AIM but is not incorporated in the UK, and therefore the rights of shareholders are different from the rights of shareholders of a UK incorporated company.

The Companies Act 2006 (UK legislation) provides that the directors of a company incorporated in the UK may not allot shares unless authorised to do so by shareholders of such company.

While CAP-XX is not incorporated in the UK, the Directors are mindful of the requirements of UK law and of the expectations that UK institutional and other investors may have when they invest in CAP-XX. Accordingly, the Directors of CAP-XX have adopted a **Dilution Policy** as follows:

“the Company will not, without the approval of shareholders, issue further securities for cash unless :

(i) such issues do not result in the aggregate number of securities issued for cash in the 12 months before the issue date exceeding 15 per cent. of the entire issued capital of CAP-XX; or

(ii) such issues are done by way of a rights issue or offering in favour of all holders of securities”.

Under its Dilution Policy CAP-XX may currently issue, within the 15 per cent. limit, approximately 48,677,216 Ordinary Shares without shareholder approval. The intention of the proposed Resolution set out in the Notice of General Meeting is to seek Shareholders’ approval for authority to issue up to 116,666,667 new Ordinary Shares which will raise up to approximately £3.5 million (before the deduction of expenses), via the issue of the New Ordinary Shares at 3 pence per share.

11. General Meeting.

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of CAP-XX at Unit 9/12 Mars Road, Lane Cove, Australia at 6:00 p.m. AEDT on 30 December 2019 for the purposes of considering and, if thought fit, passing the Resolution.

The Resolution will be proposed as an ordinary resolution. It is to authorise the Directors (conditionally upon Admission) to allot the New Ordinary Shares.

The attention of Shareholders is also drawn to the voting intentions of the Directors as set out in the paragraph entitled “Recommendation” below.

12. Action to be taken in relation to the General Meeting

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions printed on it and returned to the Company's registrars, Computershare Investor Services Pty Ltd, as soon as possible and, in any event, so as to be received by no later than 6:00 p.m. AEDT on 24 December 2019. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

In respect of Depository Interests, a Form of Instruction is also attached. If required it should be completed, signed and returned to Computershare Investor Services PLC in accordance with the instructions on that form. This form must be received by 10:00 a.m. UK time on 23 December 2019.

Please note that it is important that you complete the Form of Instruction if you hold Depository Interests and the Form of Proxy if you hold Ordinary Shares in certificated form.

To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number: 3RA50) not later than 10.00 a.m. UK time on 23 December 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

13. Action to be taken in respect of the Offer to Qualifying Participants

Qualifying Participants will have Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 3.1 of Part III (Terms and Conditions of the Offer to Qualifying Participants) of this document. If you do not wish to apply for any Offer Shares under the Offer to Qualifying Participants, you should not take action regarding the Offer to

Qualifying Participants in CREST. Shareholders are nevertheless requested to complete and return the Form of Proxy or Form of Instruction. If you are not a Qualifying Shareholder, no application form will be sent to you in respect of the Offer to Qualifying Participants, which is to be provided to holders of Depository Interests only.

The relevant CREST instructions must have settled in accordance with the instructions in paragraph 3.1 of Part III of this document by no later than 11.00 a.m. UK time on 23 December 2019. Qualifying Participants who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Offer to Qualifying Participants.

14. Overseas Shareholders

The attention of Qualifying Participants who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document to such persons, is drawn to the information which appears in paragraph 6 of Part III of this document.

In particular, Qualifying Participants who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including without limitation the United States), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the Offer to Qualifying Participants.

15. Dealings

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that subject to passing the Resolution at the General Meeting and the Placing and Offer to Qualifying Participants becoming unconditional in all respects (save for Admission), Admission will become effective, and dealings in the New Ordinary Shares will commence, at 8:00 a.m. UK time on 3 January 2020.

16. Recommendation

Shareholders should be aware that if the Resolution is not approved at the General Meeting, the Company will not proceed with the Acquisition and the Project.

The Directors consider that the Acquisition, the Placing, the Subscription and the Offer to Qualifying Participants are in the best interests of the Company and the Shareholders as a whole. The Directors unanimously recommend Shareholders to vote in favour of the Resolution to be proposed at the General Meeting as they intend to do so in respect of their own beneficial holdings amounting, in aggregate, to 20,840,239 Existing Ordinary Shares representing approximately 6.4 per cent of the Existing Ordinary Shares.

Yours faithfully,

Patrick Elliott
Non-Executive Chairman

PART II RISK FACTORS

An investment in the Company is subject to a number of risks and uncertainties. Accordingly, in evaluating whether to make an investment in the Company potential investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including (but not limited to) the risk factors described below, before making any investment decision with respect to the shares.

The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. If any of the following risks were to materialise, the Company's business, financial condition, results, prospects and/or future operations may be materially adversely affected. In such case, the value of the shares may decline and an investor may lose all or part of their investment.

GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest. Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Dilution of ownership of Ordinary Shares

Shareholders' (who do not participate in the Transaction) proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing, Subscription and Offer to Qualifying Participants. In particular, to the extent that Shareholders do not take up the offer of Offer Shares under the Offer to Qualifying Participants, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their shareholdings represent of the ordinary share capital of the Company will, following Admission, be reduced accordingly. Subject to certain exceptions, Shareholders in the United States and other Restricted Jurisdictions will not be able to participate in the Offer to Qualifying Participants. Shareholders should note that their holdings and voting interest in the Company will be reduced, whether or not they elect to participate in the Offer to Qualifying Participants, as a result of the Placing and the Subscription.

RISKS RELATING TO THE COMPANY, THE ACQUISITION AND THE PROJECT

The Company has historically been loss making and its future capital needs are uncertain and may necessitate the need to raise additional funds in the future

The Company has historically been loss making. Whilst the Board believes that the Acquisition and the Project should enable CAP-XX to achieve significant levels of profitability, there can be no certainty when, or if, profitability or positive operating cash flow will be achieved. Further, the Company cannot be certain of its future financing needs or that suitable financing will be available in the required amounts or on acceptable terms. The Company's future capital needs, and other business reasons at that

time, may require the Company to issue additional equity or obtain a credit facility. If additional equity or equity-linked securities were to be issued this may result in the dilution of existing shareholders' holdings. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict the Company's operations or the Company's ability to pay potential dividends to Shareholders or, in the worst scenario, it may not be able to continue operations.

The costs related to the Acquisition and the Project may exceed the Board's expectations

The Company expects to incur certain costs in relation to the Acquisition and the Project, including integration and post completion costs in order to successfully integrate Assets into the operations of CAP-XX. The actual costs of the Project and the integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Acquisition and the Project. In addition, CAP-XX will incur legal and other fees and other costs relating to the Acquisition, some of which are payable regardless of whether or not the Acquisition completes. Although the Directors believe that the costs of the Acquisition and Project will be more than offset by the realisation of the benefits resulting from the Acquisition, these net benefits may not be achieved in the short-term or at all, particularly if the Acquisition does not complete or the Project is delayed. These factors could adversely affect the CAP-XX's operations and/or financial condition.

The Project could have an adverse effect on CAP-XX's business

CAP-XX's management team will be required to devote significant attention and resources to the Project and integrating the Assets into the Company's business practices and operations. There is a risk that the challenges associated with managing the Project will result in management distraction and that consequently the underlying business will not perform in line with expectations.

Dependence on key executives and personnel

The Company's development and prospects are dependent upon training and retaining qualified professional, scientific and technical operating staff. In particular, the Company's success depends to a significant degree upon the vision, technical and specialist skills, experience, performance, and continued service of its Directors, senior management and other key personnel. Whilst the Company has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed and the loss of the services of any of the Directors, senior management or key personnel may have a material adverse effect on the Company and its commercial and financial performance, and damage the value of an investment in the Ordinary Shares.

Ability to recruit and retain skilled personnel

The ability to continue to attract and retain employees with the appropriate expertise and skills cannot be guaranteed. Finding and hiring any additional personnel and replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results, and there can be no assurance that the Company will have sufficient financial resources.

Importance of the Vote

Shareholders should be aware that if the Resolution is not approved at the General Meeting and Admission does not take place, the net proceeds of the Placing, the Subscription and the Offer to Qualifying Participants will not be received by the Company. In the event that the net proceeds of the Placing, the Subscription and the Offer to Qualifying Participants are not received by the Company, the Directors may need to secure ongoing working capital funds for the Company or take strategic action to reduce the ongoing losses of the Company.

Risks relating to the Ordinary Shares

Suitability

An investment in the Ordinary Shares may not be suitable for all recipients of this document, and is only appropriate for investors capable of evaluating the risks (including the risk of capital loss) and

merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Potential investors should consider carefully whether investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Before making any final decision, potential investors in any doubt should consult with an investment adviser authorised under FSMA who specialises in advising on investments of this nature.

Trading market for the Ordinary Shares

The share price of publicly traded companies, including those traded on AIM, can be highly volatile and shareholdings illiquid. The Issue Price may not be indicative of the market price for the Ordinary Shares following Admission. The market price of the Ordinary Shares will be influenced by a large number of factors, which could include, but not limited to, the performance of both the Company's and its competitors' businesses, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, large purchases or sales of Ordinary Shares, legislative changes and general economic, political and regulatory conditions. Prospective investors should be aware that the value of an investment in the Company may go down as well as up. Investors may therefore realise less than, or lose all of, their investment. The volume of shares traded on AIM can be limited and this may restrict the ability of Shareholders to dispose of Ordinary Shares at any particular time. It may be more difficult for an investor to realise his investment in the Company than in a company whose shares are quoted on the Official List. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. Shareholders should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA.

Additional capital and dilution

The Directors do not currently anticipate that the Company will require additional capital to further its stated strategy. Nevertheless, it is possible that the Company will need or choose to raise extra capital in the future to finance the development of new products or enhancements, to develop fully the Company's business, to take advantage of acquisition opportunities or respond to new competitive pressures. If the Company is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development. If additional funds are raised through the issue of new equity or equity-linked securities of Tasty other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Issue Price or higher.

PART III

TERMS AND CONDITIONS OF THE OFFER TO QUALIFYING PARTICIPANTS

Introduction

As explained in the letter from the Chairman set out in Part I of this document, the Company is proposing to raise up to £3.5 million (before expenses) by way of the Placing, the Subscription and the Offer to Qualifying Participants, of which up to approximately £0.75 million will be raised from the offer of the Offer Shares at the Issue Price to Qualifying Participants under the Offer to Qualifying Participants.

The purpose of this Part III is to set out the terms and conditions of the Offer to Qualifying Participants. Up to 25,000,000 new Ordinary Shares will be issued through the Offer to Qualifying Participants. Qualifying Participants are being offered the right to subscribe for Offer Shares in accordance with the terms of the Offer to Qualifying Participants. The Offer to Qualifying Participants has not been underwritten and none of the Offer Shares have been conditionally placed with institutional or other investors.

The Offer to Qualifying Participants is an opportunity for all Qualifying Participants to apply for a total of up to 25,000,000 Offer Shares in accordance with the terms of the Offer to Qualifying Participants. If applications are received from Qualifying Participants for more than the available number of Offer Shares, no assurance can be given that applications by Qualifying Participants will be met in full or in part or at all. Applications made may be allocated in such manner as the Directors may determine in their absolute discretion.

The Record Date for entitlements under the Offer to Qualifying Participants for Qualifying Participants is expected to be 6.00 p.m. UK time on 2 December 2019. Offer Entitlements are expected to be credited to stock accounts of Qualifying Participants in CREST by 4 December 2019. The latest time and date for payment in full under the Offer to Qualifying Participants and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. UK time on 23 December 2019 with Admission and commencement of dealings in Offer Shares expected to take place at 8.00 a.m. UK time on 3 January 2020. This document contains the formal terms and conditions of the Offer to Qualifying Participants.

Your attention is drawn to paragraph 3 of this Part III “Terms and Conditions of the Offer to Qualifying Participants” which gives details of the procedure for application and payment for the Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part III.

The Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Offer Shares under the Offer to Qualifying Participants may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

1. The Offer to Qualifying Participants

Subject to the terms and conditions set out below, Qualifying Participants are being given the opportunity under the Offer to Qualifying Participants to subscribe for Offer Shares at the Issue Price, payable in full on application.

Registered holdings of Existing Ordinary Shares under different designations and in different accounts will be treated as separate holdings for the purpose of calculating entitlements under the Offer to Qualifying Participants.

If you are a Qualifying CREST Shareholder, application will be made for your Offer Entitlement to be credited to your CREST account. Offer Entitlements are expected to be credited to CREST accounts on 4 December 2019.

Depository Interests representing the Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required in respect of the New Ordinary Shares. Depository Interests representing all such shares, when issued and fully paid, may be held and transferred by means of CREST.

Qualifying Participants will have their Offer Entitlement credited to their stock accounts in CREST and should refer to paragraph 3.1 of this Part III “Terms and Conditions of the Offer to Qualifying Participants” for information on the relevant CREST procedures.

Qualifying Participants can also refer to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Participants should be aware that the Offer to Qualifying Participants is not a rights issue. Qualifying Participants should note that, although the Offer Entitlements will be credited through CREST and be enabled for settlement, applications in respect of entitlements under the Offer to Qualifying Participants may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Offer Shares not applied for under the Offer to Qualifying Participants will not be sold in the market for the benefit of those who do not apply under the Offer to Qualifying Participants. Any Offer Shares which are not applied for by Qualifying Participants under the Offer to Qualifying Participants will not be issued by the Company as the Offer to Qualifying Participants is not underwritten.

The attention of Overseas Shareholders is drawn to paragraph 6 of this Part III.

The Offer Shares will, when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Existing Ordinary Shares. The Offer Shares are not being made available in whole or in part to the public except under the terms of the Offer to Qualifying Participants.

2. Conditions and further terms of the Offer to Qualifying Participants

The Offer to Qualifying Participants is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission. The principal conditions to the Placing are:

- the agreement implementing the Acquisition entered or to be entered into between the Company and Murata having been executed by all parties thereto and not having been rescinded or terminated prior to Admission;
- the passing of the Resolution at the General Meeting;
- the Placing and Offer to Qualifying Participants Agreement having become or being declared unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- Admission of the Placing Shares occurring not later than 8.00 a.m. UK time on 3 January 2020 (or such later time and/or date as the Company and Allenby Capital may agree being no later than 8.00 a.m. UK time on 17 January 2020).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Offer to Qualifying Participants will not proceed and any applications made by Qualifying Participants will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. Any Offer Entitlements admitted to CREST will thereafter be disabled. No temporary documents of title will be issued in respect of Offer Shares.

If applications are received from Qualifying Participants for more than the available number of Offer Shares, no assurance can be given that applications by Qualifying Participants will be met in full or in part or at all. Applications made may be allocated in such manner as the Directors may determine in their absolute discretion.

Application will be made for the Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 3 January 2020, when dealings in the Offer Shares are expected to begin. If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the London Stock Exchange and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

3. Procedure for application and payment

Qualifying Participants who hold all their Existing Ordinary Shares in CREST will be allotted Offer Shares in CREST. CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Offer to Qualifying Participants in respect of the Offer Entitlements of such members held in CREST.

CREST members who wish to apply under the Offer to Qualifying Participants in respect of their Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Participants who do not want to apply for the Offer Shares under the Offer to Qualifying Participants should take no action, or send a USE message through CREST.

3.1 If you have an Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Offer to Qualifying Participants

(a) General

Subject to paragraph 6 of Part III "Terms and Conditions of the Offer to Qualifying Participants" in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Offer Entitlement equal to the maximum number of Offer Shares for which he is entitled to apply under the Offer to Qualifying Participants.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Offer Entitlements have been allocated.

If for any reason Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying Participants cannot be credited by, 3.00 p.m. UK time on 4 December 2019, or such later time and/or date as the Company may decide, alternative arrangements for application may be considered. In such an event Qualifying Participants will be notified of such alternative arrangements.

CREST members who wish to apply to acquire some or all of their entitlements to Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Computershare on 0370 702 0000. The helpline is open between 9.00 a.m. – 5.30 p.m. UK time, Monday to Friday excluding public holidays in England and Wales.

Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(b) Market claims

The Offer Entitlements will constitute a separate security for the purposes of CREST. Although Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. No market claim transactions will be automatically generated on Offer Entitlements. If you have not received a credit of Offer Entitlements and believe you should have done as a result of a *bona fide* market claim then please contact the Depository on 0370 702 0000 to request a credit of Offer Entitlements, you may be required to provide evidence of the trade that you believe entitles you to become a Qualifying Participant.

(c) Unmatched Stock Event (“USE”) instructions

Qualifying Participants who are CREST members and who want to apply for Offer Shares in respect of all or some of their Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear (“USE Instruction”) which, on its settlement, will have the following effect:

- i. the crediting of a stock account of Computershare under the participant ID and member account ID specified below, with a number of Offer Entitlements corresponding to the number of Offer Shares applied for; and
- ii. the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of Computershare in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Offer Shares referred to in paragraph 3.1(c)(i) above.

(d) Content of USE instruction in respect of Offer Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- i. the number of Offer Shares for which application is being made (and hence the number of the Offer Entitlement(s) being delivered to Computershare);
- ii. the ISIN of the Offer Entitlement. This is AU0000067712;
- iii. the CREST participant ID of the accepting CREST member;
- iv. the CREST member account ID of the accepting CREST member from which the Offer Entitlements are to be debited;
- v. the participant ID of Computershare in its capacity as a CREST receiving agent. This is 8RA07;
- vi. the member account ID of Computershare in its capacity as a CREST receiving agent. This is CAPXXOPE;
- vii. the amount payable by means of a CREST payment on settlement of the USE Instruction.

This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above;

- viii. the intended settlement date. This must be on or before 11.00 a.m. UK time on 23 December 2019; and
- ix. the Corporate Action Number for the Offer to Qualifying Participants. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Offer to Qualifying Participants to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. UK time on 23 December 2019. In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- i. a contact name and telephone number (in the free format shared note field); and
- ii. a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 23 December 2019 in order to be valid is 11.00 a.m. UK time on that day. In the event that the Placing and the Offer to Qualifying Participants do not become unconditional by 8.00 a.m. UK time on 3 January 2020 (or such later time and date as the Company and Allenby Capital determine being no later than 8.00 a.m. UK time on 17 January 2019), the Offer to Qualifying Participants will lapse, the Offer Entitlements admitted to CREST will be disabled and Computershare will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(e) Validity of application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. UK time on 23 December 2019 will constitute a valid application under the Offer to Qualifying Participants.

(f) CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Offer to Qualifying Participants. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. UK time on 23 December 2019. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(g) Proxy

If a Qualifying CREST Shareholder does not wish to apply for the Offer Shares under the Offer to Qualifying Participants, they should take no action. They are however, encouraged to complete a Form of Instruction or give a voting instruction via the CREST system in respect of voting at the General Meeting.

(h) Incorrect or incomplete applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through Computershare, reserves the right:

- i. to reject the application in full and refund the payment to the CREST member in question (without interest);
- ii. in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- iii. in the case that an excess sum is paid, to treat the application as a valid application for all the Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

(i) Effect of valid application

A CREST member who makes or is treated as making a valid application for some or all of his entitlement to the Offer Shares in accordance with the above procedures thereby:

- i. represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Offer to Qualifying Participants and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of any such person on a nondiscretionary basis;
- ii. agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Computershare payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- iii. agrees with the Company that all applications under the Offer to Qualifying Participants and contracts resulting therefrom, and only non-contractual obligations related thereto, under the Offer to Qualifying Participants shall be governed by, and construed in accordance with, the laws of England;
- iv. confirms to the Company that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- v. represents and warrants that he is the Qualifying Shareholder originally entitled to the Offer Entitlements;
- vi. represents and warrants to the Company that if he has received some or all of his Offer Entitlements from a person other than the Company, he is entitled to apply under the Offer to Qualifying Participants in relation to such Offer Entitlement by virtue of a bona fide market claim;
- vii. requests that the Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the memorandum of association and articles of association of the Company from time to time;
- viii. represents and warrants to the Company that he is not, nor is he applying on behalf of any Shareholder who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis

- nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Offer to Qualifying Participants;
- ix. represents and warrants that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
 - x. confirms that in making the application he is not relying and has not relied on Allenby Capital or any person affiliated with the Company or Allenby Capital in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

(j) Company's discretion as to the rejection and validity of applications

The Company may in its sole discretion:

- i. treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III "Terms and Conditions of the Offer to Qualifying Participants";
- ii. accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- iii. treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Computershare receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Computershare has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- iv. accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

(k) Lapse of the Offer to Qualifying Participants

In the event that the Offer to Qualifying Participants does not become unconditional by 8.00 a.m. UK time on 3 January 2020 or such later time and date as the Company and Allenby Capital may agree (being no later than 8.00 a.m. UK time on 17 January 2019), the Offer to Qualifying Participants will lapse, the Offer Entitlements admitted to CREST will be disabled and Computershare will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

4. Money Laundering Regulations

4.1 Offer Entitlements in CREST

If you hold your Offer Entitlement in CREST and apply for Offer Shares in respect of some or all of your Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Computershare is obliged to take reasonable measures to establish the identity of the person or persons

on whose behalf you are making the application. You must therefore contact Computershare before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to Computershare such information as may be specified by Computershare as being required for the purposes of the Money Laundering Regulations.

Pending the provision of evidence satisfactory to Computershare as to identity, who may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

5. Admission, settlement and dealings

The result of the Offer to Qualifying Participants is expected to be announced on 27 December 2019. Applications will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. Subject to the Placing and the Offer to Qualifying Participants becoming unconditional in all respects (save only as to admission), it is expected that Admission will become effective and that dealings in the Offer Shares, fully paid, will commence at 8.00 a.m. UK time on 3 January 2020.

Depository Interests representing the Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. UK time on 23 December 2019 (the latest date for applications under the Offer to Qualifying Participants). If the condition(s) to the Offer to Qualifying Participants described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company.

On 4 December 2019, Computershare will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying Participants an application form instead of crediting the relevant stock account with Offer Entitlements, and to allot and/or issue any Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

No temporary documents of title will be issued and, transfers will be certified against the UK share register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant.

6. Overseas Shareholders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 General

The distribution of this document and the making or acceptance of the Offer to Qualifying Participants to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Offer Shares under the Offer to Qualifying Participants.

No action has been or will be taken by the Company, Allenby Capital, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials relating to the Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or a credit of an Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in any jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document must be treated as sent for information only and should not be copied or redistributed.

Offer Entitlements will not be credited to stock accounts in CREST of persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or a credit of Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such credit of Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such credit of Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Offer Shares under the Offer to Qualifying Participants to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Allenby Capital, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or a credit of Offer Entitlements to a stock account in CREST, in connection with the Offer to Qualifying Participants or otherwise, should not distribute or send either of those documents nor transfer Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If a copy of this document and/or a credit of Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must

not seek to apply for Offer Shares in respect of the Offer to Qualifying Participants unless the Company determines that such action would not violate applicable legal or regulatory requirements.

Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or transfers Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III “Terms and Conditions of the Offer to Qualifying Participants” and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any other jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or in the case of a credit of Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document, the Company reserves the right to permit any person to apply for Offer Shares in respect of the Offer to Qualifying Participants if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question. Overseas Shareholders who wish, and are permitted, to apply for Offer Shares should note that payment must be made through CREST where such Overseas Shareholder is a Qualifying CREST Shareholder.

Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Participants in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Offer to Qualifying Participants and will not have their stock accounts in CREST credited with Offer Entitlements.

No public offer of Offer Shares is being made by virtue of this document into the United States or any Restricted Jurisdiction. Receipt of this document and/or a credit of an Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document must be treated as sent for information only and should not be copied or redistributed.

6.2 United States

The New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Offer to Qualifying Participants into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, this document does not constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, this document will not be sent to, and no New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States.

Subject to certain exceptions, any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document and delivery of the New Ordinary Shares, that they are not, and that at the time of acquiring the New Ordinary Shares they will

not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in, or who is otherwise located in, the United States in respect of the New Ordinary Shares. In addition, until 45 days after the commencement of the Offer to Qualifying Participants, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Offer to Qualifying Participants) may violate the registration requirements of the US Securities Act.

6.3 Restricted Jurisdictions

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Offer to Qualifying Participants and their stock accounts in CREST will not be credited with Offer Entitlements.

The Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. No offer or invitation to apply for Offer Shares is being made by virtue of this document into any Restricted Jurisdiction.

6.4 Other overseas territories

Offer Entitlements will be credited to the stock account in CREST of Qualifying Participants. Qualifying Participants who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Offer Shares in respect of the Offer to Qualifying Participants.

6.5 Representations and warranties relating to Overseas Shareholders

(a) Qualifying Participants

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III “Terms and Conditions of the Offer to Qualifying Participants” represents and warrants to the Company that, except where proof has been provided to the Company’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:

- i. he or she is not within the United States or any Restricted Jurisdiction;
- ii. he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Offer Shares;
- iii. he or she is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and
- iv. he or she is not acquiring any Offer Shares with a view the offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Offer Shares into any of the above territories.

6.6 Waiver

The provisions of this paragraph 6 and of any other terms of the Offer to Qualifying Participants relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Offer to Qualifying Participants inconsistent herewith.

7. Option Holders

The Offer to Qualifying Participants is not being extended to the holders of share options, save to the extent that any such share options are or have been validly exercised and Ordinary Shares have been allotted in consequence of such exercise prior to the Record Date.

8. Times and Dates

The Company shall, in agreement with Allenby Capital and after consultation with its financial and legal advisers, be entitled to amend or extend the latest date for acceptance under the Offer to Qualifying Participants and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange, and make an announcement on a Regulatory Information Service but Qualifying Participants may not receive any further written communication. If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Offer to Qualifying Participants specified in this document, the latest date for acceptance under the Offer to Qualifying Participants shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

9. Taxation

Shareholders in any jurisdiction who are in any doubt as to their tax position in relation to taking up their entitlements under the Offer to Qualifying Participants should immediately consult a suitable professional adviser.

10. Further information

Your attention is drawn to the further information set out in this document.

11. Governing law and jurisdiction

The terms and conditions of the Offer to Qualifying Participants as set out in this document and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offer to Qualifying Participants or this document. By taking up Offer Shares, by way of their Offer Entitlement, in accordance with the instructions set out in this document, and Qualifying Participants irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IV

QUESTIONS AND ANSWERS ABOUT THE OFFER TO QUALIFYING PARTICIPANTS

The questions and answers set out in this Part IV “Questions and Answers about the Offer to Qualifying Participants” are intended to be in general terms only and, as such, you should read Part III “Terms and Conditions of the Offer to Qualifying Participants” of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part IV deals with general questions relating to the Offer to Qualifying Participants and more specific questions relating principally to persons resident in the United Kingdom. If you are an Overseas Shareholder, you should read paragraph 6 of Part III “Terms and Conditions of the Offer to Qualifying Participants” of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Offer Entitlement.

If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part III “Terms and Conditions of the Offer to Qualifying Participants” of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Shareholder helpline on 0370 702 0000. The helpline is open between 9.00 a.m. – 5.30 p.m. UK time, Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. What is an offer to qualifying participants?

An offer to qualifying participants is a way for companies to raise money. Companies usually do this by giving their existing Shareholders a right to acquire further shares at a fixed price. In this instance Shareholders will be offered the opportunity to apply for a total of 25,000,000 Ordinary Shares at the Issue Price.

This Offer to Qualifying Participants is an invitation by the Company to Qualifying Participants to apply to acquire up to an aggregate of 25,000,000 new Ordinary Shares at a price of 3 pence per share. If you hold Existing Ordinary Shares on the Record Date or have a bona fide market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States, or any other Restricted Jurisdiction, you should be entitled to buy Offer Shares under the Offer to Qualifying Participants.

Applications made may be allocated in such manner as the Directors may determine in their absolute discretion if applications are received from Qualifying Participants for more than the available number of Offer Shares, and no assurance can be given that applications by Qualifying Participants will be met in full or in part or at all.

Unlike in a rights issue, the Offer Entitlements cannot themselves be traded. Shareholders will not be able to apply for any New Ordinary Shares which are the subject of the Placing or the Subscription.

2. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Offer to Qualifying Participants?

CREST members should follow the instructions set out in Part III “Terms and Conditions of the Offer to Qualifying Participants” of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the number of Offer Shares which they are entitled to acquire under their Offer Entitlement and should contact them should they not receive this information.

3. Can I trade my Offer Entitlement?

Qualifying Participants should be aware that the Offer to Qualifying Participants is not a rights issue. Qualifying Participants should note that, although Offer Entitlements will be admitted to CREST they will have limited settlement capabilities, Offer Entitlements will not be tradable or listed and applications in respect of the Offer to Qualifying Participants may only be made by the Qualifying Participants originally entitled or by a person entitled by virtue of a *bona fide* market claim. Offer Shares for which an application has not been made under the Offer to Qualifying Participants will not be sold in the market for the benefit of those who do not apply under the Offer to Qualifying Participants and Qualifying Participants who do not apply to take up their Offer Entitlement will have no rights under the Offer to Qualifying Participants or receive any proceeds from it. The Offer Shares are not underwritten.

4. Will the Existing Ordinary Shares that I hold now be affected by the Offer to Qualifying Participants?

If you decide not to apply for any of the Offer Shares to which you are entitled under the Offer to Qualifying Participants, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

5. If I buy Existing Ordinary Shares after the Record Date, will I be eligible to participate in the Offer to Qualifying Participants?

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Offer to Qualifying Participants in respect of such Ordinary Shares. If you do not receive a credit of Offer Entitlements in your CREST account, but think you should have received one please contact the receiving agent Computershare on 0370 702 0000. The helpline is open between 9.00 a.m. – 5.30 p.m. UK time, Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

6. Will I be taxed if I take up my entitlements?

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

7. What should I do if I live or am located outside the United Kingdom?

Your ability to apply to acquire Offer Shares may be affected by the laws of the country in which you live or are located and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Offer Entitlement. Shareholders with registered addresses or who are located or resident in the United States or any other Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Offer to Qualifying Participants. Your attention is drawn to the information in paragraph 6 of Part III “Terms and Conditions of the Offer to Qualifying Participants” of this document.

8. Further assistance

Should you require further assistance please call the Shareholder helpline on 0370 702 0000. The helpline is open between 9.00 a.m. – 5.30 p.m. UK time, Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

CAP-XX LIMITED
ABN 47 050 845 291
NOTICE OF GENERAL MEETING

Notice is given a General Meeting of shareholders of CAP-XX Limited will be held at CAP-XX Limited offices, Units 9 & 10, 12 Mars Road, Sydney, Australia, at 6.00 p.m. (AEDT) on Monday, 30 December 2019.

AGENDA

BUSINESS

1. Share Issue

Resolution 1 – approval to issue shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the directors of the Company be and are generally and unconditionally authorised to exercise all the powers of the Company to allot the New Ordinary Shares, provided that this authority shall be conditional upon Admission becoming effective on or before 8.00am UK time on 3 January 2020 (or such later time and/or date as the Company and Allenby Capital Limited may agree, but in no event no later than 8.00am UK time on 17 January 2020) and shall be limited to the allotment of 116,666,667 New Ordinary Shares”

NOTES

1. Shareholders may listen to the General Meeting by phoning +61 2 8077 0506 (UK +44 330 390 2112) and when prompted keying in Access Code : 886943#. An opportunity will be given also to those shareholders to ask questions. The time for the Meeting equates with 7.00 a.m. (UK time) on Monday, 30 December 2019.
2. The Letter from the Chairman, which accompanies and forms part of this Notice, describes the business to be considered at the General Meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder’s voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
4. The proposed Chairman of the meeting intends to vote undirected proxies in favour of the resolution.
5. For the determination of voting entitlements, the directors have set a time to determine the identity of those entitled to attend and vote at the meeting. The time is 6.00 p.m. (AEDT) on Tuesday, 24 December 2019 which equates with 7.00 a.m. (UK Time) on Tuesday, 24 December 2019.
6. A proxy form is attached. If required it should be completed, signed and returned to the Company’s registered office or Computershare Investor Services Pty Ltd in accordance with the proxy instructions on that form. This form must be received by 6.00 p.m. (AEDT) on Tuesday, 24 December 2019 which equates with 7.00 a.m. (UK Time) on Tuesday, 24 December 2019.

By Order of the Board

Michael Taylor
Company Secretary
Date: 29th November 2019

