MGM WIRELESS LIMITED

ABN 93 091 351 530

ENTITLEMENT OFFER BOOKLET

For a pro rata non-renounceable Entitlement Offer of approximately 1,086,430 New Shares at an issue price of $0.35 (35 cents) each on the basis of 1 New Share for every 8 Ordinary Shares held to raise approximately $380,250 (before issue costs).

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your financial or other professional advisor.

Please read the instructions on the accompanying Entitlement and Acceptance Form if you wish to subscribe for the New Shares.

CORPORATE DIRECTORY

Directors

Mr Mark Fortunatow (Executive Chairman)

Mr Mark Hurd (Executive Director)

Ms Leila Henderson (Non-Executive Director)

Company Secretary

Mr Justin Nelson

Registered Office

Suite 13 The Parks

154 Fullarton Road

Rose Park, South Australia, 5067

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Share Registry

Computershare Investor Services Pty Limited

Level 5, 115 Grenfell Street

Adelaide, South Australia, 5000

Stock Exchange Listing

Australian Securities Exchange

ASX Code: MWR

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IMPORTANT NOTICES

This Offer Booklet is dated 30 August 2017. This Offer Booklet is not a prospectus and has not been lodged with ASIC. This Offer Booklet does not contain all the information that an investor would find in a prospectus or on which an investor would expect to make an informed decision as to whether or not to accept the Offer.

This Offer is being made without a disclosure document in accordance with section 708AA of the Corporations Act.

This is an important document. Before deciding to apply for New Shares you should consider whether they are a suitable investment for you. Persons wishing to subscribe for New Shares should carefully read this Offer Booklet and consult their professional advisors for the purpose of evaluating whether or not to participate in the Entitlement Offer.

Representations

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

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, sent to Eligible Shareholders with this Offer Booklet.

Overseas Shareholders

No action has been taken to permit the offer of New Shares under this Offer Booklet in any jurisdiction other than Australia and New Zealand. The distribution of this Offer Booklet in any jurisdiction other than Australia or New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This Offer Booklet does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Booklet or make such an offer.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Forward looking statements

This Offer Booklet may contain forward looking statements, based on information and assumptions the Company knows now. They are subject to risks and uncertainties, many of which are outside the Company's control. Actual results may differ from the forward looking statements in this Offer Booklet. For example, the Company's results will be affected by the risks referred to in section 3.

Information publicly available

Information about the Company can be obtained from the Company's website and www.asx.com.au. The contents of any public filing do not form part of this Offer Booklet; however, this Offer Booklet is intended to be read in conjunction with information lodged by the Company with ASX.

Glossary

Terms used in this Offer Booklet are defined in the glossary contained in section 5.

CHAIRMAN'S LETTER

30 August 2017

Fellow shareholders,

Non-Renounceable Entitlement Offer

I am pleased to present the opportunity to reinvest in your Company through a non-renounceable Entitlement Offer of 1 New Share for every 8 Ordinary Shares held, priced at $0.35 cents per share.

Your Directors have launched the offer for two reasons:

a) to increase the funds currently available for launch related activities to promote sales of the first manufacturing run of the 'Spacetalk' children's 3G GPS smartwatch/phones, which the Company has developed for sale with its AllMyTribe family locator, child safety app and server platform;

b) to provide shareholders with the opportunity to reinvest, on attractive terms, as the Company commences commercialisation of a product which has been our principal research and development focus and which has the potential to transform MGM Wireless' revenue and business base.

The full details, including associated risks of this Offer, are set out in this booklet, which I encourage you to read carefully. Before I address the key details of this Offer I would like to summarise the merits of the Company's strategy and position that are relevant to this Offer.

About the Spacetalk children's 3G smartwatch phone and AllMyTribe platform

The Spacetalk children's 3G smartwatch/phone is the culmination of over 2 years' effort by MGM Wireless to develop a suitable hardware device for our AllMyTribe child safety, family welfare/IoT platform. Our research showed that AllMyTribe has world class capabilities as a platform for secure, safe connection of family members, with features including location intelligence, safe-zone management and other safety and family lifestyle benefits.

The Spacetalk watch has been co-developed and extensively field tested in Australian conditions by MGM Wireless to produce a high quality, fashionable and robust smartwatch designed specifically for the needs and aspirations of children and parents. We are immensely proud of the final product. The watch's performance, the response of retailers and the results of our market analysis and financial modelling have presented a compelling case for proceeding with the first batch of manufacturing and product launch.

Our analysis indicates that even marginal penetration of the market of 2.1 million plus primary school aged children[1] can deliver revenue that is comparable to that generated from the Company's existing school messaging and software business.

It is intended that the proceeds of this raising be used to increase the funds currently available for launch related activities.

The Company has sufficient working capital to meet the costs of the initial manufacturing run and therefore proceeds of this raising will not be required for this purpose.

Furthermore, in the build-up up to the upcoming peak Christmas and back to school retail sales periods, the Company believes it Is highly prudent that the launch promotional expenditure be increased now to maximise sales opportunities during this period. The Company intends to sell through leading consumer electronics, toy, school supply and other bricks and mortar retailers and through its own website.

[1] Australian Bureau of Statistics 2016 – 2.1 million school enrolled children between the ages of 5 and 11

I would like to reinforce that this Offer is being made from a standpoint of financial strength and consistent with MGM Wireless' record of balance sheet prudence. At 30 June 2017 the Company's cash balance was $1.11 million. The Offer will enable resourcing of a larger and more effective launch campaign without recourse to the cash generated from our existing business, which remains solid and performing in line with guidance provided to the ASX.

Details of the Entitlement Offer

The Offer comprises a pro rata non-renounceable Entitlement Offer of approximately 1,086,430 New Shares at an issue price of $0.35 (35 cents) each on the basis of 1 New Share for every 8 Ordinary Shares held to raise approximately $380,250 (before issue costs). The Offer is partially (32.2%) underwritten on the terms described in section 4.5.

The $0.35 Offer Price represents a 15.1% discount to TERP[2] based on the closing price of MGM Wireless shares on 28 August 2017 (the last day that MGM Wireless shares traded on the ASX before the Offer was announced) and a 20.4% discount to the 30 day volume weighted average price (VWAP) of MGM Wireless shares on 29 August 2017, being $0.4401 (based on the 30 trading days leading up 29 August 2017).

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on ASX or otherwise transferable. Please note there is no top-up or shortfall facility.

The Entitlement Offer closes at 5.00pm (Australian Central Standard Time) on 20 September 2017

Other information

This Offer Booklet contains important information, including:

- instructions on how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates; and
- information regarding the personalised Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to Eligible Shareholders (and which will detail your Entitlement) to be completed in accordance with the instructions in this Offer Booklet and your personalised Entitlement and Acceptance Form.

You should read this Offer Booklet carefully in its entirety before making your investment decision. In particular, you should read and consider section 3 which commences on page 12 and summarises some of the key risks. If you are uncertain about taking up your Entitlement you should consult your stockbroker, solicitor, accountant or other professional advisor to evaluate whether or not to participate in the Entitlement Offer.

If you do not wish to take up any of your Entitlement, you do not need to take any action.

If you decide to take this opportunity to increase your investment in MGM Wireless please ensure that, before 5.00pm (ACST) on 20 September 2017, you have paid your Application Monies, preferably via BPay® pursuant to the instructions that are set out in the personalised Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to you, or otherwise that your completed Entitlement and Acceptance Form and your Application Monies are received in cleared funds by the Share Registry.

On behalf of the board of MGM Wireless, I invite you to consider this investment opportunity carefully. Your Board believes that the Spacetalk smartwatch/phone and AllMyTribe hold great potential for MGM Wireless shareholders. This potential is yet to be tested and the watch, like all new products, carries risks until its technical and commercial performance are established.

As this booklet documents, I have made a strong personal commitment to this venture, having

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[2] The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which MGM Wireless shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which MGM Wireless shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to the TERP.

committed to partially underwriting the Offer. This is an exciting milestone in the Company's development. I am conscious of the contribution shareholders have made to reaching this point and am pleased that your Company is able to offer eligible holders the opportunity to invest on attractive terms at this juncture.

Thank you for your ongoing support of MGM Wireless.

Yours faithfully,



Mark Fortunatow
Executive Chairman

SUMMARY OF IMPORTANT DATES

ASX announcement of Entitlement Offer and lodgement of Appendix 3B, Cleansing Notice and Offer Booklet with ASX	30 August 2017
Despatch of notices to shareholders informing them of the Offer	31 August 2017
Securities quoted on an ex-basis	1 September 2017
Record Date to determine entitlements to New Shares	4 September 2017
Despatch of Offer Booklet and Entitlement and Acceptance Forms	7 September 2017
Offer Opens	7 September 2017
Offer Closes	5.00 pm (Adelaide time) 20 September 2017
New Shares quoted on a deferred settlement basis	21 September 2017
Company notifies shortfall to ASX	25 September 2017
Issue date for New Shares Deferred settlement trading ends	27 September 2017
Normal (T+2) trading starts	28 September 2017

NOTE

These dates are indicative only. The Company reserves the right to vary the above dates subject to the Corporations Act, ASX Listing Rules and other applicable laws.

1. INVESTMENT OVERVIEW AND KEY TERMS OF THE ENTITLEMENT OFFER

1.1 Investment Overview

This offer has been made to provide MGM Wireless Shareholders with an investment opportunity as the Company prepares to build a new business stream outside its established school software and messaging market through the manufacture and commercialisation of children's smartwatch phones as a distribution point for its AllMyTribe platform within the emerging wearables/Internet of Things (IoT)/family connections market.

MGM Wireless has built an established, cash-generating business by successfully developing, commercialising and marketing products that exploit emerging trends in mobile communications technology and societal use.

In 2003 the Company anticipated the proliferation and utility of smartphone technology and invented the first SMS-based student attendance management system messageyou.

Through ongoing research and development, product commercialisation and market development, MGM Wireless has established a position as Australia's leading provider of mobile messaging based attendance management and communication and engagement solutions with 1,061 contracted schools at 30 June 2017.

The introduction of new and innovative products that utilise the increasing sophistication of mobile technology has been a key feature of this development, with the Company's product suite expanding from SMS messaging to include student attendance management, roll-marking, multi-channel school communications, child safety and school news apps.

The Company has built a sound business around its school software and messaging capability which has annual sales revenue of approximately $2.5 million, has zero debt and has generated a positive cash flow from operating activities for 5 successive years.

In 2015 the Company identified that the capabilities of its child safety products had relevance outside the school community, within the broader family connections market and, most significantly, were applicable to the emerging wearables and IoT technology. MGM Wireless released the AllMyTribe platform and app in 2016 and in 2017 successfully completed field trials of the purpose built children's 'Spacetalk' smartwatch it has co-developed and for which it holds exclusive Australian rights.

The smartwatch, which has been developed after consultation with leading bricks and mortar retailers, is believed to be the world's first children's 3G smartwatch phone and will operate through MGM Wireless' AllMyTribe family locator and child safety platform and app. By connecting to the app, children and carers will have access to engaging smartwatch features plus the Company's world leading family locator and child safety technology. These features include:

- 2 way, 3G voice calls and SMS messaging, with capability for parents to restrict access to approved 'safe' contacts;
- parent/carer step counter activity monitoring;
- GPS and Wifi location tracking and history; and
- safe zone setup capability; i.e. capability to advise carers when their child arrives or leaves a designated safe location.

MGM Wireless has conducted market analysis directly and in consultation with retailers for the purpose of critically assessing the prospects of the Spacetalk smartwatch in the Australian market. A detailed marketing plan has been prepared with industry experts using a broad range of bricks and mortar and online retailers. A detailed business and cost model has been prepared.

The foregoing analysis has confirmed there is a realistic and attractive market opportunity for the Spacetalk watch and that shareholder benefits from successful commercialisation merit proceeding to retail launch.

Business modelling conducted by MGM Wireless indicates that based on anticipated pricing, marginal penetration of the Australian population of children aged 4 to 11 years old (estimated to be in excess of 2.1 million persons), could yield a revenue stream from Spacetalk/AllMyTribe comparable to that currently generated from the Company's schools business, and generate economic margin.

The pathway to commercialisation requires the manufacture of retail stock in the first instance, which is also a prerequisite for the negotiation of distribution agreements with retailers. Manufacturing of the watch is intended in September with a view to the placement of stock for sale in retail establishments prior to the peak summer sales season for children's products. The Company will also sell the watch on-line through its own website.

MGM Wireless has a strong cash position of $1.11 million as at 30 June, a level that is expected to be maintained in the current period. Through this Entitlement Offer, MGM Wireless intends to fund a larger and more comprehensive launch campaign of the Spacetalk watch without recourse to the cash balance generated by its existing business.

The Entitlement Offer has been initiated, and structured, to provide timely access to capital for the impending product launch process.

Notwithstanding the thoroughness of the product testing, market consultation and analysis and business planning conducted to date, the manufacture, commercialisation and sale of the Spacetalk watch carries risks that typically attend new products and technology and this Offer carries market risks. These are summarised in Section 3 which investors are encouraged to consider carefully.

1.2 The Offer

The Company is making a pro rata non-renounceable Entitlement Offer of approximately 1,086,430 New Shares to Eligible Shareholders at an issue price of $0.35 (35 cents) per New Share on the basis of 1 New Share for every 8 Ordinary Shares held at the Record Date.

Where the determination of the right to any Eligible Shareholder results in a fraction of a New Share, such a fraction will be rounded up to the nearest whole New Share.

The Company is seeking to raise up to $380,250 (before issue costs). Based on current information and budgets, the Company intends to apply the money raised from the Offer under this Offer Booklet as outlined in the following table.

Use of proceeds	Underwritten amount	Full subscription
Costs related to the Entitlement Offer	$43,937	$43,937

Use of proceeds	Underwritten amount	Full subscription
Launch and ongoing marketing, advertising and public relations activities to promote sales of the first manufacturing run of the 'Spacetalk' children's 3G GPS smartwatch/phones, in preparation for the build-up to the upcoming peak Christmas and back to school retail sales periods.	$78,563	$336,313
Total	$122,500	$380,250

The above table is a statement of current intentions as at the date of this Offer Booklet. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the proceeds are ultimately applied. The Directors reserve the right to alter the way proceeds are applied on that basis.

1.3 Effect of the Offer on the Capital Structure of the Company

On the basis of the Company's capital structure as at 30 August 2017, the capital structure of the Company following completion of the Offer (assuming 1,086,430 New Shares are issued under the Offer) will be as follows:

Shares	Number
Shares on issue at 30 August 2017	8,691,438
New Shares issued under the Offer	1,086,430
Total Shares on issue at completion of the Offer	9,777,868

On the basis of the Company's cash balance as at 30 June 2017, the pro-forma cash balance of the Company following completion of the Offer (assuming the Offer is fully subscribed) will be as follows:

	Cash A$
Cash at 30 June 2017	1,109,972
Proceeds of Entitlement Offer (net of costs of the Offer)	336,313
Cash following Entitlement Offer	1,446,285

1.4 Underwriting

An entity associated with Executive Chairman Mark Fortunatow has signed an underwriting agreement with the Company to underwrite a maximum of $122,500 (32.2% of the Offer). Further details of the underwriting agreement are set out in section 4.

1.5 Entitlements and Acceptance

The right of Eligible Shareholders to participate in the Offer will be determined on the Record Date. The number of New Shares to which you are entitled is shown on the

Entitlement and Acceptance Form accompanying this Offer Booklet. If you do not take up all or part of your Entitlement by the Closing Date your Entitlement will lapse.

The Entitlement Offer is non-renounceable meaning there will be no rights trading on the ASX and you may not dispose of your Entitlement to any other party.

Eligible Shareholders may take any of the following actions:

(a) take up all of your Entitlement;

(b) take up part of your Entitlement; or

(c) allow all or part of your Entitlement to lapse.

A completed and lodged Entitlement and Acceptance Form, together with payment for the number of New Shares accepted, cannot be withdrawn and constitutes a binding application for, and acceptance of, the number of New Shares specified in the Entitlement and Acceptance Form on the terms set out in this Offer Booklet. The Entitlement and Acceptance Form does not need to be signed to be binding.

Further details in respect to actions required by Eligible Shareholders are outlined in section 2.

1.6 Opening and Closing Dates

The Entitlement Offer will open for receipt of acceptances on 7 September 2017 and will close at 5:00 pm (Adelaide time) on 20 September 2017. The Directors reserve the right to close the Entitlement Offer early or to extend the Closing Date, subject to the ASX Listing Rules. Investors are urged to lodge their Entitlement and Acceptance Forms as soon as possible.

1.7 ASX Quotation

Application has been made for the New Shares offered under this Entitlement Offer to be granted Official Quotation by the ASX. The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription.

1.8 Register

The Company will not be issuing certificates to investors. Instead, investors will be provided with a statement that sets out the number of New Shares allotted to them under this Offer Booklet. The notice will also advise holders of their Holder Identification Number (HIN) or Shareholder Reference Number (SRN).

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.9 Minimum Capital Raising

There is no minimum amount of capital to be raised under the Offer.

1.10 No Shortfall Offer

There is no shortfall facility as part of the Offer. Neither Eligible Shareholders nor any other parties may apply for Shortfall Shares. As set out in section 1.4, an entity associated with Executive Chairman Mark Fortunatow has signed an underwriting agreement with the Company to underwrite a maximum of $122,500 of the Offer.

1.11 Rights Attaching to Shares

The New Shares issued will rank equally with existing Ordinary Shares on issue. The rights and liabilities attaching to the New Shares are set out in the Constitution of the Company and in the Corporations Act.

1.12 Non-Resident Shareholders

This Offer is only being extended to Shareholders with registered addresses in Australia and New Zealand. No other Shareholders (ie, no **Non-Resident Shareholders**) will be offered Entitlements under this Offer. The Company has determined, in accordance with the Corporations Act and the ASX Listing Rules, that it would be unreasonable to make the Offer to Non-Resident Shareholders having regard to:

1.12.1 the number of Shareholders in the places where the offer would be made;

1.12.2 the number and value of the rights that would be offered; and

1.12.3 the cost of complying with the legal requirements in those places.

No Entitlement and Acceptance Forms are being sent to Non-Resident Shareholders. This Offer Booklet or a summary of the details of the Offer may be sent to Non-Resident Shareholders for information purposes only.

Neither this Offer Booklet nor the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of the Company to subscribe for or purchase any of the New Shares in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Offer Booklet and Entitlement and Acceptance Form, and the offering of New Shares, in certain jurisdictions may be restricted by law. Persons into whose possession such documents come should inform themselves about and comply with those restrictions.

1.13 Taxation

Taxation implications may vary depending upon the particular circumstances of individual Eligible Shareholders. Eligible Shareholders should consult their professional tax advisor in connection with subscribing for New Shares under this Offer Booklet.

1.14 Enquiries

Enquiries concerning the Entitlement and Acceptance Form or this Offer Booklet can be made by contacting the Company by telephone on (08) 8210 2222.

2. HOW TO PARTICIPATE IN THE ENTITLEMENT OFFER

2.1 What you may do

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. You may:

2.1.1 Take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, you will need to submit an Entitlement and Acceptance Form in accordance with the instructions in this Offer Booklet and on the Entitlement and Acceptance Form.

2.1.2 **Allow all or part of your Entitlement to lapse**

If you decide not to apply for all or part of your Entitlement to New Shares, or fail to apply by the Closing Date, your Entitlement will lapse. As the Entitlement Offer is non-renounceable you will not receive any value or consideration for any of your Entitlements that lapse. You should note that if you do not participate in the Entitlement Offer for all of your Entitlement, you will have your percentage holding in the Company diluted.

2.2 **Payment methods**

If you are paying for your New Shares by cheque, send your completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable to reach the Company's share registry by 5:00 pm (Adelaide time) on the Closing Date.

Your cheque must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques must be made payable to "MGM Wireless Limited Entitlement Offer" and crossed "Not Negotiable".

You must ensure your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. The Company will not re-present any dishonoured cheques.

For payment by BPAY®, please follow the instructions on your personalised Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY®, you do not need to submit the personalised acceptance form but are taken to have made the declarations on that Entitlement and Acceptance Form. Your BPAY® payment must be received by 5.00pm (Adelaide time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times in regard to electronic payment and you should take this into account when making payment.

Entitlement and Acceptance Forms must be accompanied by payment of A$0.35 (35 cents) per Share. Receipts will not be issued.

2.3 **Lodgement methods**

If you are making payment by cheque you must deliver your Entitlement and Acceptance Form, together with a cheque, bank cheque or bank draft, by post or by hand (during normal business hours) to the Company, to be received no later than **5:00 pm (Adelaide time) on the Closing Date** at the following address:

MGM Wireless Limited Entitlement Offer
C/- Computershare Investor Services Pty Limited

GPO Box 2987
Adelaide SA 5001

Completed Entitlement and Acceptance Forms and application monies will not be accepted if sent to another address.

3. SUMMARY OF RISKS

As with all investments, investors should be aware that the market price of shares may fall as well as rise. The potential returns of the Company will be exposed to risks specific to the Company and to general investment risks. While it is impossible to identify all risks, the attention of investors is drawn to the following particular risks:

3.1 Key Risks

Reliability and Performance

There is an inherent risk with any new product category that development and commercialisation will not progress as planned. Although the Spacetalk smartwatch phone and AllMyTribe App/Server platform have been field tested by the Company, it is not possible to test for all possible scenarios and as such, there remains a possibility that defects are not discovered until after the smartwatch phone has been launched. Further, if there are defects, the Company may not be able to rectify them on a timely basis or at all. Any defects could have an adverse impact on the Company's revenue and in addition, the Company may suffer reputational damage.

As a worst case scenario, there could be an unexpected or not anticipated catastrophic product failure.

The Company may not be able to resolve product failure issues in a timely manner.

Manufacturing Delays

A delay in manufacturing could lead to the products failing to be delivered in time for the Christmas and back to school trading period.

Demand Outstrips Supply

There is a risk that the Company cannot meet consumer demand for this new technology. Should the Company be unable to secure additional supply/manufacture of watches to meet sales demand this may result in a loss of faith by retail partners and customers.

Skills and Resources Gaps

New company processes are being developed for the management of this new line of business, but high sales demand would create additional pressure and could result in a failure to execute Company processes in a timely manner.

The Company could have technical, management or other skills gaps that could prevent the successful operation of the business.

The Company could be under resourced to execute a sufficiently large marketing and awareness program to generate sufficient consumer demand.

Negotiation of Distribution Contracts with Retailers

Although the response shown from retailers has provided strong encouragement, as yet the Company does not have contracts in place with bricks and mortar retailers. While the Company is confident that the Spacetalk smartwatch phone is an attractive product capable of being sold by consumer electronics, toy, school supply and many other retailers, there can be no guarantee that the Company will be successful in securing contracts with bricks and mortar retailers. Although the watch will be sold through the Company's on-line store, failure to secure contracts with bricks and mortar retailers will have an adverse impact on the potential revenue opportunities for the smartwatch phone.

Manufacturing

Manufacturing of the first production run of Spacetalk smartwatch phones will be undertaken in China. The Company is solely reliant on production from its Chinese manufacturer. Manufacturing difficulties including errors in complying with product specifications, insufficient quality control or failure to meet production deadlines could have a material adverse effect on the Company's ability to generate revenue while the production difficulties or delays continue. If the manufacturing difficulties were prolonged and another third party manufacturer could not be sourced, this could have a material adverse effect on the Company's intended retail launch in the December quarter of 2017.

3.2 Risks Specific to the Company

Future Capital Requirements

Should stronger than expected demand for Spacetalk be experienced, the Company may require additional capital to fund further and larger production runs. In particular, should initial production quantities sell faster than expected, under normal supply agreements with retailers, the Company will be required to re-supply retailers within specified timeframes. The Company's ability to raise sufficient further capital within an acceptable time frame and on terms acceptable to it will vary according to a number of factors including (without limitation) the prospects of a new competitor, stock market and industry conditions.

Competition

The Company operates in a competitive and emerging wearables device market which is subject to constantly shifting consumer preferences. There is a risk that new entrants to the market may develop superior or more cost-effective wearable devices which could have an adverse effect on the Company's ability to continue development and commercialisation of its Spacetalk smartwatch phone and therefore the Company's business and financial position.

Market Risks

There cannot be any assurance that the Spacetalk smartwatch phone will generate interest in the children's wearable device market. Success of the device will depend on many factors including securing and growing retail distribution, price competitiveness and ongoing technology innovation.

3.3 Risks Specific to the Offer

Dilution Risk

If you decide to take up only part of your Entitlement or not to accept any of your Entitlement, your Entitlement will lapse and your ownership of the Company will be diluted to that extent.

3.4 General Risks

General Market Conditions

The price of the Shares on ASX may rise or fall due to numerous factors including:

- general economic conditions, including inflation rates and interest rates;
- variations in the local and global markets for listed shares in general, or for technology stocks in particular;
- changes to government policy, legislation or regulation;

- competition in the industry in which the Company operates; and
- general operational and business risks.

In particular, the share prices of many companies have in recent times been subject to wide fluctuations, which in many circumstances arise by reason of matters outside the control of the Company, including global hostilities and tensions and the general state of the economy. Such market fluctuations may materially adversely affect the market price of the New Shares.

There can also be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the New Shares on the ASX at any given time. This may increase the volatility of the market price of the New Shares, and the prevailing market price at which shareholders are able to sell their New Shares.

The matters set out above may result in Shareholders receiving a price for their New Shares that is more or less than the Offer price.

Changes in government policy

Changes in government policy may affect the amount and timing of the Company's future cash flows and profits, and its viability and profitability. The activities of the Company are subject to various federal, state and local laws governing taxes and other matters.

4. ADDITIONAL INFORMATION

4.1 Reliance on Offer Booklet

This Offer Booklet has been prepared pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Booklet was lodged with the ASX on 30 August 2017.

Section 708AA of the Corporations Act requires companies to lodge with the ASX a Cleansing Notice. The Company lodged a Cleansing Notice with the ASX on 30 August 2017.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of the Company, refer to the documents lodged and the disclosures made by the Company on the ASX (which are available for inspection on the ASX website at www.asx.com.au) and seek advice from your financial or professional advisor.

4.2 Control implications of the Entitlement Offer

The potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including the demand from existing Shareholders. The primary consequences are that:

- if all Eligible Shareholders take up their entitlement to New Shares, the Entitlement Offer would have no effect on the control of the Company because the Eligible Shareholders would continue to hold the same percentage interest in the Company;
- if some Eligible Shareholders do not take up their full entitlement, such Shareholders' voting power would be diluted relative to those who did take up their full Entitlement.

As set out in section 4.5, the Company and I-Holdings Pty Ltd as trustee for the Fortunatow Family Super Fund (an entity associated with Executive Chairman Mr Fortunatow) have entered into an underwriting agreement under which the Underwriter has agreed to partially underwrite the Offer. The potential effect that the

issue of New Shares to the Underwriter, Mr Fortunatow or his associates under the Offer will have on the control of the Company is set out in this section.

Table 1 illustrates the potential effect of the Offer on the voting power of Mr Fortunatow and his associated entities in scenarios where the Offer is 50%, 75% and fully subscribed and in the unlikely event that no other Shareholders take up their Entitlement under the Offer. With the exception of the offer being fully subscribed scenario, these scenarios are based on the assumption that Mr Fortunatow and his associated entities take up their full Entitlement and the Underwriter is required to subscribe for the maximum number of underwritten Shares under the Offer. For example, the reference to the Offer being 50% subscribed refers to 50% of the rights being subscribed inclusive of Mr Fortunatow or his associated entities taking up their rights in full. The actual effect of the Offer on the voting power in the Company of Mr Fortunatow and his associated entities will depend on the level of subscription by Eligible Shareholders to the Offer.

Table 1

Event	Shares held by Mr Fortunatow and his associates at completion of the Offer	Total shares on issue at completion of the Offer	Number of Shortfall Shares to be taken up by the Underwriter	Voting power of Mr Fortunatow and his associates at completion of the Offer
Offer fully subscribed with no shortfall	1,468,438	9,777,868	0	15.01%
Offer 75% subscribed	1,740,046	9,777,868	78,393	17.79%
Offer 50% subscribed	1,818,438	9,584,653	350,000	18.97%
No other Shareholders take up their Entitlement	1,818,438	9,204,609	350,000	19.75%

4.3 Director's Interests in Securities

The securities of the Company in which the Directors or their associates have relevant interests as well as their respective Entitlements and underwriting commitments are as follows:

Director	Existing Shares	Voting power pre Offer (%)	Entitlement Shares	Maximum Underwriting Shares	Maximum Total Shares Post Offer	Maximum voting power post Offer (%)
Mr Mark Fortunatow[3]	1,305,267	15.01%	163,171	350,000	1,818,438	19.75%

[3] The Underwriter holds 178,660 shares in the Company as at the date of this Offer Booklet and is thereby entitled to subscribe for 22,333 shares under the Offer. Mr Fortunatow holds options which, if exercised before

Director	Existing Shares	Voting power pre Offer (%)	Entitlement Shares	Maximum Underwriting Shares	Maximum Total Shares Post Offer	Maximum voting power post Offer (%)
Mr Mark Hurd[4]	626,528	7.21%	78,316	N/A	704,844	7.73%
Ms Leila Henderson	Nil	Nil	Nil	N/A	Nil	Nil

4.4 Substantial shareholders

The substantial Shareholders in the Company as at 28 August 2017 as well as their respective Entitlements are set out below:

Name	Number of shares held	Percentage of issued shares pre Offer	Entitlement
Mark Fortunatow and associated entities*	1,305,267	15.01%	163,171
Mark Hurd and associated entities**	626,528	7.21%	78,316

4.5 Underwriting

I-Holdings Pty Ltd as trustee for the Fortunatow Family Super Fund, an entity associated with Executive Director Mr Fortunatow, has signed an underwriting agreement with the Company, under which it has agreed to apply for Shares in the following amounts:

Director	Associated Entity	Underwritten Shares	Underwritten Amount
Mark Fortunatow	I-Holdings Pty Ltd as trustee for the Fortunatow Family Super Fund	350,000	$122,500

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the Record Date, would give rise to an additional Entitlement. Option exercise is highly unlikely as the exercise price of the options is significantly out of the money as at the date of this Offer Booklet.

[4] Mr Hurd has advised that he does not intend to take up his Entitlement under the Offer. Mr Hurd holds options which, if exercised before the Record Date, would give rise to an additional Entitlement. Option exercise is highly unlikely as the exercise price of the options is significantly out of the money as at the date of this Offer Booklet.

Under the terms of the underwriting agreement:

- the Underwriter's obligations only become binding if there is a shortfall in the subscription for New Shares under the Rights Issue. If there is a shortfall, the Underwriter must apply for the number of shares specified above;
- the Underwriter must apply for and pay for the New Shares, and the Company must allot and issue the New Shares, on a date to be agreed that is within 15 business days after the Closing Date;
- the issue price for the New Shares will be $0.35 each, and the New Shares will otherwise be issued pursuant to this Offer Booklet;
- no fees, commissions or other financial benefits are payable to the Underwriter for partially underwriting the Offer;
- there are no termination rights.

The Underwriter has notified the Company of its present intention not to acquire Shares prior to the Record Date. No assurance can be given that the Underwriters' intentions will not change.

The relevant interest of the Underwriter pre-Offer is disclosed in section 4.3. Upon completion of the Offer, irrespective of the extent to which it is taken up by Eligible Shareholders, the underwriting arrangement will not have any effect on control of the Company other than as set out in section 4.2.

4.6 Expenses of the Offer

On the assumption that the Offer is fully subscribed, the total expenses connected with the Offer, including legal and other advisory fees, listing, printing and other miscellaneous expenses are estimated to be approximately $43,937 comprised as follows:

Expenses	Cost
Printing, postage and share registry	$25,628
Legal fees	$15,000
ASX listing fees	$3,309
Total estimated costs	**$43,937**

4.7 Privacy

The Company will collect information about each Shareholder who accepts the Entitlement Offer provided on the Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Shareholder's shareholding in the Company.

By submitting an Entitlement and Acceptance Form, you will be providing information to the Company (directly or through the Company's share registry). The Company will collect, hold and use that information to assess your application. The Company may disclose your personal information for purposes related to your shareholding in

the Company, including its share registry, agents, contractors and third party service providers, and to the ASX and regulatory bodies. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through its share registry.

4.8 Governing Law

The Entitlement Offer and contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law in force in South Australia. Each shareholder submits to the exclusive jurisdiction of the courts of South Australia.

5. GLOSSARY

In this Offer Booklet, unless the context otherwise requires:

$ means Australian dollars (and references to cents are to Australian cents);

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited or the Australian Securities Exchange operated by it (as the context requires);

ASX Listing Rules means the Listing Rules of ASX;

Board means the board of directors of the Company;

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a Business Day;

Cleansing Notice means the cleansing notice to be lodged by the Company pursuant to section 708AA(2)(f) of the Corporations Act;

Closing Date means the closing date of the Offer, which is 20 September 2017 (unless extended);

Company or **MGM Wireless** means MGM Wireless Limited (ACN 091 351 530);

Constitution means the constitution of the Company;

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

Directors means the Directors of the Company;

Eligible Shareholders means on the Record Date, Shareholders recorded on the register of members of the Company as holders of Ordinary Shares, that have registered addresses in Australia or New Zealand and are eligible under all applicable securities laws to receive an Offer without any requirement for a prospectus, disclosure document, or any lodgement, filing registration or qualification;

Entitlement means the right of an Eligible Shareholder to apply for a number of New Shares under the Entitlement Offer;

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Booklet;

New Shares means Ordinary Shares in the Company issued pursuant to the Entitlement Offer;

Non-Resident Shareholders has the meaning given in section 1.12;

Offer or **Entitlement Offer** means the offer of New Shares under the Entitlement Offer;

Offer Booklet means this document, including the Entitlement and Acceptance Form;

Official List means the Official List of ASX;

Official Quotation means the grant by ASX of "Official Quotation" (as that term is used in the ASX Listing Rules) of all the New Shares when allotted which if conditional may only be conditional on the allotment of the New Shares;

Ordinary Shares means fully paid ordinary shares in the Company;

Record Date means the record date to determine the Shareholders entitled to participate in the Entitlement Offer, being 7.00pm (AEST) on 4 September 2017;

Shareholder means a holder of Ordinary Shares;

Shares means fully paid Ordinary Shares in the Company;

Underwriter means I-Holdings Pty Ltd (ACN 058 683 775) as trustee for the Fortunatow Family Superannuation Fund.