



# PROSPECTUS

BORESIGHT LTD. ACN 642 501 228



# Boresight Ltd

(ACN 642 501 228)

## Replacement Prospectus

### Public Offer

For an offer of 40,000,000 Shares, at an issue price of \$0.20 per Share, to raise \$8,000,000 (before costs) (**Public Offer**).

The Public Offer pursuant to this Prospectus is conditional upon satisfaction of the Conditions of the Public Offer, which are detailed in Section 2.5. No Shares will be issued pursuant to this Prospectus until the Conditions of the Public Offer are met.

It is proposed that the Public Offer will close at 5.00pm (WST) on Tuesday, 19 May 2026. The Directors reserve the right to close the Public Offer earlier or to extend this date without notice. Applications must be received before that time.

The Public Offer is not underwritten.

#### Lead Manager to the Public Offer:

CPS Capital Group Pty Ltd (ACN 088 055 636)  
(AFSL 294848).

#### Legal Advisor:

Nova Legal



#### IMPORTANT INFORMATION

**This is an important document that should be read in its entirety. If you have any queries or do not understand it you should consult your professional advisers without delay.  
The Shares offered by this Prospectus should be considered highly speculative.**

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# Corporate Directory

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## Directors

Mr Justin Olde, CSM  
*Managing Director and Chief Executive Officer*

Mr Michael Sinkowitsch  
*Executive Director*

Dr. Andrew Windsor  
*Non-Executive Chairman*

Mr Blake Burton  
*Non-Executive Director*

## Chief Technology Officer

Dr. Alexander Hall

## Chief Operating Officer

Mr Jason Henry

## Vice President Business Development

Mr James Prior

## General Manager of Boresight U.S., Inc

Mr Charles “Steve” Below

## General Manager of Boresight UK LTD

Mr Kevin Nicholls

## Company Secretary

Ms Kyla Garic

## Registered Office

Unit 1, 120 Giles Street  
KINGSTON ACT 2609

## Principal Place of Business

Unit 3, 96 Wollongong Street  
FYSHWICK ACT 2609

Telephone: 0414 372 819  
Email: [info@boresighttargets.com](mailto:info@boresighttargets.com)  
Website: <https://www.boresightuas.com/>

## Solicitors

Nova Legal  
Level 2, 50 Kings Park Road  
West Perth WA 6005

## Investigating Accountant

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

## Auditor\*

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

## Share Registry\*

XCEND Pty Ltd  
PO Box R1905 Royal Exchange  
NSW 1225

## Lead Manager

CPS Capital Group Pty Ltd  
Level 41, 108 St Georges Terrace  
Perth WA 6000

## Corporate Advisor\*

ARQ Capital Pty Ltd  
PO Box 4  
Cottesloe WA 6911

## Proposed ASX Code

BST

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

# Important Notice

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## GENERAL

This Replacement Prospectus is dated 23 April 2026 and was lodged with ASIC on that date (**Prospectus**). This Prospectus replaces the prospectus lodged with ASIC by the Company on 17 April 2026 relating to the securities of the Company (**Original Prospectus**). Neither ASX nor ASIC and its officers take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

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

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

## EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on Applications lodged prior to the expiry of the Exposure Period.

## REPLACEMENT PROSPECTUS

The key differences between this Prospectus and the Original Prospectus are as follows:

- (a) the inclusion of further disclosures to the Chair's Letter and at Section 6 regarding the Company's ability to carry on as a going concern;
- (b) the inclusion of further disclosure at Section 2.5 regarding the effect on control of the Company; and
- (c) the inclusion of further disclosure at Sections 7.1(b), 7.1(c) and 7.5(b) regarding the relationship between Criterion Solutions Pty Ltd and Mr Michael Sinkowitsch and Dr. Andrew Windsor.

## NO APPLICATIONS

The Company confirms the since lodgement of the Original Prospectus no Applications have been received or processed by the Company that would require the Company to consider the Company allowing those applicants to withdraw their Application under section 724(2)(b) of the Corporations Act.

## PROSPECTUS AVAILABILITY

A copy of this Prospectus can be downloaded from the website of the Company at <https://www.boresightuas.com/>. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **APPLICANTS OUTSIDE AUSTRALIA**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus (in electronic or hard copy form) in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register to qualify the Shares, or the Public Offer, or otherwise permit a public offering of Shares, in any jurisdiction outside Australia. Refer to Section 2.15 for more information.

## **FORWARD LOOKING STATEMENTS**

This Prospectus contains forward-looking statements which are identified by words such as 'could', 'believes', 'may', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and its Directors and management.

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

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

## **PHOTOGRAPHS AND DIAGRAMS**

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

## **MARKET AND INDUSTRY DATA**

This Prospectus (and in particular Sections 3 and 4) contains industry data and forecasts that were obtained from industry publications, opinions, market data, third-party market research and publicly available information. These publications may state or imply that the information contained in them has been obtained from sources believed to be reliable, but the Company has not independently verified the accuracy or completeness of such information. There is no assurance that any of this

information will be achieved. These matters involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 6.

## **SPECULATIVE INVESTMENT**

The Shares offered under this Prospectus are considered speculative. There is no guarantee that the Shares offered will make a return on the capital invested, that dividends will be paid on the Shares, or that there will be an increase in the value of the Shares in the future. Prospective investors should carefully consider whether the Shares offered under this Prospectus are an appropriate investment for them in light of their personal circumstances, including but not limited to their financial and taxation position. Refer to Section 6 for details of the risks associated with an investment in the Company.

## **RISK FACTORS**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section 6 for details of some of the key risks associated with an investment in the Company that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

## **DEFINITIONS**

Unless the context otherwise permits, defined terms and abbreviations used in this Prospectus have the meanings set out in Section 12.

## Chair's Letter

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Dear Investor,

On behalf of the Board of Directors of Boresight, I am pleased to invite you to become a shareholder in the Company. The Company is seeking to raise \$8,000,000 (before costs) under the Public Offer, through an issue of 40,000,000 Shares at an issue price of \$0.20 per share.

The Company was incorporated on 9 July 2020 with the purpose to provide low-cost aerial drone targets to service western and allied militaries as they tackle how to respond to the rapidly changing battlespace. Military customers require a cost-effective and reliable way to evaluate counter drone technologies. Once these capabilities are deployed, they must develop effective tactics, techniques and procedures (**TTP's**) for their use, and undertake continuous training to ensure that personnel are properly trained, and maintain those skills, throughout the life of the technology. To achieve this, customers require low-cost, disposable training drones (targets) – and lots of them.

Boresight was created to meet that need. The Group provides Target Drones that emulate real world threats in a reliable and repeatable manner, at a price point that supports live-fire, testing, destructive evaluation and training without placing undue pressure on defence budgets. Considerable investment has been made into the optimisation of the manufacture of the target drones, allowing easy scaling of the manufacturing process to meet demand. More recently, Boresight also expanded into ISR Drones (also known as 'camera drones'), which are designed specifically as cost-effective camera drones designed for missions where a live video feed from the drone is required.

Since incorporation of the Company, the Group has experienced strong demand for its Target Drones and associated services, with more than 6,000 Target Drones sold to customers worldwide. Section 4.2 of this Prospectus provides a breakdown of the number of Drones sold by the Group in each calendar year since incorporation. With offices in the United States, and the United Kingdom, the Group has now sold to 15 militaries across 12 countries and has recently commenced low-rate manufacturing in the United States to support local customers.

The Company intends to capitalise on the current nascent market by applying the funds raised to expand its engineering and production teams, ramp up production in the United States, increase our additive manufacturing capacity and further vertically integrate operations.

**This Prospectus contains detailed information about the Group and the Public Offer, including the current and planned operations, the investment opportunity and potential risks involved.** Some key risks include, among others, risks associated with government and government affiliate contracts, the Group's ability to carry on as a going concern, international operations, supply chain, product liability, reliance on key personnel, competition, protection of intellectual property and trade secrets, and changes to laws and regulations. **Investors are encouraged to carefully read and review Section 6 of this Prospectus, which details specific risks, together with general risks applicable to all investments in listed securities. It is important that you read this Prospectus in its entirety before deciding whether to invest in Boresight, and discuss it with your financial advisor to ensure an informed investment decision.**

On behalf of the Board, I am pleased to present this Prospectus and the Public Offer to you, and look forward to welcoming you as a Shareholder.

Yours sincerely,



Dr. Andrew Windsor,  
Non-Executive Chairman

## Key Offer Information

### Key Dates – Indicative Timetable

| Event                                                | Date                    |
|------------------------------------------------------|-------------------------|
| Lodgement of Original Prospectus with ASIC           | Friday, 17 April 2026   |
| Exposure Period begins                               | Friday, 17 April 2026   |
| Lodgement of Prospectus                              | Thursday, 23 April 2026 |
| Opening Date of the Public Offer <sup>1</sup>        | Tuesday, 28 April 2026  |
| Closing Date of the Public Offer                     | Tuesday, 19 May 2026    |
| Allotment and issue of Shares under the Public Offer | Tuesday, 26 May 2026    |
| Expected dispatch of holding statements              | Tuesday, 26 May 2026    |
| Shares expected to begin trading on ASX              | Wednesday, 10 June 2026 |

#### Notes:

1. Subject to the Exposure Period. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. Any extension of the Exposure Period will impact on the Opening Date.
2. Prospective investors are encouraged to submit their Applications as early as possible. The Directors reserve the right to close the Public Offer earlier or later than as indicated above without prior notice to prospective investors.
3. Anticipated dates only. The above dates are indicative only and may change without notice. The Directors reserve the right to amend the timetable. The date the Shares are expected to be issued and/or commence trading on ASX may vary with any change to the Closing Date.

### Key Details of the Public Offer

| Shares                                                                   | Full Subscription<br>(\$8,000,000) |
|--------------------------------------------------------------------------|------------------------------------|
| Shares on issue at the date of this Prospectus <sup>1</sup>              | 169,022,782                        |
| Shares to be issued under the Public Offer <sup>2</sup>                  | 40,000,000                         |
| <b>Offer Price per Share under the Public Offer</b>                      | <b>\$0.20</b>                      |
| <b>Total Shares on issue on completion of the Public Offer</b>           | <b>209,022,782</b>                 |
| Options                                                                  |                                    |
| Options on issue at the date of this Prospectus <sup>3</sup>             | 19,363,702                         |
| Options to be issued to consultants, advisers and employees <sup>4</sup> | 11,000,000                         |
| Lead Manager Options to be issued to the Lead Manager <sup>5</sup>       | 4,789,115                          |
| <b>Total Options on issue on completion of the Public Offer</b>          | <b>35,152,817</b>                  |
| <b>Fully diluted Share capital<sup>6</sup></b>                           | <b>244,175,599</b>                 |

|                                                                                            |                     |
|--------------------------------------------------------------------------------------------|---------------------|
| <b>Gross Proceeds of the Public Offer</b>                                                  | <b>\$8,000,000</b>  |
| <b>Market Capitalisation on completion of the Public Offer (undiluted)<sup>7</sup></b>     | <b>\$41,804,556</b> |
| <b>Market Capitalisation on completion of the Public Offer (fully diluted)<sup>7</sup></b> | <b>\$48,835,119</b> |

**Notes:**

1. Refer to Section 4.15 for details regarding the substantial Shareholders of the Company as at the date of this Prospectus. For the avoidance of doubt this figure includes Shares issued pursuant to all previous capital raisings of the Company, including (but not limited to) 10,000,000 Shares issued pursuant to the First Seed Raising, 22,307,692 Shares issued pursuant to the Second Seed Raising and a further 7,500,000 Shares issued pursuant to the Pre-IPO Capital Raising.
2. Refer to Section 2.1 for details of the Public Offer.
3. Exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX. Refer to Section 10.2 for the full terms and conditions of the Options.
4. 11,000,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) to be issued to non-related consultants, advisors and employees of the Group (the allocation yet to be determined). Refer to Section 10.2 for the full terms and conditions of the Options.
5. Exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX. Refer to Sections 2.7 and 9.1 for further details regarding the fees payable to the Lead Manager under the Lead Manager Mandate. Refer to Section 10.2 for the full terms and conditions of the Lead Manager Options.
6. Certain Securities on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 4.16 for further information. The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.
7. Assuming a Share price of \$0.20, however, the Company notes that the Shares may trade above or below this price.

# 1. Investment Overview

The information in this Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered by potential investors in full, including the full risk factors set out in Section 6 of this Prospectus.

## 1.1 Key Information

| Topic                                           | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Reference |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>A. Company Overview</b>                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |           |
| <b>Who is issuing this Prospectus?</b>          | Boresight Ltd (ACN 642 501 228) (Proposed ASX Code: BST) ( <b>Boresight</b> or the <b>Company</b> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Section 4 |
| <b>Who is the Company and what does it do?</b>  | <p>The Company was incorporated on 9 July 2020, for the purpose of providing cost-effective, attritable aerial targets for use within the Counter Uncrewed Aerial Systems (<b>CUAS</b>) (also known as ‘counter drones’) domain. The Company has the following wholly owned subsidiaries (<b>Subsidiaries</b>):</p> <ul style="list-style-type: none"><li>(a) Boresight U.S., Inc (EIN 32-0741243), incorporated in Delaware on 19 July 2023; and</li><li>(b) Boresight UK LTD (16549350), incorporated in the United Kingdom on 30 June 2025,</li></ul> <p>(together, the <b>Group</b>).</p> <p>Currently, the Group designs and manufactures two (2) types of drones (the <b>Business</b>), these being:</p> <ul style="list-style-type: none"><li>(a) aerial target drones (<b>Target Drones</b>). Target Drones are primarily used for the development, testing, demonstration and training for CUAS technologies; and</li><li>(b) ISR drones (<b>ISR Drones</b>), also known as ‘camera drones’. ISR Drones are primarily used for various activities and operations where a live video feed from the drone is desirable,</li></ul> <p>(together, the <b>Drones</b>).</p> <p>Refer to Section 4 for further details about the Group and its operations.</p> | Section 4 |
| <b>What industry does the Group operate in?</b> | <p>The Group operates in the commercial drone manufacturing industry.</p> <p>The Group provides aerial target drones in support of industry and militaries CUAS specific requirements. It also provides camera drones as part of an ongoing contract with the Australian Department of Defence (<b>DoD</b>). It is important to note that Boresight</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Section 3 |

| Topic                                                        | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Reference                   |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|                                                              | <p>is not a CUAS company, however its technology supports industry and military CUAS initiatives.</p> <p>Refer to Section 3 for further information regarding the industry the Group operates in.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                             |
| <p><b>What are the Target Drones and the ISR Drones?</b></p> | <p><b><u>Target Drones</u></b></p> <p>Boresight's Target Drones are a dual use technology, able to be used by both military and industry customers for CUAS purposes.</p> <p>Militaries use Boresight's Target Drones for testing and evaluation of industry systems and subsequent training of soldiers on those systems in a cost-effective and repeatable manner. Boresight's Target Drones are commonly used by militaries to develop their operating procedures, tactics and techniques to defeat the drone threat. Training in military contexts is a continual process, with soldiers typically requiring annual recertification of their skills to remain current on technologies and tactics. This ensures that the demand for Target Drones is ongoing as the Target Drones are typically destroyed during military training.</p> <p>Industry uses Boresight's Target Drones for testing, development and demonstrations of their CUAS capabilities in a cost-effective, repeatable manner. By using Boresight's Target Drones, industry can accurately determine developmental progress of their systems.</p> <p>Boresight's Target Drones are cost-effective enabling them to be destroyed at a significantly cheaper cost per unit than commercially available or military drones. Once a Target Drone is destroyed, users typically need to buy a replacement drone as part of the ongoing training and development continuum.</p> <p>Through the development of additional aerial target types, Boresight will create an aerial target ecosystem enabling customers to control multiple target types from the same Ground Control Station (<b>GCS</b>). Boresight's 1:Many technology means that multi-user simultaneous training, and training against increasingly complex threat scenarios, can be conducted across different aerial target types.</p> <p><b><u>ISR Drones (also known as 'camera drones')</u></b></p> <p>Boresight's ISR Drone, the BS-350, is designed specifically as a cost-effective and if necessary, attritable camera drone that is able to undertake missions where a video feed from the drone is required. They are designed to be used in conjunction with or in place of significantly more expensive military type drones.</p> <p>The Boresight ISR Drone is flown via a dedicated Boresight developed and manufactured hand controller, it uses a Boresight designed smart battery and other third party sourced electronic components.</p> <p>Boresight's ISR Drone is cost-effective enough to be used on high risk operations where the return of the drone cannot be</p> | <p>Sections 4.3 and 4.6</p> |

| Topic                                       | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Reference                    |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
|                                             | <p>guaranteed, as for some missions it may be better to damage or lose a Boresight ISR Drone than an expensive military drone.</p> <p>Boresight's ISR Drone can be used as a training drone, where prospective drone operators are trained on essential drone piloting techniques and safety procedures prior to being trained on more expensive drone platforms where the cost of pilot error is potentially much higher.</p> <p>Boresight will continue to enhance the capabilities and scale the manufacture of its ISR Drone to meet emerging user requirements and projected demand. This may include the addition of an upgraded camera suite, injection moulding of the airframe, improvements to the hand controller and increased vertical integration of electronic components.</p> <p>Refer to Sections 4.3 and 4.6 for further information regarding the Target Drones and ISR Drones.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                              |
| <b>B. Business Model</b>                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                              |
| <b>How does the Group generate revenue?</b> | <p>The Group primarily generates its revenue via one or more of the following:</p> <ul style="list-style-type: none"> <li>(a) the sale of Target Drones;</li> <li>(b) the sale of its GCS, including its Mission Planning software and radio node hardware;</li> <li>(c) the provision of drone pilot services; and</li> <li>(d) the sale of pre-packaged fly away training kits.</li> </ul> <p><b><u>Target Drones</u></b></p> <p>The Group sells its Target Drones with volume discounts for different quantities. This can be either direct to customers or via resellers depending on various factors including location, customer type and contractual requirements.</p> <p><b><u>GCS (Ground Control Station)</u></b></p> <p>Once a customer has a GCS, they can then purchase the necessary number and type of Target Drones for their specific purpose. Additional Target Drones can continue to be purchased, which can use the already purchased GCS, to replace any destroyed units or to increase overall quantities held. The Group is exploring the possibility of creating a software subscription model for the GCS to include updates and upgrades to the overall capability.</p> <p><b><u>ISR Drones</u></b></p> <p>Whilst not a primary source of revenue for the Group currently, the Group is focusing on the development of its ISR Drone. Boresight will continue to develop its ISR Drone to Block 2 standard which may include an improved camera suite, injection moulding of the airframe, improved hand controller and increased vertical</p> | Sections 4.3, 4.4, 4.9 and 5 |

| Topic                                        | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Reference          |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
|                                              | <p>integration so that it is suitable for export sales. The Group is aiming to achieve this in late 2026. The Block 2 BS-350 ISR Drone will provide militaries with a cost-effective and attritable drone for flight training and surveillance purposes. Western militaries, including Australia and the US, are increasingly banning the use of drones from designated countries of concern for these purposes, thereby opening a new international market vertical for Boresight.</p> <p>The Group is looking to other revenue generation channels such as annuity contracts, strategic partnerships and licenced manufacturing.</p> <p>Refer to Sections 4.3 and 4.4 for further information regarding the Group's business model and revenue. Refer to Section 4.9, for further details on the Group's growth strategy.</p> <p>Refer to Section 5 for further information regarding the Group's financial information.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                    |
| <p><b>Who are the Group's customers?</b></p> | <p>The Group has two broad customer types as per below.</p> <p>(a) <b>Militaries</b></p> <p>Militaries use Boresight's Target Drones and supporting GCS and software for the following purposes:</p> <p>(i) <b>Validation of industry claims:</b> Boresight flight missions are repeatable and can be programmed for increasing complexity, including 1:Many missions. Militaries are therefore able to use Boresight products to validate industry technology claims against simple, single targets through to complex, multiple simultaneous target scenarios. The repeatability of the mission plans means that Boresight can replicate the same mission against different vendor technologies, allowing militaries to accurately assess and compare the relative performance of each vendor.</p> <p>(ii) <b>Standardised Training:</b> Boresight's systems enable the implementation of standardised and certifiable training programs for militaries. Flight missions and scenarios can be pre-programmed and deployed to different units that enable increasingly complex CUAS training scenarios. Standardised training means that individual soldiers and formations can be objectively passed or failed on their CUAS proficiency, leading to better training outcomes.</p> <p>(iii) <b>Development of Tactics, Techniques and Procedures (TTP's):</b> Broadly also known as Standard Operating Procedures (<b>SOP's</b>), Boresight's systems enable militaries to safely conceive, test, practice, refine and implement TTPs for individual soldiers and different sized formations to defeat the drone threat. The ability to repeatably conduct the same flight</p> | <p>Section 4.7</p> |

| Topic                                                                                      | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Reference          |
|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
|                                                                                            | <p>profiles of Boresight's systems enables these to be practiced, validated and refined continually.</p> <p>(b) <b>Industry</b></p> <p>The CUAS industry uses Boresight solutions as follows:</p> <p>(i) <b>Testing and Development.</b> Boresight's repeatable mission capability enables industry to validate engineering and technological progress as they develop their CUAS solutions. Industry can objectively determine improvements in a capability against a baseline. The cost-effectiveness of Boresight's systems means that more testing can be done than might otherwise be able to be undertaken.</p> <p>(ii) <b>Demonstrations.</b> Industry has a requirement to demonstrate their CUAS capabilities to potential customers. Business economics mean that they need to be able to do this repeatably, reliably and cost-effectively. Industry also needs to demonstrate their CUAS capabilities safely and <b>within</b> known flight envelopes. Boresight provides industry with these abilities via its cost-effective and repeatable mission Target Drones.</p> <p>Refer to Section 4.7 for further details regarding the Group's customers.</p> |                    |
| <p><b>Where does the Group operate and where are the Group's key markets located?</b></p>  | <p>The Group's head office is located in Fyshwick, Canberra.</p> <p>The Group's US operations (Boresight US) are located in Huntsville, Alabama, USA., and its European operations (Boresight UK) are located in Nottingham, England.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>Section 4</p>   |
| <p><b>What are the growth strategies and the key business objectives of the Group?</b></p> | <p>The Group's growth strategies and main objectives on completion of the Public Offer and admission of the Company to the Official List of ASX are:</p> <ul style="list-style-type: none"> <li>(a) increased regional presence and manufacturing;</li> <li>(b) increased product range;</li> <li>(c) annuity contracts;</li> <li>(d) vertical integration;</li> <li>(e) development of CUAS training packages; and</li> <li>(f) strategic partnerships.</li> </ul> <p>In addition to the main objectives (as set out above), the Group may look to explore acquisition opportunities that may arise in relation to complementary business/companies within the defence sector. This may include other companies that have long term contracts</p>                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>Section 4.9</p> |

| Topic                                                                            | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Reference    |
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|                                                                                  | <p>within the defence sector, immediately growing revenue, or where a company provides particular components that could be of use to Boresight and would also grow revenue. At present, the Group is not pursuing any such acquisitions.</p> <p>The Directors are satisfied that on completion of the Public Offer and admission of the Company to the Official List of ASX, the Group will have sufficient funds to carry out its stated objectives.</p> <p>Refer to Section 4.9 for further details regarding the Group's growth strategies.</p>                                                                                         |              |
| <b>What are the key dependencies of the Group's business model?</b>              | <p>The key dependencies of the Group's business model include:</p> <ul style="list-style-type: none"> <li>(a) completion of the Public Offer to fund its growth strategy;</li> <li>(b) retaining and recruiting key personnel, particularly those with the requisite skills and qualifications;</li> <li>(c) raising sufficient funds in the future to satisfy expenditure requirements for continued operations; and</li> <li>(d) continuing demand for the products manufactured and provided by the Group.</li> </ul>                                                                                                                   | Section 4.10 |
| <b>Will the Group require more capital?</b>                                      | <p>The Group's planned activities following the Company's Admission will initially be funded by the funds raised by the Public Offer, as further detailed in Section 2.10.</p> <p>However, the Directors anticipate the Group will in the future require additional capital to further its proposed business strategy. The amount and nature of any such additional funding will be determined based on market conditions and the needs of the business at the relevant time.</p> <p>A summary of the Group's financial information is included in Section 5 and in the Independent Limited Assurance Report (included in Annexure A).</p> | Section 2.10 |
| <b>C. The Public Offer</b>                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |              |
| <b>What are the key terms of the Public Offer and why is it being conducted?</b> | <p>The Public Offer is an offer of 40,000,000 Shares at an issue price of \$0.20 per Share, to raise \$8,000,000 (before costs).</p> <p>The principal purposes of the Public Offer are to:</p> <ul style="list-style-type: none"> <li>(a) implement the business model and objectives of the Group (as set out in Sections 4.3 and 4.9);</li> <li>(b) provide funding for the purposes set out in Section 2.10;</li> <li>(c) meet the expenses of the Public Offer (as set out in Section 10.7);</li> <li>(d) provide for general administration and working capital needs;</li> </ul>                                                     | Section 2.1  |

| Topic                                                                           | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Reference            |
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|                                                                                 | <ul style="list-style-type: none"> <li>(e) enhance the public and financial profile of the Group to facilitate its growth;</li> <li>(f) continue to provide the Group with access to equity capital markets for future funding needs; and</li> <li>(g) meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules, as part of the Company's application for admission to the Official List.</li> </ul>                                                                                                                                                                                                                                                                                 |                      |
| <b>What is the Full Subscription amount under the Public Offer?</b>             | <p>The full subscription requirement for the Public Offer is \$8,000,000 (before costs) representing the subscription of 40,000,000 Shares, at an issue price of \$0.20 per Share (<b>Full Subscription</b>).</p> <p>No oversubscriptions will be accepted by the Company under the Public Offer.</p>                                                                                                                                                                                                                                                                                                                                                                                                              | Sections 2.2 and 2.3 |
| <b>How does the Group intend to use the funds raised from the Public Offer?</b> | <p>It is intended that the funds raised from the Public Offer will be applied in accordance with the table set out in Section 2.10.</p> <p>The Board is satisfied that upon completion of the Public Offer, the Group will have sufficient working capital to meet its stated objectives.</p>                                                                                                                                                                                                                                                                                                                                                                                                                      | Section 2.10         |
| <b>Is the Public Offer underwritten?</b>                                        | The Public Offer is not underwritten.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Section 2.4          |
| <b>Who is the lead manager to the Public Offer?</b>                             | The Company has appointed CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294848) ( <b>CPS Capital</b> ) as lead manager of the Public Offer ( <b>Lead Manager</b> ). A summary of the material terms and conditions of the lead manager mandate between the Company and the Lead Manager ( <b>Lead Manager Mandate</b> ) is set out in Section 9.1.                                                                                                                                                                                                                                                                                                                                                             | Section 9.1          |
| <b>What are the Conditions of the Offers?</b>                                   | <p>The Public Offer is conditional upon the following events occurring:</p> <ul style="list-style-type: none"> <li>(a) the Company receiving sufficient Applications to meet Full Subscription under the Public Offer (see Section 2.2 for further information); and</li> <li>(b) ASX granting conditional approval for the Company to be admitted to the Official List on conditions reasonably acceptable to the Company,</li> </ul> <p>(together, the <b>Conditions of the Public Offer</b>).</p> <p>There is a risk that the Conditions of the Public Offer will not be achieved. In the event the Conditions of the Public Offer are not achieved, the Company will not proceed with the Public Offer and</p> | Section 2.5          |

| Topic                                                                                                | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Reference                    |
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|                                                                                                      | will repay all Application Monies received without interest in accordance with the Corporations Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |
| <b>What will the Company's capital structure look like after the completion of the Public Offer?</b> | Refer to Section 4.14 for details of the Company's capital structure following completion of the Public Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Section 4.14                 |
| <b>Will any Securities be subject to escrow?</b>                                                     | <p>Subject to the Company being admitted to the Official List and completion of the Public Offer, certain Securities on issue will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>The Company will seek to enter into restriction deeds and issue restriction notices (as applicable) in respect of all Securities classified by ASX as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. The Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.</p> <p>The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company) at the time of admission to the Official List will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.</p> <p>The number of Securities that are subject to ASX imposed escrow are at ASX's discretion in accordance with the ASX Listing Rules and underlying policy.</p> | Section 4.16                 |
| <b>What are the key dates of the Offers?</b>                                                         | The key dates of the Public Offer is set out in the indicative timetable on page 6 of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Page 6                       |
| <b>What are the rights and liabilities attached to the Shares being offered?</b>                     | <p>A summary of the material rights and liabilities attached to the Shares offered under the Public Offer are set out in Section 10.1.</p> <p>A summary of the terms and conditions attaching to the Options are set out in Section 10.2.</p> <p>Also refer to Section 10.3 for a summary of the Company's employee incentive plan, pursuant to which additional Securities may be issued in the future.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Sections 10.1, 10.2 and 10.3 |

| Topic                                                                   | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Reference                |
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| <b>Are there any forecasts of future earnings?</b>                      | There are significant uncertainties associated with forecasting future revenues and expenses of the Group. In light of uncertainty as to timing and outcome of the Group's growth strategies and the general nature of the industry in which the Group will operate, as well as uncertain macro market and economic conditions in the Group's markets, the Group's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Section 5 and Annexure A |
| <b>D. Key Advantages and Key Risks</b>                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                          |
| <b>What are the Company's key strengths and competitive advantages?</b> | <p>The Directors are of the view that investing in the Company offers the following non-exhaustive list of benefits:</p> <p>(a) <b>Early mover advantage:</b> Boresight has made material penetration into the market for cost-effective, repeatable mission, attritable Target Drones. Boresight is an early mover in the market to provide Target Drones that are cost-effective enough for militaries and industry to be able to destroy in the volumes necessary for their respective purposes. Boresight has continued to confirm its market leadership through attendance at multiple defence and CUAS specific trade shows for the past 4+ years..</p> <p>(b) <b>Vertical integration:</b> Boresight continues to develop and have manufactured to its own design components for its drones wherever possible. This includes:</p> <ul style="list-style-type: none"> <li>(i) the in-house design and manufacture of its drone fuselages;</li> <li>(ii) the in-house development of its own mission planning software, including its 1:Many deconfliction and flight management software;</li> <li>(iii) the in-house design and manufacture of its own 1:Many radio network hub;</li> <li>(iv) the in-house design and outsourced manufacture its own flight control computer;</li> <li>(v) the in-house design and outsourced manufacture of its own navigation / GPS module;</li> <li>(vi) the in-house design and packaging of its own smart battery technology;</li> <li>(vii) the in-house design and manufacture of its own ISR drone hand controller with screen; and</li> <li>(viii) the in-house design and outsourced manufacture of its own radio system (ongoing).</li> </ul> <p>(c) <b>Productisation:</b> Boresight has expended considerable resources on productising its designs. This includes for its</p> | Section 4.11             |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Reference |
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|       | <p>Target Drones and its ISR Drones. Boresight has done this to ensure that its products are able to be manufactured at scale cost-effectively and efficiently.</p> <p>(d) <b>Reliability:</b> All Boresight products are thoroughly tested prior to delivery. This includes the flight testing of every drone prior to it leaving the factory. Any issues found are remediated. Boresight drones therefore have a high reliability rate when delivered to the customer.</p> <p>(e) <b>Cost-effectiveness:</b> Boresight's Target Drones cost anywhere from approximately 20-30% of their commercially available equivalents. This makes them attractive for purchasing at scale by militaries and industry due to their constrained budgets but an increasing requirement for aerial targets.</p> <p>(f) <b>Mission Planning Software:</b> Boresight's Mission Planning software enables the easy planning and conduct of safe, repeatable flight missions. Missions can be pre-planned and saved for re-use. This enables standardised training to be conducted with objective results. Mission types can be created from the very simple to the very complex. This enables different training scenarios to be conducted depending on the desired training level and outcome. This is all done within a low cognitive burden environment for the operator.</p> <p>(g) <b>Aerial Targets Eco-System:</b> All Boresight Target Drones will utilise the same mission planning software. This means that users only have to learn a single user interface for the mission planning software across multiple target types. This will also include the ability to run mixed target types within the same mission e.g. Quadcopter and fixed wing Target Drone types simultaneously. This increases user buy-in to the product line and reduces their overall training burden.</p> <p>(h) <b>Hot-swappable radios:</b> Different countries and regions have different compliance and frequency requirements for radios. Boresight's designs enable hot-swappable radios. This enables the same airframe design to be used within different regions by providing the relevant radio. It also enables customers, where relevant, to purchase multiple radios for the same airframe and easily swap them out for use in different scenarios.</p> <p>(i) <b>1:Many Capability:</b> Boresight's 1:Many capability enables the conduct of increasingly complex mission types, mimicking swarming, as well as the conduct of multiple user simultaneous training scenarios. It achieves this with a very small infrastructure footprint of a laptop and small radio control node only, connected via a cable. There is no need for internet access, so missions can be conducted in remote areas, which is typical for military ranges. Multiple drones</p> |           |

| Topic                                 | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Reference        |
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|                                       | <p>can be flown simultaneously by a single operator, reducing overall personnel costs and pilot resource requirements.</p> <p>(j) <b>Use of Additive Manufacturing Technologies:</b> Boresight's manufacturing processes use additive manufacturing technologies, reducing the time required for design, prototyping, iteration and production. Different types of additive manufacturing technologies are used depending on the type of product. This can include different types of 3D printers and will in future include injection moulding capabilities.</p> <p>(k) <b>Scalability:</b> Boresight is able to readily scale to meet increasing customer quantities. Boresight does this via the purchase of additional parts, the purchase of additional additive manufacturing systems, such as 3D printers, where necessary, and the addition of extra production staff as necessary. Boresight therefore scales linearly.</p> <p>(l) <b>Existing market penetration:</b> Boresight has established entities in the US, covering North America and the UK, covering Europe. The Group has an existing reseller network with plans to increase this network into more parts of Asia and the Middle East. Boresight has already made sales into multiple NATO and NATO aligned militaries and CUAS companies, as well as into Australia, New Zealand and the UAE. Given the nature of the Business, the Group is in ongoing negotiations and discussions with third-parties, government agencies and potential reseller parties, both locally and internationally, to expand the Group's existing customer base (including its reseller network and direct selling network). Whilst it is the Group's intention to expand its customer base and network to increase revenue, the negotiations in respect of these arrangements may be finalised at any time. However, the Group notes that there is no guarantee that such negotiations and discussions will be finalised and/or the Group will enter into further contracts with such parties</p> <p>(m) <b>Dual-Use Technologies:</b> Boresight is a dual-use technology company. Its systems are used by both military and CUAS industry customers. Its ISR Drone, professional services business and other future product offerings provide additional revenue paths.</p> |                  |
| <p><b>What are the key risks?</b></p> | <p>You should consider the key risks when deciding whether to invest in Shares. You should be aware that an investment in Shares should be considered a highly speculative investment. Some of the risks set out in this Prospectus are beyond the Group's control and those risks may have a material adverse impact on the Group and on its financial performance and position.</p> <p>Set out below is a summary of key risks which apply to an investment in the Company.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>Section 6</p> |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Reference |
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|       | <p>These risks include a variety of Company specific and general risks, including, but not limited to:</p> <p>(a) <b>Additional Requirements for Capital</b></p> <p>The Group's future capital requirements depend on numerous factors. Depending on the Group's ability to maintain its funds and revenue from its operations, the Group may require further capital in the future.</p> <p>Any additional equity financing will dilute shareholdings. If the Group is unable to obtain additional financing as and when needed, the Group may be required to reduce the scope of its operations.</p> <p>(b) <b>Conditionality of Offer</b></p> <p>The Public Offer is subject to the Conditions of the Public Offer summarised in Section 2.5. There is the risk that one or more of these conditions cannot be fulfilled, and therefore, the Public Offer will not proceed.</p> <p>(c) <b>Government and government affiliate contracts</b></p> <p>A significant portion of the Group's contracts are with government departments and/or government affiliates, in Australia, the United States and other jurisdictions. The Group's ability to continue to generate revenue significantly depends on its ability to continue to conduct business with these departments/agencies. Given the general nature of agreements with government departments and/or government affiliates, there is the risk that some of these customers may:</p> <ul style="list-style-type: none"> <li>(i) re-allocate their spending or budgeting, resulting in terminating, reducing or modifying contracts with the Group;</li> <li>(ii) award or terminate contracts at their absolute discretion;</li> <li>(iii) cancel multi-year contracts and related orders, if there is a change to funding availability; or</li> <li>(iv) adjust contract costs and fees.</li> </ul> <p>In the event that such contracts are not extended or are cancelled, this would have a significant adverse impact on the Group's operations and would directly impact the Group's financial performance.</p> <p>(d) <b>Going concern</b></p> <p>The Group's financial report for the year ended 31 December 2025 includes a statement indicating the existence of a material uncertainty about the Group's ability to continue as a going concern.</p> <p>Notwithstanding this 'going concern' qualification, the Directors believe that upon completion of the Public Offer,</p> |           |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Reference |
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|       | <p>the Group will have sufficient funds to adequately meet the Group's proposed growth strategy and continued operations for the next 24 months. However, it is likely that further funding may be required in the medium-long term, depending on the Group's ability to maintain its funds and revenue from operations (as set out in Section 6.2(a)).</p> <p>(e) In the event that the Public Offer is not completed, there is uncertainty as to whether the Group can continue as a going concern and this will likely have a material adverse effect on the Group's operations and impact the financial position. Refer to Section 5 for further details regarding the Group's financial information. <b>International operations</b></p> <p>The Group has re-seller arrangements with various third-parties in other countries and expects to continue conducting its business internationally. Accordingly, the Group's operations are exposed to numerous risks that are inherent to conducting global operations, including (but not limited to), economic and political stability in overseas jurisdictions, costs of complying with laws and regulations in numerous jurisdictions, and foreign currency fluctuation. Refer to Section 9.7 for further details regarding these re-seller arrangements.</p> <p>(f) <b>Supply chain</b></p> <p>The Group may face delays in product delivery from its various third-party suppliers, if these parties are unable to fulfil orders, which would directly impact the Group's ability to manufacture the Drones and meet customer orders. The Group has approximately 20 suppliers that it uses on a continual basis, with others used on an ad-hoc basis for specialist needs or on an as required basis. Issues with suppliers could delay delivery to customers and may therefore affect revenue and cash flow. It may also delay the development of additional products. Sourcing alternate suppliers if required may also delay product development or customer deliveries.</p> <p>(g) <b>Product liability</b></p> <p>There is no assurance that unforeseen manufacturing defects or events will not arise in the Group's Drones. Such adverse defects or events may expose the Group to product liability claims. If any such claims arose, the Group would have to re-focus its resources and funds on dealing with such claims, rather than focusing on the Group's growth strategy.</p> <p>The Group maintains adequate levels of insurance to cover product liability risks. However, there can be no assurance that such product liability claims will not materially and adversely impact the Group's operations and financial conditions. Further, such claims could damage the Group's brand and reputation.</p> |           |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Reference |
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|       | <p>(h) <b>Competition</b></p> <p>The Group operates in a competitive landscape in the drone industry. The Group may encounter competition from well-funded and well-established corporations in Australia and worldwide, that have significantly greater resources and capital than the Group. Competitors of the Group may also differentiate themselves through factors such as pricing, product quality, and innovation, which could position them ahead of the Company.</p> <p>An overview of the competitive landscape is set out in Section 3.3.</p> <p>(i) <b>Research and further development of the Drones</b></p> <p>The Group's business significantly involves research, development and commercialisation of the Drones.</p> <p>If the Group fails to identify and invest in research into like products and technologies, this could leave the Group behind its competitors, as well as result in customers moving to use of the products of the Group's competitors. Such investment from the Group is based on informed and calculated assumptions, as well as research.</p> <p>There is also the risk that if the Group invests into new and emerging technologies and/or areas, the Group may not receive the benefits of doing so for quite some time, or at all. As such, the Group may have invested significant cost and time with no benefit to come from this investment.</p> <p>(j) <b>Changes to laws or regulations</b></p> <p>The Group operates in multiple jurisdictions and is subject to local laws and regulations in each of these. While the Group actively monitors and is informed of legal and regulatory changes, there is the risk that the Company may not fully anticipate or keep up to date with changes, or the introduction of new laws and/or regulations, which could adversely impact the Group's operations. Further, changes to existing laws or regulations, particularly in respect of compliance and/or reporting obligations, may significantly increase costs for the Group.</p> <p>(k) <b>Reliance on key personnel</b></p> <p>The Group's performance and success depends to a large extent on the continuing efforts and expertise of its senior and key personnel. The loss of a senior or key member of the Group, may adversely affect the Group and its operations. Further, should the Group be unable to retain and attract highly skilled and appropriately qualified personnel, this may impede the Group's business and the Group achieving its objectives.</p> <p>(l) <b>Protection of intellectual property, trade secrets and confidentiality</b></p> |           |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Reference |
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|       | <p>The Group protects its intellectual property through reliance on trade secrets, internal data security policies and measures, and contractual confidentiality arrangements in regards to development and commercialisation of the Drones. There is the risk that the Group's existing measures to protect its trade secrets and maintain confidentiality may not be sufficient, or there may be a breach in confidentiality. There are measures in place to mitigate any breaches of confidentiality or unauthorised sharing of trade secrets, including (but not limited to) relevant protections within employment agreements and via mutual non-disclosure agreements with other parties. However, the Group cannot guarantee that there will be no unauthorised use (or misuse) of its intellectual property, or that employees or contractors of third parties will not breach confidentiality or divulge the Group's trade secrets or any commercially sensitive information.</p> <p>There is the possibility that third parties may challenge the Group's intellectual property rights. If the Group's intellectual property rights are challenged, the Company will be required to defend such claims. Irrespective of whether such claims are determined in the Group's favour or not, if the Group is required to defend such challenges, the Group may incur significant costs of such litigation, management would need to devote time and attention to defending such claims and the Group may suffer reputational damage. As at the date of this Prospectus, the Group is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has.</p> <p><b>(m) Intellectual Property Infringement</b></p> <p>The Group takes necessary precautions and steps to minimise the risk of infringement of the Company's intellectual property, and the risk of the Group infringing another party's intellectual property. However, there still remains the risk of intellectual property infringement and disputes arising from claims of any potential infringement.</p> <p>If the Group is required to either defend or pursue a claim of infringement, the Group may incur significant cost, deviating the time of management and key personnel, as well as possible reputational damage to the Group (in the case of defending a claim of infringement). To date, the Group is not aware of any threatened or pending claims of infringement by third parties against the Group for intellectual property infringement.</p> <p><b>(n) Third party reliance</b></p> <p>As noted above, the Group relies on a number of third parties to maintain and support its operations and business.</p> <p>Any significant changes to trading terms, supply arrangements, or relationships with these third parties, or the</p> |           |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Reference |
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|       | <p>inability to establish new arrangements, could adversely impact the Group's ability to carry on its business and operations.</p> <p>(o) <b>Change in strategy</b></p> <p>The Group's product development and commercialisation strategies and plans may evolve over time. Such changes could arise from a range of factors, including (but not limited to), shifts in market demand, varying levels of acceptance of the Drones across different jurisdictions, changes in the competitive environment, changes to regulatory frameworks and/or policies, and advancements or innovations in relevant technologies.</p> <p>A change in the Group's strategy may expose the Group to additional risks. The Group's current growth strategy is outlined at Section 4.9.</p> <p>(p) <b>Regulatory approvals</b></p> <p>The Group's business involves the development and commercialisation of products, which requires regulatory approvals from authorities in the relevant jurisdictions. These approvals often involve lengthy evaluation process and there is no guarantee that the Group will satisfy all regulatory requirements. If the Group is unable to meet the requirements of a regulator, the Group may be required to undertake further research, which would result in additional cost and delay to the Group.</p> <p>(q) <b>The Company is exposed to risks from future business combinations</b></p> <p>From time to time, the Group may pursue product acquisitions, adjacent market acquisitions, or other growth initiatives aligned with its stated growth strategy. The implementation of such initiatives may be complex, time-consuming and costly, and the integration process may give rise to unforeseen operational challenges and additional expenses. Accordingly, some of the risks the Group may come across in connection with any expansions, acquisitions and other growth initiatives, include (but are not limited to):</p> <ul style="list-style-type: none"> <li>(i) difficulties integrating and transitioning the operations, systems, technologies and personnel of an acquired business;</li> <li>(ii) disruption to the Group's existing operations and diversion of management's focus on transition and integration of the acquired business;</li> <li>(iii) challenges in entering markets where the Group has limited direct or prior experience and where competitors have established market positions;</li> <li>(iv) the potential loss of key employees, clients or suppliers of the acquired business;</li> </ul> |           |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Reference |
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|       | <p>(v) assumption of liabilities and incurrence of debt to fund acquisitions;</p> <p>(vi) assuming contractual obligations on terms that are not beneficial to the Group;</p> <p>(vii) failure to achieve the expected synergies and increases in revenue, margins and net profit from acquisitions; and</p> <p>(viii) limited experience with local laws, regulations and business customs in new and unfamiliar markets.</p> <p>The occurrence of any of these risks could result in an expansion, acquisition or other growth initiative failing to achieve its strategic objectives, deliver anticipated financial benefits or achieve expected synergies.</p> <p>In addition, opportunities for future expansions, acquisitions or other growth initiatives may be influenced by factors beyond the control of the Group, its Directors and senior management (including, but not limited to, commercial or regulatory developments), and such opportunities are uncertain not reliably predictable.</p> <p>(r) <b>Brand or reputational damage</b></p> <p>The Group's financial performance is closely tied to its reputation and the market's perception of its brand. Accordingly, the preservation and enhancement of the Group's brand are critical to its ongoing operations and future growth prospects.</p> <p>Whilst the Group implements strategies aimed at maintaining and strengthening its reputation, there are a range of factors beyond the Group's control that may adversely affect its brand, including (but not limited to), actions or performance of technology providers, business partners, or other third parties.</p> <p>Any material damage to the Group's reputation or brand could lead to customers, suppliers or other stakeholders choosing not to engage with the Group, which may in turn have an adverse impact on the Group's financial position and overall success and performance.</p> <p>(s) <b>Execute and manage the Group's growth strategy</b></p> <p>Section 4.9 outlines the Group's growth strategy.</p> <p>Successful implementation of the Group's growth strategy requires a number of things, including (but not limited to) identifying new opportunities for the Group to expand its operations into. The Group's growth may also depend on the Group's ability to successfully compete for certain government contracts.</p> <p>The success of the Group is also dependent on being able to manage its growth. The Group's growth strategy is based on</p> |           |

| Topic                                                         | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Reference    |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
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|                                                               | <p>assumptions derived from the Group’s prior operations and the direction that the Directors see the Group moving in. If the Group is unable to effectively execute and manage its growth strategies, this would have a material adverse effect on the Group’s business and its financial performance.</p> <p>(t) <b>Failure to meet financial forecasts</b></p> <p>This Prospectus contains various forward-looking statements, estimates and opinions which are based on a number of assumptions. There are a number of factors, including unknown factors, which may have an impact on the performance of the Group, resulting in the actual financial performance of the Group being materially different to the forecasted profit or performance. The Group is unable to guarantee that it will achieve all the objectives set out in this Prospectus, including the statements made in respect of the financial performance and forecasts.</p> <p>This list is only a summary and is not exhaustive, the prospective Applicants should refer to additional risk factors in Section 6 of this Prospectus before deciding to apply for Shares under the Prospectus.</p> |              |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
| E. Directors, Related Party Interests and Substantial Holders |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
| Board and Management                                          | <p>The Directors of the Company comprise of:</p> <p>(a) Mr Justin Olde (Managing Director and Chief Executive Officer);</p> <p>(b) Mr Michael Sinkowitsch (Executive Director);</p> <p>(a) Dr. Andrew Windsor (Non-Executive Chairman); and</p> <p>(b) Mr Blake Burton (Non-Executive Director).</p> <p>Refer to Section 7.1 details of the experience and qualifications of the Directors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Section 7.1. |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
| What benefits are being paid to the Directors?                | <p>The below table sets out the proposed cash remuneration to be paid to the Directors.</p> <table><tr><th>Director</th><th>Cash remuneration (per annum) <sup>1</sup></th></tr><tr><td>Mr Justin Olde<sup>2</sup></td><td>\$300,000</td></tr><tr><td>Mr Michael Sinkowitsch<sup>3</sup></td><td>\$60,000</td></tr><tr><td>Dr. Andrew Windsor<sup>4</sup></td><td>\$60,000</td></tr><tr><td>Mr Blake Burton<sup>5</sup></td><td>\$60,000</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Director     | Cash remuneration (per annum) <sup>1</sup> | Mr Justin Olde <sup>2</sup> | \$300,000 | Mr Michael Sinkowitsch <sup>3</sup> | \$60,000 | Dr. Andrew Windsor <sup>4</sup> | \$60,000 | Mr Blake Burton <sup>5</sup> | \$60,000 | Sections 7.5(c), 9.3 and 9.4 |
| Director                                                      | Cash remuneration (per annum) <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
| Mr Justin Olde <sup>2</sup>                                   | \$300,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
| Mr Michael Sinkowitsch <sup>3</sup>                           | \$60,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
| Dr. Andrew Windsor <sup>4</sup>                               | \$60,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |
| Mr Blake Burton <sup>5</sup>                                  | \$60,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |                                            |                             |           |                                     |          |                                 |          |                              |          |                              |

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|       | <p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>Figures exclusive of any applicable GST and/or statutory superannuation. Refer to the terms of the executive service agreements and letters of appointment between the Company and the Directors (as applicable) at Sections 9.3, 9.4 and 9.5.</li> <li>Mr Olde was appointed as Managing Director (in addition to Chief Executive Officer) of the Company on 12 December 2025. Prior to this, Mr Olde was Chief Executive Officer of the Company. In the previous two (2) years Mr Olde has received remuneration totalling \$514,230.76 (exclusive of any applicable minimum statutory superannuation) from the Company. Mr Olde is entitled to receive a salary of \$300,000 per annum (exclusive of minimum statutory superannuation). Mr Olde also holds 8,077,500 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Mr Olde's interests in Securities in the Company. Refer to Section 9.3 for further details regarding the terms of Mr Olde's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.</li> <li>Mr Sinkowitsch was appointed as a Director of the Company at incorporation (being 9 July 2020), and transitioned to Executive Director of the Company on 12 December 2025. In the previous two (2) years Mr Sinkowitsch has received remuneration totalling \$18,043.48 (exclusive of any applicable minimum statutory superannuation) from the Company. Mr Sinkowitsch is entitled to Directors' fees of \$60,000 per annum (exclusive of minimum statutory superannuation). Mr Sinkowitsch also holds 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Mr Sinkowitsch's interests in Securities in the Company. Refer to Section 9.4 for further details regarding the terms of Mr Sinkowitsch's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.</li> <li>Dr. Windsor was appointed as a Director of the Company at incorporation (being 9 July 2020), and transitioned to Non-Executive Chairman of the Company on 12 December 2025. In the previous two (2) years Dr. Windsor has received remuneration totalling \$18,043.48 (exclusive of any applicable minimum statutory superannuation) from the Company. Dr. Windsor is entitled to Directors' fees of \$60,000 per annum (exclusive of minimum statutory superannuation). Dr. Windsor also holds 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Dr. Windsor's interests in Securities in the Company. Refer to Section 9.5 for further details regarding the terms of Dr. Windsor's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.</li> <li>Mr Burton was appointed as a Non-Executive Director of the Company on 1 March 2026. In the previous two (2) years, Mr Burton has received remuneration totalling \$5,000 (exclusive of any applicable minimum statutory superannuation) from the Company. Mr Burton is entitled to Directors' fees of \$60,000 per annum (exclusive of minimum statutory superannuation). Mr Burton also holds 1,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Mr Burton's interests in Securities in the Company. Refer to Section 9.5 for further details regarding the terms of Mr Burton's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.</li> </ol> <p>The number of Options issued to the Directors was determined based on the experience and skill set brought by each Director to the Board, each Directors expected future workload and</p> |           |

| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reference |
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|       | <p>involvement in assisting the Company following Admission, and current market standards for ASX listed companies of a similar size and stage of development. The issue of these Options is a reasonable and appropriate method to provide cost-effective incentives as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors.</p> |           |



| Topic | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Reference |
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|       | <ul style="list-style-type: none"> <li>b. 55,731 Shares held indirectly as units in the Phase Alpha Investment Trust #4 managed by Phase Alpha Pty Ltd (CAR No. 1303124); and</li> <li>c. 1,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held indirectly via Burton Capital Holdings Pty Ltd &lt;Burton Investment A/C&gt;, being an entity associated with Mr Blake Burton. Refer to Section 10.2 for the full terms and conditions of the Options.</li> </ul> <p>Refer to Section 7.5(b) for details regarding the interests of the Directors and their related entities in Securities on Admission. The full terms and conditions of the Options are set out in Section 10.2.</p> |           |

|                                                                                                                                                                                                                                                                                                                              |                                                                                                                                |               |                |                      |                    |              |
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| <b>Who will be the substantial holders of the Company?</b>                                                                                                                                                                                                                                                                   | Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below. |               |                |                      |                    | Section 4.15 |
|                                                                                                                                                                                                                                                                                                                              | <b>Substantial shareholdings as at the date of this Prospectus</b>                                                             |               |                |                      |                    |              |
|                                                                                                                                                                                                                                                                                                                              | <b>Holder</b>                                                                                                                  | <b>Shares</b> | <b>Options</b> | <b>% (undiluted)</b> | <b>% (diluted)</b> |              |
|                                                                                                                                                                                                                                                                                                                              | Criterion Solutions Pty Ltd                                                                                                    | 81,245,265    | -              | 48.07%               | 43.13%             |              |
|                                                                                                                                                                                                                                                                                                                              | My Monster Holdings Pty Ltd (ATF for the Buckham Hall Trust)                                                                   | 17,090,145    | -              | 10.11%               | 9.07%              |              |
|                                                                                                                                                                                                                                                                                                                              | Phase Alpha Pty Ltd <Phase Alpha Investment A/C>                                                                               | 8,846,154     | -              | 5.23%                | 4.70%              |              |
| <b>Substantial Shareholders on completion of the Public Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Public Offer, unless specified otherwise below)</b>                                                                                                    |                                                                                                                                |               |                |                      |                    |              |
|                                                                                                                                                                                                                                                                                                                              | <b>Holder</b>                                                                                                                  | <b>Shares</b> | <b>Options</b> | <b>% (undiluted)</b> | <b>% (diluted)</b> |              |
|                                                                                                                                                                                                                                                                                                                              | Criterion Solutions Pty Ltd                                                                                                    | 81,245,265    | -              | 38.87%               | 33.27%             |              |
|                                                                                                                                                                                                                                                                                                                              | My Monster Holdings Pty Ltd (ATF for the Buckham Hall Trust)                                                                   | 17,090,145    | -              | 8.18%                | 7.00%              |              |
| Refer to Section 4.15 for notes relating to the above tables and further details regarding the Shareholders who are expected to hold 5% or more of the total number of Shares on issue at Admission (based on information known at the date of this Prospectus and subject to Applications received under the Public Offer). |                                                                                                                                |               |                |                      |                    |              |
| Each of the substantial shareholders noted in the tables above have indicated that they do not intend to participate in the Public Offer. Refer to Section 2.5 for further details regarding the effect on control of the Company.                                                                                           |                                                                                                                                |               |                |                      |                    |              |
| The Company will announce to the ASX details of its top-20 Shareholders following completion of the Public Offer prior to the Shares commencing trading on ASX.                                                                                                                                                              |                                                                                                                                |               |                |                      |                    |              |

| Topic                                                                       | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Reference                        |  |      |           |                      |           |       |             |                |       |                                     |
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| What important contracts has the Company entered into with related parties? | <p>The Company has entered into the following related party transactions on arms' length terms:</p> <ul style="list-style-type: none"><li>(a) an executive services agreement with Mr Justin Olde for his appointment as Managing Director and Chief Executive Officer;</li><li>(b) an executive services agreement with Mr Michael Sinkowitsch for his appointment as Executive Director;</li><li>(c) a letter of appointment with Dr. Andrew Windsor for his appointment as Non-Executive Chairman;</li><li>(d) a letter of appointment with Mr Blake Burton for his appointment as Non-Executive Director; and</li><li>(e) deeds of indemnity, insurance and access with each of its Directors.</li></ul> <p>Refer to Sections 7.6 and 9 for further details of the material contracts to which the Company is party to.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Section 7.6 and 9                |  |      |           |                      |           |       |             |                |       |                                     |
| F. Advisor Interests                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                  |  |      |           |                      |           |       |             |                |       |                                     |
| What benefits are being paid to the Lead Manager and to other advisors?     | <p><b>Lead Manager</b></p> <p>In accordance with the Lead Manager Mandate, the Lead Manager will receive:</p> <ul style="list-style-type: none"><li>(a) a capital raising fee of 6% (plus GST) of the total amount raised by the Lead Manager under the Offer (that being a maximum of \$480,000 (plus GST) based on Full Subscription); and</li><li>(b) 4,789,115 Lead Manager Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List).</li></ul> <p>The total value of the fees payable to the Lead Manager pursuant to the Lead Manager Mandate is as follows:</p> <table><tr><th colspan="2">Full Subscription<br/>\$8,000,000</th></tr><tr><td>Cash</td><td>\$480,000</td></tr><tr><td>Lead Manager Options</td><td>\$705,465</td></tr><tr><td>Total</td><td>\$1,185,465</td></tr><tr><td>% of IPO funds</td><td>14.8%</td></tr></table> <p>The Company values the Lead Manager Options at \$0.147 each using the Black &amp; Scholes Option Model, based on a risk-free interest rate of 4.48% and a volatility of 100% with an expiry date of five (5) years from the date the Company is Admitted to the Official List. Refer to Section 5 and the Independent Limited Assurance Report at Annexure A for further information regarding the valuation of the Lead Manager Options. The Lead Manager</p> | Full Subscription<br>\$8,000,000 |  | Cash | \$480,000 | Lead Manager Options | \$705,465 | Total | \$1,185,465 | % of IPO funds | 14.8% | Sections 2.7(a), 9.1, 9.2 and 10.5. |
| Full Subscription<br>\$8,000,000                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                  |  |      |           |                      |           |       |             |                |       |                                     |
| Cash                                                                        | \$480,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                  |  |      |           |                      |           |       |             |                |       |                                     |
| Lead Manager Options                                                        | \$705,465                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                  |  |      |           |                      |           |       |             |                |       |                                     |
| Total                                                                       | \$1,185,465                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                  |  |      |           |                      |           |       |             |                |       |                                     |
| % of IPO funds                                                              | 14.8%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                  |  |      |           |                      |           |       |             |                |       |                                     |

| Topic                                                                     | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Reference |                       |                             |                       |                             |                           |           |   |       |       |                                |           |   |       |       |                      |
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|                                                                           | <p>Options will be subject to ASX imposed escrow for a period of twenty-four (24) months from the date of Official Quotation.</p> <p>The Company agreed to pay the fees to the Lead Manager set out above following arm’s length negotiations with the Lead Manager. The Company considers that the fees payable under the Lead Manager Mandate are on industry standard commercial terms for capital raisings of this size and nature. The Lead Manager has previously received fees totalling \$26,400 (inclusive of GST) from the Company for services provided in relation to the Pre-IPO Capital Raising. For the avoidance of doubt, the Lead Manager is not a related party of the Company.</p> <p>Refer to Section 9.1 for a summary of the key terms and conditions of the Lead Manager Mandate. The full terms and conditions of the Lead Manager Options are set out in Section 10.2.</p> <p><b>Corporate Adviser</b></p> <p>The Company entered into a mandate to appoint ARQ Capital Pty Ltd (ACN 135 397 796) (<b>Corporate Advisor</b>) as corporate advisor to the Company with effect from the date the Company is admitted to the Official List of the ASX (<b>Corporate Advisor Mandate</b>).</p> <p>Pursuant to the Corporate Advisor Mandate, the Corporate Advisor will be paid a monthly retainer of \$4,000 (plus GST) per month for corporate advisory services for two (2) months commencing on the date the Company is admitted to the Official List of the ASX (a total of \$8,000 (plus GST)).</p> <p>The Corporate Advisor has previously received fees totalling \$52,800 (inclusive of GST) from the Company for services provided in relation to the First Seed Raising, Second Seed Raising and Pre-IPO Capital Raising.</p> <p>Refer to Section 9.2 for a summary of the key terms and conditions of the Corporate Advisor Mandate.</p> <p><b>Other</b></p> <p>Details of fees to be paid to other advisors in connection with the Public Offer are set out in Section 10.7.</p> |           |                       |                             |                       |                             |                           |           |   |       |       |                                |           |   |       |       |                      |
| <b>What are the advisors’ interests in the Securities of the Company?</b> | <p>As at the date of this Prospectus, the Lead Manager and Corporate Advisor (and/or their respective associates) have the following interests in the Securities of the Company:</p> <table><tr><th>Advisor</th><th>Shares</th><th>Options</th><th>%<br/>(undiluted)<br/>1</th><th>%<br/>(diluted)<sup>1</sup></th></tr><tr><td>Lead Manager<sup>2</sup></td><td>2,196,154</td><td>-</td><td>1.30%</td><td>1.17%</td></tr><tr><td>Corporate Advisor<sup>3</sup></td><td>2,964,280</td><td>-</td><td>1.75%</td><td>1.57%</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Advisor   | Shares                | Options                     | %<br>(undiluted)<br>1 | %<br>(diluted) <sup>1</sup> | Lead Manager <sup>2</sup> | 2,196,154 | - | 1.30% | 1.17% | Corporate Advisor <sup>3</sup> | 2,964,280 | - | 1.75% | 1.57% | Sections 2.7 and 9.1 |
| Advisor                                                                   | Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Options   | %<br>(undiluted)<br>1 | %<br>(diluted) <sup>1</sup> |                       |                             |                           |           |   |       |       |                                |           |   |       |       |                      |
| Lead Manager <sup>2</sup>                                                 | 2,196,154                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -         | 1.30%                 | 1.17%                       |                       |                             |                           |           |   |       |       |                                |           |   |       |       |                      |
| Corporate Advisor <sup>3</sup>                                            | 2,964,280                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -         | 1.75%                 | 1.57%                       |                       |                             |                           |           |   |       |       |                                |           |   |       |       |                      |

| Topic                            | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Reference                  |                       |                             |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |
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|                                  | <p>Based on the information available to the Company as at the date of this Prospectus regarding the intentions of the Lead Manager and the Corporate Advisor (and/or their respective associates) in relation to the Public Offer, they will have a relevant interest in the following Securities on Admission:</p> <table><tr><th>Advisor</th><th>Shares</th><th>Options</th><th>%<br/>(undiluted)<br/>1</th><th>%<br/>(diluted)<sup>1</sup></th></tr><tr><td>Lead Manager<sup>2</sup></td><td>2,196,154</td><td>4,789,115</td><td>1.05%</td><td>0.89%</td></tr><tr><td>Corporate Advisor<sup>3</sup></td><td>2,964,280</td><td>-</td><td>1.42%</td><td>1.21%</td></tr></table> <p><b>Notes:</b></p> <p>1. Figures calculated on the basis that the Company has 169,022,782 Shares and 19,363,702 Options on issue as at the date of this Prospectus, and that the Company will have 209,022,782 Shares and 35,152,817 Options on issue at Admission based on Full Subscription.</p> <p>2. 2,196,154 Shares held by Cityscape Asset Pty Ltd &lt;Cityscape Family A/C&gt;, being an entity associated with the Lead Manager, as follows:</p> <p>a. 846,154 Shares issued pursuant to the Second Seed Raising (at an issue price of \$0.065 per Share); and</p> <p>b. 1,3500,000 Shares issued pursuant to the Pre-IPO Seed Raising (at an issue price of \$0.16 per Share).</p> <p>3. Comprising:</p> <p>a. 2,500,000 Shares held by Campania Investment Holdings Pty Ltd &lt;No1 A/C&gt; being an entity associated with the Corporate Advisor, issued pursuant to the First Seed Raising (at an issue price of \$0.00001); and</p> <p>b. 464,280 Shares held by Black Trojan Investments Pty Ltd &lt;One Triple One A/C&gt;, being an entity associated with the Corporate Advisor, issued pursuant to the Second Seed Raising (at an issue price of \$0.065 each).</p> <p><b>Advisors' participation in previous placements</b></p> <p>Other than as detailed in the table below, the Lead Manager and the Corporate Advisor (and/or their respective associates) have not participated in a placement of Securities by the Company in the last two (2) years preceding lodgement of this Prospectus.</p> <table><tr><th>Advisor</th><th>Shares</th><th>Consideration<sup>1</sup></th><th>Date issued</th></tr><tr><td colspan="4"><b>Lead Manager</b></td></tr><tr><td>First Seed Raising<sup>2</sup></td><td>-</td><td>-</td><td>-</td></tr><tr><td>Second Seed Raising<sup>3</sup></td><td>846,154</td><td>-</td><td>30 November 2025</td></tr></table> | Advisor                    | Shares                | Options                     | %<br>(undiluted)<br>1 | %<br>(diluted) <sup>1</sup> | Lead Manager <sup>2</sup> | 2,196,154 | 4,789,115 | 1.05% | 0.89% | Corporate Advisor <sup>3</sup> | 2,964,280 | - | 1.42% | 1.21% | Advisor | Shares | Consideration <sup>1</sup> | Date issued | <b>Lead Manager</b> |  |  |  | First Seed Raising <sup>2</sup> | - | - | - | Second Seed Raising <sup>3</sup> | 846,154 | - | 30 November 2025 |  |
| Advisor                          | Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Options                    | %<br>(undiluted)<br>1 | %<br>(diluted) <sup>1</sup> |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |
| Lead Manager <sup>2</sup>        | 2,196,154                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 4,789,115                  | 1.05%                 | 0.89%                       |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |
| Corporate Advisor <sup>3</sup>   | 2,964,280                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                          | 1.42%                 | 1.21%                       |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |
| Advisor                          | Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Consideration <sup>1</sup> | Date issued           |                             |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |
| <b>Lead Manager</b>              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |                       |                             |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |
| First Seed Raising <sup>2</sup>  | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                          | -                     |                             |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |
| Second Seed Raising <sup>3</sup> | 846,154                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                          | 30 November 2025      |                             |                       |                             |                           |           |           |       |       |                                |           |   |       |       |         |        |                            |             |                     |  |  |  |                                 |   |   |   |                                  |         |   |                  |  |

| Topic                                                 | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |           |          |                  | Reference                |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|------------------|--------------------------|
|                                                       | Pre-IPO Capital Raising <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,350,000 | \$26,400 | 18 March 2026    |                          |
|                                                       | Corporate Advisor                                                                                                                                                                                                                                                                                                                                                                                                                                                        |           |          |                  |                          |
|                                                       | First Seed Raising <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2,500,000 | -        | 30 November 2025 |                          |
|                                                       | Second Seed Raising <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                         | 464,280   | -        | 30 November 2025 |                          |
|                                                       | Pre-IPO Capital Raising <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                     | -         | \$52,800 | 18 March 2026    |                          |
|                                                       | Notes:                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |          |                  |                          |
|                                                       | 1. Inclusive of any applicable GST.<br>2. Shares issued at an issue price of \$0.00001 each.<br>3. Shares issued at an issue price of \$0.065 each.<br>4. Shares issued at an issue price of \$0.16 each.                                                                                                                                                                                                                                                                |           |          |                  |                          |
| G. Financial Information                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           |          |                  |                          |
| What is the financial position of the Company?        | A summary of the financial position of the Company is set out in Section 5 and in the Independent Limited Assurance Report in Annexure A.                                                                                                                                                                                                                                                                                                                                |           |          |                  | Section 5 and Annexure A |
| H. Additional Information                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           |          |                  |                          |
| How do I apply for Shares under the Public Offer?     | Applications for Shares under the Public Offer must be made using the Application Form and in accordance with the instructions set out in Section 2.11.                                                                                                                                                                                                                                                                                                                  |           |          |                  | Section 2.11             |
| What is the allocation policy under the Public Offer? | The Company retains an absolute discretion to allocate Shares under the Public Offer and reserves the right, in its absolute discretion, to issue to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application Form.<br><br>If the number of Shares issued is fewer than the number applied for, or where no issue is made, surplus application money will be refunded without interest as soon as practicable. |           |          |                  | Section 2.12             |

| Topic                                                                            | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Reference               |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                  | <p>No Applicant under the Public Offer has any assurance of being allocated all or any Shares applied for.</p> <p>The allocation of Shares by Directors will be influenced by the following factors:</p> <ul style="list-style-type: none"> <li>(a) the number of Shares applied for;</li> <li>(b) the overall level of demand for the Public Offer;</li> <li>(c) the desire for spread of investors, including institutional investors; and</li> <li>(d) the desire for an informed and active market for trading Shares following completion of the Public Offer.</li> </ul> <p>The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for under the Public Offer.</p> |                         |
| <b>What is the minimum investment size under the Public Offer?</b>               | Applications for Shares under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 2,500 Shares (\$500) and payment for the Shares must be made in full at the issue price of \$0.20 per Share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Section 2.11            |
| <b>What are the total expenses of the Offer</b>                                  | The total cash expenses of the Public Offer (inclusive of GST) are approximately \$846,195 based on Full Subscription. For further details regarding the expenses of the Public Offer please refer to Section 10.7.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Section 10.7            |
| <b>What are the corporate governance principles and policies of the Company?</b> | <p>To the extent applicable, the Company has adopted the Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) as published by ASX Corporate Governance Council (<b>Recommendations</b>).</p> <p>The Company's main corporate governance policies and practices and the Company's compliance and departures from the Recommendations as at the date of this Prospectus are outlined in Section 8.</p> <p>In addition the Company's full Corporate Governance Plan is available from the Company's website (<a href="https://www.boresightuas.com/">https://www.boresightuas.com/</a>).</p>                                                                                                            | Section 8               |
| <b>Will the Securities be quoted on the ASX?</b>                                 | <p>Application for quotation of all Shares to be issued under the Public Offer will be made to the ASX no later than seven (7) days after the date of this Prospectus. The rights attaching to the Shares under the Public Offer are set out in Section 10.1.</p> <p>There are currently no Options on issue, or to be issued, that are currently anticipated to be quoted at the time the Company is admitted to the Official List.</p>                                                                                                                                                                                                                                                                                     | Sections 2.13 and 10.1. |

| Topic                                                            | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Reference           |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>What are the tax implications of investing in the Shares?</b> | <p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.</p> | Section 2.19        |
| <b>What is the Company's dividend policy?</b>                    | <p>The Company does not expect to pay dividends in the near future. Refer to Section 4.18 for more details on the Company's dividend policy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                         | Section 4.18        |
| <b>Company contact</b>                                           | <p>Should you have any queries with respect to the Company or this Prospectus, you can contact the Company by email at <a href="mailto:admin@boresighttargets.com">admin@boresighttargets.com</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                   | Corporate Directory |

**Note:** This information is a selective overview only. Prospective investors should read the Prospectus in full, including the experts' reports included in this Prospectus before deciding to invest in Shares.

## 2. Details of the Public Offer

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### 2.1 Public Offer

Pursuant to this Prospectus, the Company invites applications for 40,000,000 Shares, at an issue price of \$0.20 per Share, to raise \$8,000,000 (before costs) (**Public Offer**).

The Public Offer is open to the general public however investors who are not Australian residents should consider the statements and restrictions set out in Section 2.15 before applying for Shares.

The Shares to be issued under the Public Offer are of the same class and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to Shares can be found in Section 10.1.

Applications for Shares under the Public Offer must be made using the Application Form accompanying this Prospectus or using the online Application Form at <https://xcend.app/boresightipo2026>. Completed Applications and Application Monies must be received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Public Offer should refer to Section 2.11 and the Application Form for further details and instructions.

It is intended that the funds raised from the Public Offer will be applied in accordance with the table set out in Section 2.10.

The Company believes that, following completion of the Public Offer, the Company will have sufficient working capital to achieve its objectives as set out in this Prospectus.

All Application Monies are payable in full on Application.

### 2.2 Full Subscription

The full subscription requirement for the Public Offer is \$8,000,000 (before costs) representing the subscription of 40,000,000 Shares, at an issue price of \$0.20 per Share (**Full Subscription**).

None of the Shares offered by this Prospectus will be issued if Applications are not received for the Full Subscription. Should Applications for the Full Subscription not be received within four (4) months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one (1) month to withdraw their Applications and Application Monies will be repaid (without interest).

### 2.3 Oversubscriptions

No oversubscriptions will be accepted by the Company under the Public Offer.

### 2.4 Not underwritten

The Public Offer is not underwritten.

### 2.5 Effect on Control of the Company

As set out in Section 4.15, the Company's substantial shareholders hold the following number of Shares and respective voting power (on an undiluted basis):

- (a) Criterion Solutions Pty Ltd holds 81,245,265 Shares (equivalent to a voting power of approximately 48.07%);
- (b) My Monster Holdings Pty Ltd (ATF for the Buckham Hall Trust) holds 17,090,145 Shares (equivalent to a voting power of approximately 10.11%); and
- (c) Phase Alpha Pty Ltd <Phase Alpha Investment A/C> holds 8,846,154 Shares (equivalent to a voting power of approximately 5.23%),

as at the date of this Prospectus. Criterion Solutions Pty Ltd (being an entity associated with Mr Michael Sinkowitsch and Dr. Andrew Windsor), My Monster Holdings Pty Ltd (being an entity associated with Dr. Alexander Hall) and Phase Alpha Pty Ltd have each indicated that they do not intend to participate in the Public Offer.

Accordingly, it is anticipated that upon completion of the Public Offer (and based on Full Subscription), only Criterion Solutions Pty Ltd and My Monster Holdings Pty Ltd will hold voting power of 5% or more, being approximately 38.87% and 8.18% respectively (on an undiluted basis).

Refer to Section 4.15 for further details regarding the Company's substantial shareholders.

## 2.6 Conditions of the Public Offer

The Public Offer is conditional upon:

- (a) the Company receiving sufficient Applications to meet Full Subscription under the Public Offer (see Section 2.2 for further information); and
- (b) ASX granting conditional approval for the Company to be admitted to the Official List of the ASX on conditions reasonably acceptable to the Company.

(together, the **Conditions of the Public Offer**).

There is a risk that the Conditions of the Public Offer will not be achieved. In the event the Conditions of the Public Offer is not achieved, the Company will not proceed with the Public Offer and will repay all Application Monies received without interest in accordance with the Corporations Act.

## 2.7 Lead Manager's interest in the Public Offer

The Company has appointed CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294848) as lead manager to the Public Offer (**Lead Manager**). A summary of the material terms and conditions of the lead manager mandate between the Company and the Lead Manager (**Lead Manager Mandate**) is set out in Section 9.1.

### (a) Fees payable to the Lead Manager

In accordance with the Lead Manager Mandate, the Lead Manager will receive the following fees in accordance with the Lead Manager Mandate:

- (i) a capital raising fee of 6% (plus GST) of the total amount raised by the Lead Manager under the Offer (that being a maximum of \$480,000 (plus GST) based on Full Subscription); and
- (ii) issue to the Lead Manager (or its nominees) 4,789,115 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the

Company is admitted to the Official List) (**Lead Manager Options**). The total value of the Lead Manager Options being \$705,465 (at \$0.147 per Lead Manager Option).

The full terms and conditions of the Lead Manager Options are set out in Section 10.2.

The total value of the fees payable to the Lead Manager pursuant to the Lead Manager Mandate is as follows:

|                             | <b>Full Subscription<br/>\$8,000,000</b> |
|-----------------------------|------------------------------------------|
| <b>Cash</b>                 | \$480,000                                |
| <b>Lead Manager Options</b> | \$705,465                                |
| <b>Total</b>                | \$1,185,465                              |
| <b>% of IPO funds</b>       | 14.8%                                    |

The Company values the Lead Manager Options at \$0.147 each using the Black & Scholes Option Model, based on a risk-free interest rate of 4.48% and a volatility of 100% with an expiry date of five (5) years from the date the Company is Admitted to the Official List. Refer to Section 5 and the Independent Limited Assurance Report at Annexure A for further information regarding the valuation of the Lead Manager Options. The Lead Manager Options will be subject to ASX imposed escrow for a period of twenty-four (24) months from the date of Official Quotation.

The Company agreed to pay the fees to the Lead Manager set out above following arm's length negotiations with the Lead Manager. The Company considers that the fees payable under the Lead Manager Mandate are on industry standard commercial terms for capital raisings of this size and nature. For the avoidance of doubt, the Lead Manager is not a related party of the Company.

The Company considered the following in deciding to issue the Lead Manager Options:

- (i) the exercise price of the Lead Manager Options is the same as the existing Options on issue, being those Options issued to the Directors and employees of the Company;
- (ii) the grant of the Lead Manager Options has no immediate cash impact for the Company and will have no long-term impact on the capital structure of the Company unless the Lead Manager Options are exercised; and
- (iii) any exercise of the Lead Manager Options would result in additional funds being raised by the Company upon which no further fees or commissions are payable.

Refer to Section 9.1 for a summary of the key terms and conditions of the Lead Manager Mandate.

(b) **Lead Manager's interests in Securities**

As at the date of this Prospectus, the Lead Manager (and its associates) have the following interests in the Securities of the Company:

| Shares <sup>1</sup> | Options | % (undiluted) <sup>2</sup> | % (diluted) <sup>2</sup> |
|---------------------|---------|----------------------------|--------------------------|
| 2,196,154           | -       | 1.30%                      | 1.17%                    |

**Notes:**

1. 2,196,154 Shares held by Cityscape Asset Pty Ltd <Cityscape Family A/C>, being an entity associated with the Lead Manager, as follows:
  - a. 846,154 Shares issued pursuant to the Second Seed Raising (at an issue price of \$0.065 per Share); and
  - b. 1,350,000 Shares issued pursuant to the Pre-IPO Capital Raising (at an issue price of \$0.16 per Share).
2. Figures calculated on the basis that the Company will have 169,022,782 Shares and 19,363,702 Options on issue as at the date of this Prospectus.

Based on the information available to the Company as at the date of this Prospectus regarding the intentions of the Lead Manager and its associates in relation to the Public Offer, the Lead Manager (and/or its associates) will have a relevant interest in 2,196,154 Shares (representing a percentage shareholding of 1.05% based on Full Subscription on an undiluted basis) and 4,789,115 Options on Admission. Refer to Section 10.2 for the full terms and conditions of the Options.

**(c) Participation in previous placements**

- (i) Other than as detailed below, the Lead Manager has not participated in a placement of Securities by the Company in 2 years preceding lodgement of this Prospectus.
- (ii) The Lead Manager (and/or its associates) have been issued with the following:

| Placement Round         | Shares                 | Consideration <sup>1</sup> | Date issued      |
|-------------------------|------------------------|----------------------------|------------------|
| Seed Raising            | 846,154 <sup>2</sup>   | -                          | 30 November 2025 |
| Pre-IPO Capital Raising | 1,350,000 <sup>3</sup> | \$26,400                   | 18 March 2026    |

**Notes:**

1. Inclusive of GST.
2. Issued at an issue price of \$0.065 each.
3. Issued at an issue price of \$0.16 each.

Other than as set out in the above table, the Lead Manager (and/or its associates) did not receive any other fees in respect of the abovementioned placement of Securities.

Refer to Section 4.14 for details regarding previous placements undertaken by the Company since incorporation.

## 2.8 Purpose of the Public Offer

The principal purposes of the Public Offer are to:

- (a) implement the business model and objectives of the Company (as set out in Section 4);
- (b) provide funding for the purposes set out in Section 2.10;
- (c) meet the expenses of the Public Offer (as set out in Section 10.7);
- (d) provide for general administration and working capital needs;
- (e) enhance the public and financial profile of the Company to facilitate its growth;
- (f) continue to provide the Company with access to equity capital markets for future funding needs; and
- (g) meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules, as part of the Company's application for admission to the Official List.

## 2.9 Offer Period

The proposed opening date for acceptance of the Public Offer will be **Tuesday, 28 April 2026** or such later date as may be prescribed by the ASIC.

The Public Offer is expected to remain open until 5:00pm (WST) on **Tuesday, 19 May 2026**. However, the Company reserves the right to extend the Public Offer or to close the Public Offer early.

## 2.10 Indicative Use of Funds

Following completion of the Public Offer, it is anticipated that the following funds will be available to the Company:

| Source of funds                     | Full Subscription  |
|-------------------------------------|--------------------|
| Existing cash reserves <sup>1</sup> | \$942,564          |
| Funds raised from the Public Offer  | \$8,000,000        |
| <b>Total</b>                        | <b>\$8,942,564</b> |

**Notes:**

1. Refer to the Financial Information and Independent Limited Assurance Report set out in Section 5 and Annexure A for further details. The Company intends to apply these funds towards the items set out in the table below, including the payment of the expenses of the Public Offer of which various amounts will be payable prior to completion of the Public Offer.

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two (2) years following admission of the Company to the Official List of ASX as follows:

| Allocation of funds                                     | Full Subscription<br>(\$8,000,000) |             |
|---------------------------------------------------------|------------------------------------|-------------|
|                                                         | Total                              | %           |
| Development and manufacturing <sup>1</sup>              | \$3,250,000                        | 36%         |
| Purchase of stock to fulfill orders <sup>2</sup>        | \$950,000                          | 11%         |
| Sales, Marketing and Business Development <sup>3</sup>  | \$250,000                          | 3%          |
| Grow engineering pool <sup>4</sup>                      | \$880,000                          | 9%          |
| General Administration and Working Capital <sup>5</sup> | \$2,166,369                        | 25%         |
| Directors Fees and ASX Fees                             | \$600,000                          | 7%          |
| Costs of the Public Offer <sup>6</sup>                  | \$846,195                          | 9%          |
| <b>Total</b>                                            | <b>\$8,942,564</b>                 | <b>100%</b> |

**Notes:**

1. Includes costs associated with implementing advanced manufacturing of the Drones (which may include increased 3D printing capability and capacity as well as injection moulding technology). This also includes costs associated with exploring the possibility of establishing motor manufacturing for the Drones (which assists with the ability for the Group to manufacture cost-effective electric motors for the Drones).
2. Includes costs associated with the purchase of long lead time electronics and other components for the Drones, to ensure that the Group has sufficient stock on hand to readily service an increased demand from customers.
3. Includes costs associated with employment of additional sales and forward support representative staff including in the United States and United Kingdom to assist with sales and delivery of capability.
4. Includes costs associated with employing additional engineers (of various relevant engineering streams), so as to increase speed of product line development.
5. Working capital may be used to meet current liabilities, such as trade payables and other on-going operating costs and expenses, which are incurred from time to time in the usual operation of the Group's Business. If the Board considered additional funds are required towards the further development and manufacturing, purchase of stock and/or sales and marketing of the Business, then funds presently allocated to working capital may also be applied to such expenses. Working capital also includes an amount towards potential new business opportunities within the aerial target and camera drone sectors that may form part of the Group's growth strategy. Refer to Section 4.9 for further details regarding the Group's growth strategy.
6. Refer to Section 10.7 further details regarding the estimated expenses of the Public Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Although the Company's immediate focus will be on growth and product development of the Drones (and the Business generally), as with most operating businesses, the Group may look to explore acquisition opportunities that may arise in relation to complementary business/companies within the defence sector. This may include other companies that have long term contracts within the defence sector, immediately growing revenue, or where a company provides particular components that could be of use to Boresight and would also grow revenue. If and when viable investment opportunities are identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both. The use of further equity funding may be considered by the Board where it is appropriate to accelerate a specific project or strategy. At present the Group is not pursuing such acquisitions

On Admission to the Official List of the ASX, the Board believes the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus. It should be noted however, that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 6.

## 2.11 Applications

### (a) Public Offer

Applications for Shares under the Public Offer must be made using the Application Form as follows:

- (i) using the online Application Form accompanying the electronic version of this Prospectus which is available at <https://xcend.app/boresightipo2026> and paying the Application Monies electronically by BPAY® or Electronic Funds Transfer (**EFT**); or
- (ii) completing a printed copy of the Application Form accompanying this Prospectus and paying the Application Monies by EFT.

Applications for Shares under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 2,500 Shares (\$500) and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

A completed Application Form together with payment by BPAY® or EFT is an offer by the applicant to the Company to apply for the amount of Shares specified in the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an applicant is irrevocable.

All Application Monies will be paid into a trust account.

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants under the Public Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded. Acceptance of an Application will give rise to a binding contract.

The Company reserves the right to close the Public Offer early.

(i) **Option 1: Submitting an Application Form online and paying by BPAY® or EFT**

Applicants wishing to pay by BPAY® or EFT should complete the online Application Form accompanying the electronic version of this Prospectus which is available at <https://xcend.app/boresightipo2026> and follow the instructions on the online Application Form.

A unique reference number will be quoted upon completion of the online Application Form. Your BPAY reference number will process your payment to your Application Form electronically and you will be deemed to have applied for such Shares for which you have paid.

You do not need to complete and return a paper Application Form if you pay by BPAY® or EFT.

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies.

It is your responsibility to ensure that payments are received by 5.00pm (WST) on the Closing Date. The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY® or EFT before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

(ii) **Option 2: Submitting a paper Application Form and paying by EFT**

Applicants wishing to complete a printed Application Form should complete a paper Application Form accompanying a hardcopy version of this Prospectus, return the Application Form to the Company and pay by EFT, following the instructions on the Application Form. Hard copy versions of this Prospectus are available from the Company at <https://www.boresightuas.com/>.

It is your responsibility to ensure that completed paper Application Forms and accompanying payments are received by 5:00pm (WST) on the Closing Date. The Company accepts no responsibility for any failure to receive Application Monies or payments by EFT before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

(b) **General**

It is the responsibility of applicants outside Australia to obtain all necessary approvals in order to be issued Shares under the Public Offer. The return of an Application Form or otherwise applying for Shares under the Public Offer will be taken by the Company to constitute a representation by the Applicant that it:

- (i) has received a printed or electronic copy of this Prospectus accompanying the Application Form and has read it in full;
- (ii) agrees to be bound by the terms of this Prospectus and the Constitution;

- (iii) makes the representations and warranties in Section 2.15 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Shares under the Public Offer;
- (iv) declares that all details and statements in the Application Form are complete and accurate;
- (v) declares that they are over 18 years of age and have full legal capacity and power to perform all of its rights and obligations under the Application Form;
- (vi) acknowledges that once the Application Form is returned or payment is made its acceptance may not be withdrawn;
- (vii) agrees to being issued the number of new Shares it applies for at the price per Share specified in this Prospectus (or such other number issued in accordance with this Prospectus);
- (viii) authorises the Company to register it as the holder(s) of the Shares issued to it under the relevant Offer;
- (ix) acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- (x) authorises the Company and its officers or agents to do anything on its behalf necessary for the new Shares to be issued to it, including correcting any errors in the Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

## **2.12 Allocation Policy under the Public Offer**

The Company retains an absolute discretion to allocate Shares under the Public Offer and reserves the right, in its absolute discretion, to issue to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application Form. If the number of Shares issued is fewer than the number applied for, or where no issue is made, surplus application money will be refunded without interest as soon as practicable.

No Applicant under the Public Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (with advice from the Lead Manager) will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Public Offer;
- (c) the desire for spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Public Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

## **2.13 ASX Listing**

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus was made within seven (7) days after the date of the Original Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Public Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three (3) months after the date of issue of the Original Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

No Options on issue, or to be issued, that are currently anticipated to be quoted at the time the Company is admitted to the Official List.

Subject to the Company being admitted to the Official List, certain Securities will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. None of the Shares issued under the Public Offer will be subject to escrow under the ASX Listing Rules. Refer to Section 4.16 for further information in respect of escrow.

## **2.14 Issue of Shares**

Subject to the Conditions of the Public Offer set out in Section 2.5 being met, issue of Shares under the Public Offer pursuant to this Prospectus will take place as soon as practicable after the Closing Date.

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

The Directors will determine the allottees of all the Shares in their sole discretion in accordance with the allocation policy set out in Section 2.12.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (**CHES**) holders will be mailed to applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

## **2.15 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

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

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

## **2.16 New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the **FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of the FMC Act.

## **2.17 Commissions payable**

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

## **2.18 Financial Information**

The Company's financial information (including a pro-forma consolidated statement of financial position assuming completion of the Public Offer) is set out in Section 5 and in the Independent Limited Assurance Report in Annexure A.

## **2.19 Taxation**

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

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

## **2.20 Withdrawal of Offer**

The Public Offer may be withdrawn at any time. In this event, the Company will return all Application Monies (without interest) in accordance with applicable laws.

## 3. Industry Overview

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### 3.1 Introduction

The Group operates in the commercial drone manufacturing industry.

The Group provides aerial target drones in support of industry and militaries Counter Uncrewed Aerial Systems (**CUAS**) specific requirements. It also provides camera drones as part of an ongoing contract with the Australian Department of Defence (**DoD**). It is important to note that Boresight is not a CUAS company, however its technology supports industry and military CUAS initiatives.

This Section 3 provides an overview of the industry that the Group operates in, that being the commercial drone manufacturing industry, specifically the aerial target drones market and the intelligence, surveillance and reconnaissance (**ISR**) drones market.

### 3.2 Market Overview

#### (a) Aerial Target Drones Market

The CUAS aerial target drone (also known as ‘target drone’) market is in its infancy, with many western militaries fielding CUAS capability but still assessing what their overall CUAS strategy will be. This will continue to evolve over time rather than being a static process. Aerial target drones will need to be a part of their evaluation and training continuum.

Militaries and Industry have particular requirements that need to be met by aerial targets. They need to:

- (i) be able to fly repeatable, reliable missions to ensure range safety and consistency of training across units;
- (ii) realistically emulate real world threats to ensure CUAS solutions meet the needs of the modern battlefield;
- (iii) can be manufactured in volume to meet demand; and
- (iv) be cost effective enough that their destruction during training serials does not burden budgets.

Boresight’s target drones uniquely meet these requirements for Western militaries and Industry.

Western and other militaries are closely watching global conflicts and seeing the impact that drones are having on them. The war in Ukraine has provided focus on the asymmetric effects that drones have across all levels of operations, where relatively cheap drones are destroying relatively expensive equipment as well as being a constant threat to personnel. The Iran conflict has provided further evidence that drone attacks require multi-layered CUAS capabilities, all of which need aerial target drones for continual testing and training.

Every soldier needs to be able to defeat the drone threat, either individually with personal weapons or collectively with larger CUAS systems. Every soldier will therefore require some level of training on an ongoing basis in the techniques and systems required to defeat a drone threat.

The table below shows the potential size of the CUAS small aerial target drone market across a select number of militaries only. It shows the number of small aerial target drones required by each military if only five per cent (5%) of the approximate regular forces of that military destroyed one aerial target drone each per year.

| <b>Military</b>  | <b>Approx Regular Forces Size<sup>1</sup></b> | <b>Size based on 5%</b> |
|------------------|-----------------------------------------------|-------------------------|
| Australian Army  | 28,000                                        | 1,400                   |
| US Army          | 450,000                                       | 22,500                  |
| British Army     | 73,000                                        | 3,650                   |
| German Army      | 182,000                                       | 9,100                   |
| Italian Army     | 165,000                                       | 8,250                   |
| US Marine Corps  | 168,000                                       | 8,400                   |
| New Zealand Army | 8,000                                         | 400                     |
| <b>Total</b>     | <b>1,074,000</b>                              | <b>53,700</b>           |

**Note:** The above figures are only provided as a reference to the approximate number of soldiers in the respective army. These figures are subject to change based on a number of factors, including (but not limited to), the number of soldiers in reserve versus the number of active personnel.

The market will continue to mature as the drone threat continues to evolve. Different aerial targets of varying size, complexity and type will be required. CUAS technologies will be developed that will have specific operational characteristics. These will likely need specialised aerial target drone types.

For example, Shahed type drones (see Figure 1 below) are being used extensively by Russia to target Ukraine, and recently by Iran to target other Middle Eastern countries and facilities. There will be an increasing requirement to train against this threat, with the necessary corresponding aerial target drones required for effective threat emulation. The Company will investigate the market economics of developing an aerial target drone of this type.



Figure 1: Image of a Shahed type drone.

Another example is the use of First Person View (**FPV**) type drones, including fibre optic connected FPV drones, by both Ukraine and Russia. These drone types have

<sup>1</sup> Source: <https://worldpopulationreview.com/country-rankings/military-size-by-country>

particular flight characteristics that require an aerial target drone that is capable of emulating their speed and manoeuvrability. For an aerial target emulating these threats, their flight profiles need to be flown safely and repeatably. The Company is already advanced in its design and fielding of a suitable FPV type of target drone, the BQ-300.

(b) **Intelligence, Surveillance and Reconnaissance / Camera Drone Market**

The market for ISR drones, also known as ‘camera drones’, is well established with a large number of companies offering these from Group 1 – Group 5 size (see Figure 2 below). Most western countries have an indigenous ISR drone manufacturing capability. However, these are typically what could be classified as “exquisite” technology, with prices starting at around US\$15,000 per system and running to multi-millions of dollars, depending on performance characteristics and size.

| UAS Chart                                                                         |                                                                                   |                                                                                   |                                                                                   |                                                                                   |                                                                                    |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
|                                                                                   | GROUP 1                                                                           | GROUP 2                                                                           | GROUP 3                                                                           | GROUP 4                                                                           | GROUP 5                                                                            |
|  |  |  |  |  |  |
| Range                                                                             | 10-30 km                                                                          | 100-700 km                                                                        | 1,000-2,500 km                                                                    | 200-400 km                                                                        | >2,000 km                                                                          |
| Speed                                                                             | < 100 knots                                                                       | < 250 knots                                                                       | < 250 knots                                                                       | > 250 knots                                                                       | > 250 knots                                                                        |
| Altitude                                                                          | < 1,200 ft.                                                                       | < 3,500 ft.                                                                       | < 18,000 ft MSL                                                                   | < 18,000 ft MSL                                                                   | > 18,000 ft.                                                                       |
| Endurance                                                                         | 1-2 hours                                                                         | 18 hours                                                                          | Approximately 11.5 hours                                                          | 12 hours                                                                          | 14 hours                                                                           |
| Payload                                                                           | 2 KG                                                                              | 5 KG                                                                              | 30-50 KG                                                                          | 100-300 KG                                                                        | 300+ KG                                                                            |
| US Equivalent                                                                     | DJI SBS Raven                                                                     | Switch Blade Scan Eagle                                                           | Shadow RQ-7B                                                                      | Grey Eagle MQ-1C                                                                  | Reaper MQ-9                                                                        |

Figure 2: Group 1 – Group 5 sizing of ISR drones.

Additionally, there is a large commercial drone market which is dominated by Shenzhen Da-Jiang Innovations Sciences and Technologies Ltd (commonly known as “DJI”) which are in widespread use throughout the world for civilian and military purposes. Notably these are used extensively by both sides of the Ukraine - Russia war.

The Ukraine - Russia war has seen an increased requirement for cost-effective, attritable ISR drones. Western exquisite drones are expensive to procure and can have a long production lead time to replace. Many western militaries, including the US and Australian militaries, have moved away from the use of DJI and other Chinese sourced commercial drones due to security concerns.

Western militaries are now actively seeking cost-effective, attritable ISR drones for training and operational purposes as a result.

The Group’s BS350 camera drone, which was initially developed under the Advanced Strategic Capability Accelerator (**ASCA**) program (with the Australian DoD), is positioned as a cost-effective, attritable drone. The overall market for this type of drone is difficult to assess however one metric that can be used relates to the original ASCA requirement which was for 3,000 drones per year for 5 years, for a total of 15,000 cost-effective, attritable ISR drones. The US Army is seeking to manufacture 10,000 drones per month, a proportion of which will be of the ISR drone type.<sup>2</sup>

<sup>2</sup> Source: <https://www.msn.com/en-us/news/world/the-us-army-has-plans-to-produce-10-000-drones-per-month/ar-AA1OPTSj>

Other western militaries, including the US, Canadian, UK, and New Zealand militaries will have need for a commensurate number of cost-effective, attritable ISR drones to support their existing and future exquisite ISR drone fleets.

### 3.3 Competitive Landscape

Aerial target drones have been available in various guises for decades. However, these have typically been for use in air to air, surface to air or ground to air scenarios where either missiles or aircraft are the threat scenario being emulated.

Broadly, the competitive landscape can be grouped as follows:

- (a) **Hobby Drones (FPV & DIY)** - Hobby drones lack standardisation, durability, and cannot be deployed at military training scale. Boresight offers trusted, sovereign alternatives for both training (target drones) and tactical use (attritable ISR Drones).
- (b) **Chinese-Manufactured Drones (DJI & OTHERS)** - Chinese-made drones are banned or restricted in most Five Eye and allied defence markets. Boresight provides mass-producible, training targets and an attritable ISR platform that integrates with defence standards.
- (c) **AUKUS Manufacturers (e.g. SKYDIO, RED CAT, SHIELD AI)** - AUKUS ISR drones are priced for high-end tactical missions, making them too expensive for expendable training or saturation tactics. Boresight's cost structure enables a new use case: large-volume deployment and ISR at scale.
- (d) **Mid-Tier UAS Manufacturers** - Traditional mid-tier UAS manufacturers optimise for complexity and margin. Boresight is optimised for speed, cost-efficiency, and mass deployment across both training drones and attritable ISR.
- (e) **Defence Primes (Lockheed, Northrop, BAE, ETC.)** - Defence Primes focus on large multi-domain systems, not expendable drone fleets. Boresight fills the consumable and certification niche and is positioned to supply, license, or partner into broader defence programs. Some of these defence primes are Boresight customers.

Examples of aerial target drone types include:

| Company                                          | Type / Use                                                                                  | Image                                                                                                                                                                                   |
|--------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kratos Defence and Security Solutions, Inc - USA | Various large target types mainly for use to emulate large, fast aircraft or missile types. |  <p data-bbox="820 1666 1107 1693">Figure 3: Kratos BQM-167.</p>                                    |
| Air Affairs (now Qinetiq) – Australia            | Medium sized jet target for use to emulate fast aircraft or missiles.                       |  <p data-bbox="820 1991 1327 2036">Figure 4: Air Affairs Phoenix Jet UAV target on launch ramp.</p> |

|                                     |                                                                                                                         |                                                                                    |                                            |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------|
| AeroTargets International LLC - USA | Various large to small aerial targets that appear to be re-purposed commercially available systems (eg. Skywalker X-8). |  | <p>Figure 5: Repurposed Skywalker X-8.</p> |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------|

There are a number of other companies globally that provide similar capabilities to those shown above.

Beyron is a Latvian company that produces a small, fixed wing aerial target drone that will compete with the Boresight fixed wing offerings once they are fielded.

Other companies, such as Qinetiq Canada and SRC Drones of Spain use reconfigured ISR drones for the provision of aerial target services. Colsa Drones of the USA is another company that provides aerial target drones in the small UAS domain and has existing contracts with the US Department of Defence. They are known to be significantly more expensive than Boresight's competing offerings.

Militaries themselves are increasingly developing their own in-house drones that could be used for targets. However, these are typically FPV type drones that are flown with direct user input via a hand controller. Imagery from these drones is displayed via an operator worn headset. These drones therefore do not provide the repeatable or pre-planned mission capability required for standardised CUAS training and are prohibitively resource intensive to produce at scale.

Militaries have also been known to use existing stocks of obsolete ISR type drones for aerial targets. Whilst this provides a use for drones that are no longer used operationally, the numbers are typically limited and insufficient to meet the necessary training continuum at scale.

Other companies provide "red team" services, providing drone pilots and, typically, re-purposed commercially available drones or remote-control aircraft as aerial targets.

Virtual or training simulation providers are known to be including CUAS scenarios into their software programs. Whilst these provide a measure of initial training capability there is still a requirement for militaries to train with live ammunition against realistic threat scenarios. These technologies, while they have their place, cannot be used to evaluate CUAS solutions, nor can they provide a realistic live fire capability that properly assess a soldier's capacity to meet the threat posed by drones.

It can be expected that as the drone threat continues to be prevalent, more CUAS technologies will be fielded by militaries and other government agencies and that additional companies offering aerial target drones and related services will emerge.

### 3.4 Regulatory Landscape

The Group operates under a strict regulatory landscape, which in Australia is controlled by the Civil Aviation Safety Authority (**CASA**) or its foreign equivalents when operating overseas. In the USA, this is the Federal Aviation Administration (**FAA**) and the Civil Aviation Authority (**CAA**) in the United Kingdom. Additionally, when operating on a military facility, Boresight often comes under the Defence Aviation Safety Authority (**DASA**), or its foreign equivalents when operating on military bases overseas.

CASA regulations stipulate that when flying for commercial reasons the operator must hold a valid Remotely Piloted Aircraft Operators Certificate (**ReOC**) and all drone pilots must hold a valid Remote Pilot Licence (**RePL**). All commercial flight activities must be conducted within the relevant ReOC and RePL certifications.

Boresight is compliant with all CASA requirements for commercial drone operations in that it holds a valid ReOC and all of its personnel who undertake flying activities hold a valid RePL. All flying activities are conducted within the parameters of those particular certifications.

Boresight aerial target drones are export controlled under the Defence Strategic Goods List (**DSGL**). Prior to export to a new region/country, Boresight must apply for export approval of its systems.

### 3.5 Barriers to Entry

Barriers to entry for new competitors to the drone manufacturing industry include:

- (a) **Productising of systems:** The design and development of a new drone type is not a particularly difficult engineering problem. The requirements are well understood and the components are readily available. However, the difficulty is in productising the aerial target drone so that it can be easily, repeatably and efficiently manufactured at scale. Boresight has spent 4 years optimising the manufacture of its aerial target drones and all new target drones types are put through multiple iterations to ensure that they can be manufactured cost-effectively at scale.
- (b) **Software development:** There are open-source software solutions that enable the conduct of multiple missions. However, these are normally aimed at personnel who already have deep experience with flying drones. These systems are not typically intuitive for inexperienced users. If they can fly 1 to Many (1:Many) operations they require a high degree of user input and oversight. 1:Many operations are where more than one drone is controlled from a single controller or ground control station (mimicking a swarming scenario). Boresight has expended significant effort on its user interface and software backend to reduce the operator's cognitive burden and to make the use of the software intuitive. This would not be easy to replicate.
- (c) **Supply chain issues:** Supply chain surety is key to being able to meet customer demands at scale. Boresight has an established supply chain of providers, including alternate providers where there is a risk to sole sourcing. This also includes the in-house design and manufacture of components where possible and suitable. The management of the supply chain is a complex problem that should not be underestimated. It requires constant management and vigilance as changing international regulations and import / export provisions, such as changing trade tariffs, continue.
- (d) **Market Penetration:** Whilst the overall CUAS aerial target market is expected to grow, the barriers to contracts with defence forces and industry remain the same in that there's a requirement for in-country representation as well as sales and support, and access to relevant contractual mechanisms. Boresight has established a US and European presence as well as having implemented a reseller network to support overall sales and delivery activities. This has taken the Group a number of years to establish and would likely not be easily achievable by a newcomer to the domain.

For further information regarding the Group's business model and growth strategy, please refer to Sections 4.3 and 4.9 of this Prospectus.

For further information regarding the risks associated with the Group's business operations and the industry, please refer to Section 6 of this Prospectus.

## 4. Company Overview

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### 4.1 Background

Boresight was incorporated on 9 July 2020, for the purpose of providing cost-effective, attributable aerial targets for use within the CUAS (Counter Uncrewed Aerial Systems also known as 'counter drones') domain.

Currently, the Group designs and manufactures two (2) types of drones (the **Business**), these being:

- (a) aerial target drones (**Target Drones**). Target Drones are primarily used for the development, testing, demonstration and training for CUAS technologies; and
- (b) ISR drones (**ISR Drones**), also known as 'camera drones'. ISR Drones are primarily used for various activities and operations where a live video feed from the drone is desirable,

(together, the **Drones**).

Whilst the Group is headquartered in Canberra, Australia, it also has offices in Huntsville, Alabama, USA (where Boresight US operates from) and Nottingham, England (where Boresight UK operates from). The Group's engineering and production capabilities are based in Canberra, Australia. Manufacturing of the Group's Target Drones has also now commenced at its Huntsville, Alabama facility.

Upon Admission, the primary focus of the Group will be to implement its growth strategy, which is focused on additional Target Drone and ISR Drone types, vertical integration and expanded market penetration. Refer to Section 4.9 for further details on the Group's growth strategy.

### 4.2 Group History

Boresight was established to meet an identified gap in the drone market for use by militaries and industry as they developed and fielded CUAS capabilities. The drones needed to meet performance specifications that could repeatably mirror real-world threats but would be cost-effective enough that they could be destroyed during testing and training.

One of the Directors of the Company was approached by an industry customer who required cost-effective drones to assist with the development of their CUAS capability.

At that time, the industry customer was spending approximately \$2,500 per drone on commercially available drones and was using the drones in large quantities, often only flying them once before destroying them. The drones the customer used were not capable of flying repeatable missions, so their engineers and management were not able to reliably and effectively test their CUAS systems against a variety of scenarios in a consistent manner.

That industry customer approached a director of Criterion Solutions Pty Ltd (**Criterion**) to determine if there was a cheaper and better option available for their purposes. Criterion is a supplier of exquisite military drones to the Australian Defence Force (**ADF**) and has a solid understanding of the international drone marketplace.

After being approached by the industry customer, the Criterion directors (at that time) determined that there was an unmet market need for cost-effective, repeatable mission aerial targets for CUAS use. Accordingly, Boresight was incorporated.

Upon incorporation of Boresight, the initial focus was on design, development and prototyping of specialist aerial targets and their supporting flight management software to meet customer requirements.

Boresight has spent approximately A\$4.9M over the past five (5) years (since incorporation) on the Business, including, but not limited to, development of the Target Drones and ISR Drones.

Since inception the manufacturing processes have been continually refined in order to decrease the complexity and overall build time of the Target Drones, thus reducing build costs and increasing gross margins while keeping the cost of the drone stable. Manufacturing capacity was increased through the purchase of additional 3D printers and hiring of production staff. Engineering capacity has similarly increased through the hiring of additional engineers of different disciplines.

The war in Ukraine, other regional conflicts and more recently the Iran conflict have seen the use of drones grow exponentially to the point where they are now ubiquitous on the modern battlefield. Militaries must field CUAS capabilities and train their soldiers to defeat this threat. Industry will continue to develop CUAS capabilities for sale to militaries and other government agencies. Both militaries and industry therefore have an ongoing need for cost-effective aerial targets for this purpose.

Every weapons system requires a target for development, testing, demonstrating, validation and training. Boresight was established to meet that need. It is important to note that Boresight is not a CUAS company. It is CUAS adjacent in that it provides the enabling aerial target drones for use by industry and militaries.

Globally, militaries are increasingly introducing CUAS technologies. These include non-kinetic technologies, such as radio frequency-based systems or “jamming”, high powered microwave and protocol injection attack systems, and kinetic capabilities including weapons of different calibres and high-powered lasers.

For example, the ADF’s \$1.3 billion value ‘Project Land 156’ aims to implement different levels of CUAS capability to protect Defence personnel, equipment and facilities.<sup>3</sup> Boresight has already provided Target Drones to Project Land 156 and some of its participants.



Figure 6: Image of Boresight BQ400 being shot at as part of Land 156 testing in December 2025. Image is a screenshot from a Channel 7 News video of the activity<sup>4</sup>.



Figure 7: Destroyed drone falling to Earth. Image is a screenshot from a Channel 7 News video of the activity.<sup>5</sup>

<sup>3</sup> <https://landforces.com.au/news-media/latest-news/news-updates/project-land-156-fast-tracks-advanced-counter-drone-systems-for-the-adf/>

<sup>4</sup> <https://www.youtube.com/watch?v=sv5FQiOFDXs>

<sup>5</sup> <https://www.youtube.com/watch?v=sv5FQiOFDXs>

It should be noted that militaries, when deploying new capabilities such as CUAS systems, do not simply train once on the platforms. Warfighters embark on a continuous training cycle, whereby they train annually (or more often) on critical platforms to ensure that their skills remain current. This generates an ongoing demand for aerial targets that soldiers can train against.

Industry is continually developing and refining CUAS technologies to meet the drone threat as it evolves. This includes body worn drone detection and alerting equipment, remote weapons systems, drone interceptors and specialised anti-drone munitions.

For example, in Australia EOS Limited (ASX: EOS) is developing and fielding a high-powered laser CUAS capability, “Apollo”. In 2024 Boresight provided Target Drones and flight services to EOS as part of the development of this capability. EOS has also developed the Slinger Remote Weapons System (**RWS**), a CUAS specialised RWS. Between 2021 and 2024 Boresight supported EOS in the technical development of this system.

Boresight uses additive manufacturing processes such as 3D printing to produce its own designed Target Drones. The Group continues to develop additional aerial target types and in 2026 aims to field two fixed wing types as well as a FPV (First Person View) target type.

Boresight has also developed its own 1:Many technology, enabling the control of multiple aerial target drones from a single Ground Control Station (**GCS**). This emulates a drone swarm threat. The intent is that all Boresight’s Target Drones will be able to be controlled by this same GCS, allowing for 1:Many operations of each type or of mixed types. This ensures that Boresight’s Target Drones remain relevant as a training tool as the tactical use of drones in the battlefield evolves and matures.

In July 2021 Boresight made its first export sale of Target Drones, to a New Zealand customer. In October 2021 Boresight made its first European sale to a military customer. In September 2023 the first sales for a US military customer were made. Since that time sales to European and North American military and industry customers have continued and grown rapidly.

In April 2022 Boresight entered into a A\$1.28m contract with the Australian DoD’s Defence Innovation Hub to further develop its 1:Many technology as well as a radio frequency mimic capability. The contract was successfully concluded in January 2024.

In June 2024 Boresight entered into a A\$2.2m contract with the Australian DoD’s ASCA Office (formerly known as the Defence Innovation Hub) for the production of an attritable sovereign, cost-effective camera drone. After a highly competitive down-selection process that initially involved over 250 respondents, Boresight was one of three companies eventually contracted to provide the Australian DoD ISR Drones (also known as the ‘BS-350’ ISR Drone - refer to Section 4.3(d) for further details regarding the Group’s Drones currently in production).

The initial batch of 100 ISR Drones was successfully delivered to the Australian DoD in mid-2025, along with another delivery of 65 ISR Drones from a follow-on order. A subsequent extension contract was signed with the Australian DoD in October 2025, with this contract effectively providing a panel arrangement that the Australian DoD and other government agencies can access to purchase cost effective ISR Drones from Boresight. To date an additional 187 ISR Drones have been ordered from that subsequent October 2025 contract with delivery to occur in July 2026. Refer to Section 9.8 for further details regarding the Group’s arrangements with the Australian DoD.

In February 2024 Boresight established Boresight U.S., Inc (**Boresight US**), as a wholly owned subsidiary, incorporated in Delaware and registered in Alabama. The intent was to

establish a US sales, manufacturing and support base. Boresight US is located in Huntsville, Alabama USA. Huntsville is a city with a large defence industry base, including for CUAS. In March 2026 Boresight commenced manufacturing its BQ-400 aerial target drone at its Huntsville facility.

In July 2025 the Alabama State Government finalised an incentives package to Boresight to establish Boresight US in Huntsville. These incentives included elements such as reduced rates of payroll tax upon certain thresholds being met.

In July 2025, Boresight established Boresight UK LTD. (**Boresight UK**), based in Nottingham, England. Boresight UK is a wholly owned subsidiary of the Company and is responsible for the management of European based resellers, identifying additional sales opportunities, marketing in Europe, providing training and other services, and providing demonstrations of Boresight's technologies.

To assist in securing its supply chain, Boresight has developed its own Global Positioning System (**GPS**) navigation module as well as its own Flight Control Computer module and mission planning (**Mission Planning**) software. The Group will continue to identify suitable vertical integration candidates and in-house develop those components where it makes commercial sense and will further secure supply chains.

To date, the Group has built and/or has on order, over 6,000 Target Drones of various types to both military and industry customers, within Australia and internationally. It has also sold 352 ISR Drones (also known as the 'BS-350' ISR Drone. Refer to Section 4.3(d) for further details regarding the Group's Drones currently in production) to the Australian DoD.

Drones sold by Boresight in each calendar year are shown below:

- 2020: 120;
- 2021: 132;
- 2022: 119;
- 2023: 361;
- 2024: 1638;
- 2025: 2175 (comprising 165 ISR Drones and 2010 Target Drones); and
- 2026 (as of the date of this Prospectus): 690 built, with orders for an additional 1224 Target Drones and 187 ISR Drones for a total of 2101.

In March 2026 the Group commenced manufacturing its BQ-400 Target Drones at its Huntsville, Alabama facility. These Target Drones are built from components exported from Australia.

## 4.3 Business Model

### (a) Overview

The Group's business model is primarily based on selling its Drones via re-seller agreements with third-parties pursuant to various commercial contracts with industry and military customers. Refer to Sections 4.5 and 9.7 for further details regarding the Group's reseller network and arrangements. The Group's business model is also

based on direct selling of the Target Drones and ISR Drones to various government agencies and defence departments.

Boresight provides customers with the ability to fly drone missions that emulate a potential adversary. This can be done to differing levels of mission complexity to support the relevant development and training programs. Importantly, it can be done repeatedly so that effects can be measured and personnel trained to a repeatable and objective standard of competency on CUAS capabilities.

**(b) Target Drones**

Boresight's Target Drones are a dual use technology, able to be used by both military and industry customers for CUAS purposes.

Militaries use Boresight's Target Drones for testing and evaluation of industry systems and subsequent training of soldiers on those systems in a cost-effective and repeatable manner. Boresight's Target Drones are commonly used by militaries to develop their operating procedures, tactics and techniques to defeat the drone threat. Training in military contexts is a continual process, with soldiers typically requiring annual recertification of their skills to remain current on technologies and tactics. This ensures that the demand for Target Drones is ongoing as the Target Drones are typically destroyed during military training.

Industry uses Boresight Target Drones for testing, development and demonstrations of their CUAS capabilities in a cost-effective, repeatable manner. By using Boresight's Target Drones, industry can accurately determine developmental progress of their systems.

Boresight's Target Drones are cost-effective enabling them to be destroyed at a significantly cheaper cost per unit than commercially available or military drones. Once a Target Drone is destroyed, users typically need to buy a replacement drone as part of the ongoing training and development continuum.

Through the development of additional aerial target types, Boresight will create an aerial target ecosystem enabling customers to control multiple target types from the same GCS. Boresight's 1:Many technology means that multi-user simultaneous training, and training against increasingly complex threat scenarios, can be conducted across different aerial target types.

**(c) ISR Drones (also known as 'camera drones')**

Boresight's ISR Drone, the 'BS-350' (refer to Section 4.3(d) for further details regarding the Group's Drones currently in production), is designed specifically as a cost-effective and if necessary, attritable camera drone that is able to undertake missions where a video feed from the drone is required. They are designed to be used in conjunction with or in place of significantly more expensive military type drones.

The Boresight ISR Drone is flown via a dedicated Boresight developed and manufactured hand controller, it uses a Boresight designed smart battery and other third party sourced electronic components.

Boresight's ISR Drone is cost-effective enough to be used on high risk operations where the return of the drone cannot be guaranteed, as it may be better for some missions to damage or lose a Boresight ISR Drone than an expensive military drone.

Boresight's ISR Drone can be used as a training drone, where prospective drone operators are trained on essential drone piloting techniques and safety procedures prior to being trained on more expensive drone platforms where the cost of pilot error is potentially much higher.

Boresight will continue to enhance the capabilities of its ISR Drone to meet emerging user requirements and projected demand. This may include the addition of an upgraded camera suite, injection moulding of the airframe, improvements to the hand controller and increased vertical integration of electronic components.

(d) **Drones in production**

The Company currently manufactures and has available for purchase by customers the following Drones and supporting systems:

|                                                                                                                                                                                           |                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <p><b>BQ-400.</b> Aerial target quadcopter. Over 5000 units sold to date. Available in two versions; 1:1 and 1:Many capable versions.</p>                                                 | <br><p>Figure 8: BQ-400.</p>   |
| <p><b>BQ-750.</b> Aerial target large quadcopter. 70 units sold to date. Built for a specific customer requirement and now being re-designed for ease of transportation and shipping.</p> | <p>No image provided due to commercial sensitivities.</p>                                                        |
| <p><b>BS-350.</b> Camera quadcopter. 352 units sold to date. The "ISR Drone".</p>                                                                                                         | <br><p>Figure 9: BS-350.</p> |
| <p><b>1:Many Radio Node.</b> Radio housing that enables the conduct of 1:Many missions.</p>                                                                                               | <p>No image provided due to commercial sensitivities.</p>                                                        |
| <p><b>Ground Control Station (GCS).</b> Ruggedised laptop pre-loaded with Boresight Mission Planning software.</p>                                                                        | <p>No image provided due to commercial sensitivities.</p>                                                        |
| <p><b>Training Flyaway Kit.</b> Ruggedised case containing a GCS, radio node and 5 x BQ400 as a complete training kit.</p>                                                                | <p>No image provided due to commercial sensitivities.</p>                                                        |

(e) **Services**

Boresight also generates revenue through the provision of piloting services. Boresight drone pilots have been engaged by industry and military customers to fly aerial target missions as part of testing, development, validation or training activities. Whilst a comparatively small proportion of revenue it is nonetheless an important component of the overall Target Drone ecosystem and is projected to grow as more CUAS technologies and Boresight Target Drones are fielded.

(f) **Scaling**

Boresight scales its production of Drones linearly. It's Target Drones, for example, are able to meet increasing demand via:

- (i) the purchase and manufacture as relevant of additional components such as motors, flight control computers and GPS navigation modules to meet demand,
- (ii) the purchase of additional 3D printers to increase airframe production, and
- (iii) the hiring of additional production staff to assemble the Drones.

Boresight is therefore able to rapidly and cost-effectively scale to meet additional demand for its products.

#### **4.4 Revenue Generation**

The Group primarily generates its revenue via one of the following:

- (a) the sale of Target Drones;
- (b) the sale of its GCS, including its Mission Planning software and radio node hardware;
- (c) the provision of drone pilot services; and
- (d) the sale of pre-packaged fly away training kits.

Over the past two (2) financial years, the Group's revenue is as follows:

| <b>\$(AUD)</b>                           |                     |
|------------------------------------------|---------------------|
| <b>Financial Year ended 30 June 2025</b> | <b>\$4,361,9520</b> |
| <b>Financial Year ended 30 June 2024</b> | <b>\$2,765,458</b>  |

For further details regarding the Group's financial information, refer to Section 5 of this Prospectus.

#### **Target Drones**

The Group sells its Target Drones with volume discounts for different quantities. This can be either direct to customers or via resellers depending on various factors including location, customer type and contractual requirements.

### **GCS (Ground Control Station)**

Once a customer has a GCS, they can then purchase the necessary number and type of Target Drones for their specific purpose. Additional Target Drones can then be purchased, which can use the existing GCS, to replace any destroyed units or to increase overall quantities held. The Group is exploring the possibility of creating a software subscription model for the GCS to include updates and upgrades to the overall capability.

### **ISR Drones**

Whilst not a primary source of revenue for the Group currently, the Group is focusing on the ongoing development of its ISR Drone. Boresight will continue to develop its ISR Drone to Block 2 standard which may include an improved camera suite, injection moulding of the airframe, improved hand controller and increased vertical integration so that it is suitable for export sales. The Group is aiming to achieve this in late 2026. The Block 2 BS-350 ISR Drone will provide militaries with a cost-effective and attritable drone for flight training and surveillance purposes. Western militaries, including Australia and the US, are increasingly banning the use of drones from designated countries of concern for these purposes, thereby opening a new international market vertical for Boresight.

The Group is looking to other revenue generation channels such as annuity contracts, strategic partnerships and licenced manufacturing. Refer to Section 4.9, for further details on the Group's growth strategy.

## **4.5 Reseller Network**

Boresight has an established reseller network within different countries and regions. These resellers are supported by the local Boresight offices, either Boresight Australia, Boresight US or Boresight UK as relevant.

Resellers are an important go-to market mechanism particularly in regions such as Europe where different languages, militaries, cultures and purchasing policies exist. Experience has shown that militaries in particular often want to deal with local representatives. Resellers provide that point of market entry and liaison with the local customer base.

Since the Company's incorporation, various international resellers have been appointed including in the following countries:

- USA;
- UK;
- Germany;
- Spain;
- Denmark;
- Italy;
- Norway;
- Netherlands;
- Belgium;

- Canada;
- Poland;
- Japan;
- UAE; and
- New Zealand.

Some resellers have multiple countries as their territory. International sales are typically made via these resellers. Australian opportunities and customers are managed directly by the Company in Australia. Refer to Section 9.7 for further details regarding the Group's reseller arrangements.

As noted at Section 4.9, one of the Group's growth strategies includes the intention is to appoint additional region-specific resellers as suitable local companies are identified and as the CUAS market dictates the need for Target Drones. This includes in parts of Asia, South America, Africa and the Middle East. Given the nature of the Business, the Group is in ongoing negotiations and discussions with third-parties, government agencies and potential reseller parties, both locally and internationally, to expand the Group's existing customer base (including its reseller network and direct selling network). Whilst it is the Group's intention to expand its customer base and network to increase revenue, the negotiations in respect of these arrangements may be finalised at any time. However, the Group notes there is no guarantee that such negotiations and discussions will be finalised and/or the Group will enter into further contracts with such parties.

**(a) Future Revenue Avenues**

Boresight is seeking long-term contracts with both military and industry customers for its Target Drones. The intent is that customers would purchase a set number of Target Drones in a given period, for example monthly or quarterly, as part of a longer-term contract with the Group. This will enable Boresight to forward plan more accurately with respect to stock and manufacturing requirements, as well as to better forecast revenue. Noted below are some of the Group's current 'long-term' contracts:

- (i) Reseller Agreement with Mountain Horse LLC (US reseller / distributor): this is a reseller agreement for the provision of a set number of Target Drones quarterly over a two (2) year period. Refer to Section 9.7 for further details regarding the Group's reseller arrangements;
- (ii) the Australian DoD Agreement: this is a contract extension of the original ASCA contract. The Australian DoD Agreement has a three (3) year term, expiring on 20 October 2028 with 2 x 3 year extension options. Refer to Section 9.8 for further details regarding the Group's arrangements with the Australian DoD and ISR Drones; and
- (iii) the Second Australian DoD Agreement: this is for the supply of a set number of Target Drones to the Australian DoD every quarter, for an 18 month term, with 2 x 1 year extension options. The Second Australian DoD Agreement is an extension of a previously fulfilled contract (on similar commercial terms). Refer to Section 9.14 for further details regarding the Group's arrangements with the Australian DoD and Target Drones.

The Group is seeing increasing demand for its Target Drones and customers, both military and industry, are awaiting the release of the new Target Drone types. Once

finalised, these additional aerial target drone types will provide additional revenue channels. Refer to Section 4.6 below for further details on the Group's upcoming Target Drone types currently in development.

Additionally, Boresight will work with customers to develop CUAS training packages for a fee. These would be pre-planned missions that incorporate scenarios of increasing complexity, from training individual personnel through to groups of personnel i.e. Individual through to collective training. Boresight will sell these training packages to customers, enabling them to be pre-loaded onto a customer's GCS, further reducing the training management overhead.

## 4.6 Product Roadmap

The Company has the following Drones due for release in 2026.

|                                                                                                                                                                                                                                          |                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>BF-100.</b> Aerial target fixed wing. Currently undergoing flight testing prior to release to the market.</p>                                                                                                                      |  <p>Figure 10: Artist rendition only of BF-100.</p>   |
| <p><b>BQ-350.</b> Aerial target quadcopter that emulates the FPV threat. Currently under final design prior to flight testing.</p>                                                                                                       |  <p>Figure 11: Artist rendition only of BQ-350.</p>  |
| <p><b>BF-150.</b> Aerial target larger fixed wing. Will emulate loitering munitions. Design will be finalised post development of the BF-100 and incorporating lessons learned.</p>                                                      |  <p>Figure 12: Artist rendition only of BF-150.</p> |
| <p><b>Smart Battery.</b> Finalisation of the in-house designed and developed smart battery for use across ISR and aerial target types. Finalisation will provide the opportunity to sell the smart battery to other drone companies.</p> | <p>No image provided due to commercial sensitivities.</p>                                                                               |
| <p><b>Hand Controller.</b> Finalisation of the revised in-house designed and developed hand controller for the BS-350 ISR Drone. Finalisation will provide the opportunity to sell the hand controller to other drone companies.</p>     | <p>No image provided due to commercial sensitivities.</p>                                                                               |
| <p><b>Boresight Radio.</b> Finalisation of the in-house designed and developed drone radio for use with aerial target and camera drone</p>                                                                                               | <p>No image provided due to commercial sensitivities.</p>                                                                               |

|                                                                                              |  |
|----------------------------------------------------------------------------------------------|--|
| types. Finalisation will provide the opportunity to sell the radio to other drone companies. |  |
|----------------------------------------------------------------------------------------------|--|

The Company will continue development of its BS-350 ISR Drone to a Block 2 status, providing enhanced capability whilst also reducing overall production times and costs.

The Company will continue to develop its GCS, Mission Planning and 1:Many software, further reducing the operator cognitive burden and enabling the flight management of aerial targets, and eventually camera drones, in multiples of 10.

Additionally, the Company will develop other Target Drone types as the market dictates and as the drone threat evolves.

## 4.7 Customers

Boresight has two broad customer types as per below.

### (a) **Militaries**

Militaries use Boresight's Target Drones and supporting GCS and software for the following purposes:

- (i) **Validation of industry claims:** Boresight flight missions are repeatable and can be programmed for increasing complexity, including 1:Many missions. Militaries are therefore able to use Boresight products to validate industry technology claims against simple, single targets through to complex, multiple simultaneous target scenarios. The repeatability of the mission plans means that Boresight can replicate the same mission against different vendor technologies, allowing militaries to accurately assess the relative performance of each vendor.
- (ii) **Standardised Training:** Boresight's systems enable the implementation of standardised and certifiable training programs for militaries. Flight missions and scenarios can be pre-programmed and deployed to different units that enable increasingly complex CUAS training scenarios. Standardised training means that individual soldiers and formations can be objectively passed or failed on their CUAS proficiency, leading to better training outcomes.
- (iii) **Development of Tactics, Techniques and Procedures (TTP's):** Broadly also known as Standard Operating Procedures (**SOP's**), Boresight's systems enable militaries to safely conceive, test, practice, refine and implement TTPs for individual soldiers and different sized formations to defeat the drone threat. The ability to repeatably conduct the same flight profiles of Boresight's systems enables these to be practiced, validated and refined continually.

Boresight's ISR Drone provides militaries with the ability to cost-effectively train personnel on drone operations prior to having those personnel undertake training and operations on more expensive, military grade UAS. Boresight's ISR Drone is also a cost-effective and attritable drone for operations.

Whilst militaries are a principal customer base, the Group believes that other government agencies, such as law enforcement, will also be a Boresight customer base as their CUAS capabilities are deployed so they too will require a cost-effective and repeatable training solution.

To date, Boresight systems have been used by 31 military elements from 20 different countries for the conduct of one or more of the above use cases using different CUAS technologies and effectors.

(b) **Industry**

The CUAS industry uses Boresight solutions as follows:

- (i) **Testing and Development.** Boresight's repeatable mission capability enables industry to validate engineering and technological progress as they develop their CUAS solutions. Industry can objectively determine improvements in a capability against a baseline. The cost-effectiveness of Boresight's systems means that more testing can be done than might otherwise be able to be undertaken.
- (ii) **Demonstrations.** Industry has a requirement to demonstrate their CUAS capabilities to potential customers. Business economics mean that they need to be able to do this repeatably, reliably and cost-effectively. Industry also needs to demonstrate their CUAS capabilities safely and within known flight envelopes. Boresight provides industry with these abilities via its cost-effective and repeatable mission Target Drones.

To date, Boresight systems have been used to support the testing, development and demonstrating of CUAS capabilities by 17 CUAS industry entities. This has included supporting these activities with different CUAS solutions including:

- (i) kinetic systems from 7.62mm to 30mm calibres;
- (ii) directed energy system (e.g. lasers);
- (iii) high powered microwave systems;
- (iv) radio frequency based (e.g. jamming) systems; and
- (v) protocol attack systems.

## **4.8 Sales and Marketing**

Sales is led by the Canberra based Vice President of Business Development. That role is responsible for the identification and management of all global sales activities. The role is supported by the General Manager Boresight US and the General Manager Boresight UK for sales activities within their respective regions, North America and Europe respectively. Refer to Sections 7.3, 9.11, 9.12 and 9.13 for further details regarding the Company's arrangements with these individuals.

As detailed above, Boresight has a number of regional or country-specific resellers who are responsible for sales within their particular areas of responsibility. The relevant regional General Manager liaises with the resellers on opportunities and pipeline.

Marketing is managed by a 3<sup>rd</sup> party consulting marketing and investor relations company, in consultation with the Group.

The Group also attends a number of relevant military trade shows annually. The Company (on behalf of the Group) attends these as part of the Team Defence Australia (**TDA**) country stand where TDA is in attendance. This reduces overall attendance costs as TDA pays for

booth space. At non-TDA shows attended, the Group will have its own booth, which increases overall attendance costs.

An overview of trade shows that the Group typically attends annually or biennially is shown below. These trade shows are viewed as the most relevant to the Group's domain and customer base.

| Show                             | Location              | Next Show      | Comments                |
|----------------------------------|-----------------------|----------------|-------------------------|
| Defence Services Asia            | Kuala Lumpur Malaysia | April 2026     | Biennial. TDA show.     |
| Modern Day Marine                | Washington DC USA     | April 2026     | Annual. Non-TDA show.   |
| Special Operations Forces Week   | Tampa USA             | May 2026       | Annual. TDA show.       |
| Eurosatory                       | Paris France          | June 2026      | Biennial. TDA show.     |
| MSPO                             | Kielce Poland         | September 2026 | Annual. TDA show.       |
| Association of the US Army       | Washington DC USA     | October 2026   | Annual. TDA show.       |
| Land Forces                      | Perth Australia       | October 2026   | Biennial. Non-TDA show. |
| I/TSEC                           | Orlando USA           | November 2026  | Annual. Non-TDA show.   |
| International Defence Exhibition | Abu Dhabi UAE         | February 2027  | Biennial. TDA show.     |
| DSEI London                      | London England        | September 2027 | Biennial. TDA show.     |

There are other international trade shows that occur throughout the year, either annually or biennially. These will continue to be assessed for relevance and cost-effectiveness by the Group to determine attendance.

The Group also attends a number of international CUAS specific conferences annually. There are an increasing number of these and their relevance to Boresight is assessed prior to attendance being approved.

The Group conducts customer demonstrations whenever possible. This can include to procurement agencies or to individual military units or industry customers. For military customers these demonstrations are typically conducted on military installations and are designed to show how Boresight can meet the specific customer scenarios and requirements. These demonstrations may also be conducted wholly by resellers or with the support of Boresight personnel to the reseller.

The Group conducts briefings to senior personnel on an as available basis. These can be in conjunction with trade shows or as separate activities. These briefings may also be conducted wholly by resellers or with the support of Boresight personnel to the reseller.

## **4.9 Growth Strategies**

Since incorporation of the Company, the Group has experienced significant growth.

The Company has outlined a roadmap for the Group's growth strategy. Using the funds raised from the Public Offer, the Company believes that the Group will have sufficient funds to implement its growth strategy. Refer to Section 2.10 for further details on the use of funds.

The Group's main objectives on completion of the Public Offer and Admission of the Company to the Official List of ASX are:

### **(a) Increased Regional Presence and Manufacturing**

The Group will look to increase its global presence, as well as expand its production capabilities. In order to achieve this, the Group intends to:

- (i) purchase additional 3D printers and other additive manufacturing technologies;
- (ii) expand its engineering team to accelerate development of drone types and reduce time to market;
- (iii) expand its global sales and services team;
- (iv) increase its presence in North America and Europe via additional sales, engineering and Forward Support Representative (**FSR**) staff. The intent is to commence manufacturing in those regions once a critical mass of annual demand is reached where it becomes economically viable to do so; and
- (v) grow its presence in other regions, particularly in the Middle East and Asia, with South America and Africa dependent upon demand. The Group is seeking additional resellers in these regions and has commenced attending relevant defence related trade shows to support those activities. Given the nature of the Business, the Group is in ongoing negotiations and discussions with third-parties, government agencies and potential reseller parties, both locally and internationally, to expand the Group's existing customer base (including its reseller network and direct selling network). Whilst it is the Group's intention to expand its customer base and network to increase revenue, the negotiations in respect of these arrangements may be finalised at any time. However, the Group notes that there is no guarantee that such negotiations and discussions will be finalised and/or the Group will enter into further contracts with such parties.

### **(b) Increased Product Range**

The Group continues to design and develop a larger range of products, with several intended to be released to market in 2026. As set out in Section 4.6 above, this may include:

- (i) BQ-300 – FPV type Target Drone;
- (ii) BF-100 – small fixed wing Target Drone;

- (iii) BF-150 – larger fixed wing Target Drone;
- (iv) BS-350 Block 2 – upgraded BS-350 ISR Drone; and
- (v) Enhanced 1:Many capability – ability to control multiples of 10 Target Drone simultaneously.

Additionally, the Group is developing an enhanced hand controller for the BS-350 ISR Drone which may be able to be sold to other customers as a stand-alone product. The in-house developed radio and smart battery may similarly be able to be sold to other customers as a stand-alone product.

The Group is seeing increasing demand for its Target Drones and customers, both military and industry, are awaiting the release of the new Target Drone types.

(c) **Annuity Contracts**

The Group will seek additional annuity contracts with key customers for the provision of Target Drones and ISR Drones. This has the advantage of assured revenue and provides easier supply chain planning as well as enabling volume discounts from suppliers. Given the nature of the Business, the Group is in ongoing negotiations and discussions with third-parties, government agencies and potential reseller parties, both locally and internationally, to expand the Group's existing customer base (including its reseller network and direct selling network). Whilst it is the Group's intention to expand its customer base and network to increase revenue, the negotiations in respect of these arrangements may be finalised at any time. However, the Group notes that there is no guarantee that such negotiations and discussions will be finalised and/or the Group will enter into further contracts with such parties.

(d) **Vertical Integration**

The Group will continue to investigate opportunities for vertical integration. This may include the design and development of additional electronic components (such as, motors, batteries and other electronic components) to support its Target Drones and ISR Drones, additional and different types of additive manufacturing technologies and in-house production of components. Increased vertical integration will assist in securing supply chains, enable control of designs and versions, grow the Group's IP base and assist in driving down costs of production.

(e) **Development of CUAS Training Packages**

The Group will work with customers to develop CUAS training packages for a fee. These would be pre-planned missions that incorporate scenarios of increasing complexity, from training individual personnel through to groups of personnel i.e. Individual through to collective training. Boresight will sell these training packages to customers, enabling them to be pre-loaded onto a customer's GCS, further reducing the training management overhead.

(f) **Strategic Partnerships**

The Group will pursue strategic partnerships with militaries who may have an interest in licence manufacturing certain Boresight components or whole drones. This would be where a military is setting up an in-house drone manufacturing capability and requires designs for manufacture or requires component and electronics designs. The Group would charge a licence fee per unit built for this.

The Group will look to pursue strategic partnerships with CUAS technology companies with the aim of providing a quantity of Boresight Target Drones with each of their CUAS systems sold. For example, the Group will seek strategic partnerships with CUAS remote weapons systems (**RWS**) providers. Each RWS provided to a customer would also be provided with a quantity of Boresight Target Drones and a set of pre-developed mission profiles specifically for that customer. This will enable product uptake and lock-in.

(g) **Other**

There is scope for additional piloting services revenue for customers that do not have the ability to fly their own missions. Boresight would provide the piloting services for those customers.

There is scope for environmental clean-up services to be provided. This would be post a live-fire activity where Target Drones have been destroyed and the remnants need to be recovered from the range. Boresight would look to provide this service to customers as a value-add. This is likely to be of particular interest to European customers.

There is scope for the licence manufacturing of Boresight components such as the Boresight developed radio, GPS module and Flight Control Computer. Boresight is currently in discussions with a potential customer for them to licence manufacture some of those components. Boresight would be paid a royalty fee for each drone or component manufactured under licence.

In addition to the main objectives (as set out above), the Group may look to explore acquisition opportunities that may arise in relation to complementary business/companies within the defence sector. This may include other companies that have long term contracts within the defence sector, immediately growing revenue, or where a company provides particular components that could be of use to Boresight and would also grow revenue. At present the Group is not pursuing such acquisitions.

The Group will continue to assess its growth strategy from time to time, and will adjust its plans to respond to the external environment. The Company cannot guarantee that the plans set out in this section will be implemented as proposed. This Section 4.9 sets out the Group's objectives, but does not represent any forecast or projection as to future revenue or profitability of the Group.

The Directors are satisfied that on completion of the Public Offer and admission of the Company to the Official List of ASX, the Company will have sufficient funds to carry out its stated objectives.

#### **4.10 Key dependencies**

The key dependencies of the Group's business model include:

- (a) completion of the Public Offer to fund its growth strategy;
- (b) retaining and recruiting key personnel, particularly those with the requisite skills and qualifications;
- (c) raising sufficient funds in the future to satisfy expenditure requirements for continued operations; and
- (d) continuing demand for the products manufactured and provided by the Group.

## 4.11 Key Strengths and Competitive Advantages

Boresight's key strengths can be summarised as follows:

### (a) **Early mover advantage**

Boresight has made material penetration into the market for cost-effective, repeatable mission, attritable Target Drones. Boresight is an early mover in the market to provide Target Drones that are cost-effective enough for militaries and industry to be able to destroy in the volumes necessary for their respective purposes. Boresight has continued to confirm its market leadership through attendance at multiple defence and CUAS specific trade shows for the past 4+ years..

### (b) **Vertical integration**

Boresight continues to develop and have manufactured to its own design components for its drones wherever possible. This includes:

- (i) the in-house design and manufacture of its drone fuselages;
- (ii) the in-house development of its own mission planning software, including its 1:Many deconfliction and flight management software;
- (iii) the in-house design and manufacture of its own 1:Many radio network hub;
- (iv) the in-house design and outsourced manufacture its own flight control computer;
- (v) the in-house design and outsourced manufacture of its own navigation / GPS module;
- (vi) the in-house design and packaging of its own smart battery technology;
- (vii) the in-house design and manufacture of its own ISR drone hand controller with screen; and
- (viii) the in-house design and outsourced manufacture of its own radio system (ongoing).

Boresight will continue to investigate additional vertical integration opportunities to enable it to increase its offerings, reduce supply chain risk and decrease overall costs. This will possibly include:

- (i) in-house motor design and manufacture;
- (ii) in-house design and battery manufacture; and
- (iii) in-house injection moulding facilities.

### (c) **Productisation**

Boresight has expended considerable resources on productising its designs. This includes for its Target Drones and its ISR Drones. Boresight has done this to ensure that its products are able to be manufactured at scale cost-effectively and efficiently.

(d) **Reliability**

All Boresight products are thoroughly tested prior to delivery. This includes the flight testing of every drone prior to it leaving the factory. Any issues found are remediated. Boresight drones therefore have a high reliability rate when delivered to the customer.

(e) **Cost-effectiveness**

Boresight's Target Drones cost anywhere from approximately 1/3<sup>rd</sup> to approximately 1/5<sup>th</sup> of their commercially available equivalents. This makes them attractive for purchase by militaries and industry due to their constrained budgets but an increasing requirement for aerial target drones.

(f) **Mission Planning Software**

Boresight's Mission Planning software enables the easy planning and conduct of safe, repeatable flight missions. Missions can be pre-planned and saved for re-use. This enables standardised training to be conducted with objective results. Mission types can be created from the very simple to the very complex. This enables different training scenarios to be conducted depending on the desired training level and outcome. This is all done within a low cognitive burden environment for the operator.

(g) **Aerial Targets Eco-System**

All Boresight Target Drones will utilise the same mission planning software. This means that users only have to learn a single user interface for the mission planning software across multiple target types. This will also include the ability to run mixed target types within the same mission e.g. Quadcopter and fixed wing Target Drone types simultaneously. This increases user buy-in to the product line and reduces their overall training burden.

(h) **Hot-swappable radios**

Different countries and regions have different compliance and frequency requirements for radios. Boresight's designs enable hot-swappable radios. This enables the same airframe design to be used within different regions by providing the relevant radio. It also enables customers, where relevant, to purchase multiple radios for the same airframe and easily swap them out for use in different scenarios.

(i) **1:Many Capability**

Boresight's 1:Many capability enables the conduct of increasingly complex mission types, mimicking swarming, as well as the conduct of multiple user simultaneous training scenarios. It achieves this with a very small infrastructure footprint of a laptop and small radio control node only, connected via a cable. There is no need for internet access, so missions can be conducted in remote areas, which is typical for military ranges. Multiple drones can be flown simultaneously by a single operator, reducing overall personnel costs and pilot resource requirements.

(j) **Use of Additive Manufacturing Technologies**

Boresight's manufacturing processes use additive manufacturing technologies, reducing the time required for design, prototyping, iteration and production. Different types of additive manufacturing technologies are used depending on the type of product. This can include different types of 3D printers and will in future include injection moulding capabilities.

(k) **Scalability**

Boresight is able to readily scale to meet increasing customer quantities. Boresight does this via the purchase of additional parts, the purchase of additional additive manufacturing systems, such as 3D printers, where necessary, and the addition of extra production staff as necessary. Boresight therefore scales linearly.

(l) **Existing market penetration**

Boresight has established entities in the US, covering North America and the UK, covering Europe. The Group has an existing reseller network with plans to increase this network into more parts of Asia and the Middle East. Boresight has already made sales into multiple NATO and NATO aligned militaries and CUAS companies, as well as into Australia, New Zealand and the UAE. Given the nature of the Business, the Group is in ongoing negotiations and discussions with third-parties, government agencies and potential reseller parties, both locally and internationally, to expand the Group's existing customer base (including its reseller network and direct selling network). Whilst it is the Group's intention to expand its customer base and network to increase revenue, the negotiations in respect of these arrangements may be finalised at any time. However, the Group notes that there is no guarantee that such negotiations and discussions will be finalised and/or the Group will enter into further contracts with such parties

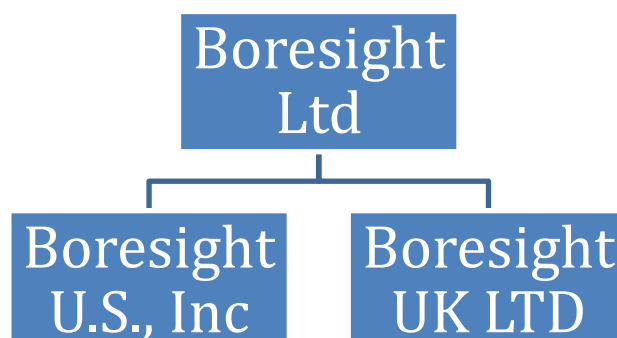
(m) **Dual-Use Technologies**

Boresight is a dual-use technology company. Its systems are used by both military and CUAS industry customers. Its ISR Drone, professional services business and other future product offerings provide additional revenue paths.

## 4.12 Corporate Structure

The Company is an Australian public company incorporated on 9 July 2020. The Company has the following 100% wholly owned subsidiaries (**Subsidiaries**):

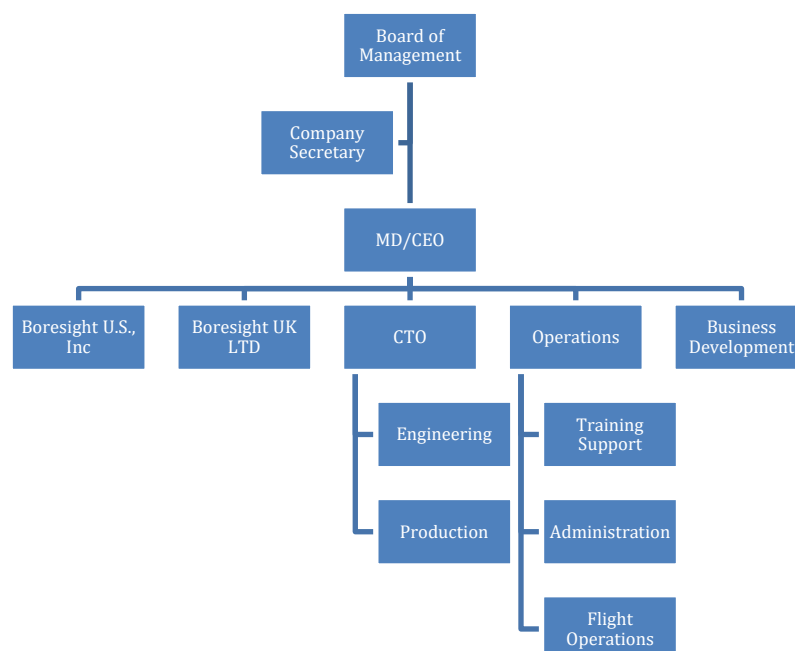
- (a) Boresight U.S., Inc (EIN 32-0741243), incorporated in Delaware on 19 July 2023; and
  - (b) Boresight UK LTD (16549350), incorporated in the United Kingdom on 30 June 2025,
- (together with the Company, referred to as the **Group**).



#### 4.13 People and Organisational Structure

As set out above, the Group's headquarters is based in Canberra, Australia. As at the date of this Prospectus, the Group engages 27 staff members comprising of its Directors, senior management (in Australia, the USA and UK), engineers and production and sales staff.

The organisational structure of the Group is set out below:



The Group has in place the necessary CASA ReOC (Remote Operator Certificate) for the conduct of commercial drone operations and its personnel that fly drones have the required CASA RePL (Remote Pilot Licence) certifications.

#### 4.14 Capital Structure

The capital structure of the Company following completion of the Public Offer is summarised below:

| Shares                                                                   | Full Subscription<br>(\$8,000,000) |
|--------------------------------------------------------------------------|------------------------------------|
| Shares on issue at the date of this Prospectus <sup>1</sup>              | 169,022,782                        |
| Shares to be issued under the Public Offer <sup>2</sup>                  | 40,000,000                         |
| <b>Offer Price per Share under the Public Offer</b>                      | <b>\$0.20</b>                      |
| <b>Total Shares on issue on completion of the Public Offer</b>           | <b>209,022,782</b>                 |
| Options                                                                  |                                    |
| Options on issue at the date of this Prospectus <sup>3</sup>             | 19,363,702                         |
| Options to be issued to consultants, advisers and employees <sup>4</sup> | 11,000,000                         |
| Lead Manager Options to be issued to the Lead Manager <sup>5</sup>       | 4,789,115                          |

|                                                                                            |                     |
|--------------------------------------------------------------------------------------------|---------------------|
| <b>Total Options on issue on completion of the Public Offer</b>                            | <b>35,152,817</b>   |
| <b>Fully diluted Share capital<sup>5</sup></b>                                             | <b>244,175,599</b>  |
| <b>Gross Proceeds of the Public Offer</b>                                                  | <b>\$8,000,000</b>  |
| <b>Market Capitalisation on completion of the Public Offer (undiluted)<sup>6</sup></b>     | <b>\$41,804,556</b> |
| <b>Market Capitalisation on completion of the Public Offer (fully diluted)<sup>6</sup></b> | <b>\$48,835,119</b> |

**Notes:**

1. Refer to Section 4.15 for details regarding the substantial Shareholders of the Company as at the date of this Prospectus. For the avoidance of doubt this figure includes Shares issued pursuant to all previous capital raisings of the Company, including (but not limited to) 10,000,000 Shares issued pursuant to the First Seed Raising, 22,307,692 Shares issued pursuant to the Second Seed Raising and a further 7,500,000 Shares issued pursuant to the Pre-IPO Capital Raising.
2. Refer to Section 2.1 for details of the Public Offer.
3. Exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX. Refer to Section 10.2 for the full terms and conditions of the Options.
4. 11,000,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) to be issued to non-related consultants, advisors and employees of the Group (the allocation yet to be determined). Refer to Section 10.2 for the full terms and conditions of the Options.
5. Exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX. Refer to Sections 2.7 and 9.1 for further details regarding the fees payable to the Lead Manager under the Lead Manager Mandate. Refer to Section 10.2 for the full terms and conditions of the Lead Manager Options.
6. Certain Securities on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 4.16 for further information. The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.
7. Assuming a Share price of \$0.20, however, the Company notes that the Shares may trade above or below this price.

## 4.15 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below.

### Substantial shareholdings as at the date of this Prospectus

| <b>Holder</b>                                                             | <b>Shares</b> | <b>Options</b> | <b>% (undiluted)<sup>1</sup></b> | <b>% (diluted)<sup>1</sup></b> |
|---------------------------------------------------------------------------|---------------|----------------|----------------------------------|--------------------------------|
| Criterion Solutions Pty Ltd <sup>2</sup>                                  | 81,245,265    | -              | 48.07%                           | 43.13%                         |
| My Monster Holdings Pty Ltd (ATF for the Buckham Hall Trust) <sup>3</sup> | 17,090,145    | -              | 10.11%                           | 9.07%                          |
| Phase Alpha Pty Ltd <Phase Alpha Investment A/C> <sup>4</sup>             | 8,846,154     | -              | 5.23%                            | 4.70%                          |

**Notes:**

1. Figures calculated on the basis that the Company has 169,022,782 Shares and 19,363,702 Options on issue as at the date of this Prospectus. Refer to Section 10.2 for the full terms and conditions of the Options.
2. Being an entity associated with Directors Mr Michael Sinkowitsch and Dr. Andrew Windsor. Refer to Section 7.5 for further details regarding Mr Sinkowitsch's and Dr. Windsor's interests in Securities in the Company.
3. Being an entity associated with Dr. Alexander Hall (Chief Technology Officer of the Company).
4. Being an entity that Mr Blake Burton (Non-Executive Director) has an indirect interest in. Refer to Section 7.5 for further details regarding Mr Burton's interests in Securities in the Company.

**Substantial Shareholders on completion of the Public Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Public Offer, unless specified otherwise below)**

| Holder                                                                    | Shares     | Options | % (undiluted) <sup>1</sup> | % (diluted) <sup>1</sup> |
|---------------------------------------------------------------------------|------------|---------|----------------------------|--------------------------|
| Criterion Solutions Pty Ltd <sup>2</sup>                                  | 81,245,265 | -       | 38.87%                     | 33.27%                   |
| My Monster Holdings Pty Ltd (ATF for the Buckham Hall Trust) <sup>3</sup> | 17,090,145 | -       | 8.18%                      | 7.00%                    |

**Notes:**

1. Figures calculated on the basis that the Company has 209,022,782 Shares and 35,152,817 Options on issue at Admission (based on Full Subscription). Refer to Section 10.2 for the full terms and conditions of the Options.
2. Being an entity associated with Directors Mr Michael Sinkowitsch and Dr. Andrew Windsor.
3. Being an entity associated with Dr. Alexander Hall (Chief Technology Officer of the Company).

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Public Offer prior to the Shares commencing trading on ASX.

## 4.16 Restricted Securities

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

Subject to the Company being admitted to the Official List and completion of the Offers, certain Securities on issue will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will seek to enter into restriction deeds and issue restriction notices (as applicable) in respect of all Securities classified by ASX as restricted securities in accordance with Chapter 9 of the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associated) of the Company) at the time of Admission will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.

The free float of Shares at the time of listing is anticipated to be approximately 27% based on Full Subscription.

#### **4.17 Additional Information**

Prospective investors are referred to and encouraged to read Section 5 and the Independent Limited Assurance Report in Annexure A for further details in respect to the financial position of the Company.

#### **4.18 Dividend Policy**

The Company anticipates that significant expenditure will be incurred in the evaluation and development of its business. These activities are expected to dominate the two (2) year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

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

## 5. Financial Information

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### 5.1 Introduction

This section sets out the Historical Financial Information of Boresight Ltd and its controlled entities (“Boresight”), collectively referred to as “the Group”. The Directors are responsible for the inclusion of all Financial Information in the Prospectus. The purpose of the inclusion of the Financial Information is to illustrate the effects of the Initial Public Offering (“IPO”) of Boresight on the financial position of the Group. Hall Chadwick WA Audit Pty Ltd (“Hall Chadwick”) has prepared an Independent Limited Assurance Report in respect to the Historical Financial Information and the Pro Forma Historical Financial Information. A copy of this report, within which an explanation of the scope and limitation of Hall Chadwick’s work is set out in Annexure A.

All information presented in this Section should be read in conjunction with the balance of this Prospectus, including the Independent Limited Assurance Report in Annexure A.

### 5.2 Basis and method of preparation

The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by Boresight as detailed in Note 1 of section 5.7. The pro forma financial information has been derived from the historical financial information and assumes the completion of the pro forma adjustments as set out in Note 2 of section 5.7 as if those adjustments had occurred as at 31 December 2025.

The financial information contained in this section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act and Australian Accounting Standards and Interpretations.

The historical financial information comprises the following (collectively referred to as the Historical Financial Information):

- The historical Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2024, 30 June 2025 and for the period ended 31 December 2025 for Boresight Ltd and its controlled entities;
- The historical Statement of Financial Position as at 30 June 2024, 30 June 2025 and 31 December 2025 for Boresight Ltd and its controlled entities
- The historical Statement of Cash Flows for the years ended 30 June 2024, 30 June 2025 and for the period ended 31 December 2025 for Boresight Ltd and its controlled entities;

The pro forma financial information comprises (collectively referred to as the Pro Forma Financial Information):

- The pro forma statement of financial position as at 31 December 2025 prepared on the basis that the pro forma adjustments and subsequent events detailed in Section 5.7 Note 2 had occurred as at 31 December 2025; and
- the notes to the pro forma financial information,

(collectively referred to as the Financial Information).

The Historical Financial Information of the Group has been extracted from the audited historical financial statements for 30 June 2024 and 30 June 2025 and reviewed historical financial statements for 31 December 2025. The financial reports for the years ended 30 June 2024 and 30 June 2025 were audited by Hall Chadwick in accordance with Australian Auditing Standards. The half year financial report for the period ended 31 December 2025 was reviewed by Hall Chadwick. Hall Chadwick issued unqualified audit opinions with material uncertainty related to going concern for the year ended 30 June 2024 and 30 June 2025 for Boresight Ltd and its controlled entities and an unqualified review conclusion was issued for 31 December 2025 with a material uncertainty on going concern.

### 5.3 Historical statement of profit or loss and other comprehensive income

|                                                                          | Consolidated<br>Reviewed*<br>31 December 2025<br>\$ | Consolidated<br>Audited*<br>30 June 2025<br>\$ | Consolidated<br>Audited*<br>30 June 2024<br>\$ |
|--------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Revenue</b>                                                           |                                                     |                                                |                                                |
| Revenue                                                                  | 2,446,885                                           | 4,361,920                                      | 2,765,458                                      |
| Government grant income                                                  | -                                                   | 347,184                                        | 143,480                                        |
| Other income                                                             | 10,458                                              | 345                                            | 12,101                                         |
| <br>Selling, general and administrative expenses                         | <br>(1,002,500)                                     | <br>(1,498,968)                                | <br>(1,053,401)                                |
| Share-based payment expense                                              | (7,347)                                             | (38,053)                                       | (21,993)                                       |
| Cost of goods sold                                                       | (1,135,835)                                         | (1,550,244)                                    | (624,609)                                      |
| Employee benefits expense                                                | (1,329,436)                                         | (1,903,402)                                    | (1,138,597)                                    |
| Depreciation and amortisation expense                                    | (215,883)                                           | (256,113)                                      | (29,877)                                       |
| Finance costs                                                            | (59,953)                                            | (59,090)                                       | (46,792)                                       |
| <br><b>Loss before income tax expense</b>                                | <br><b>(1,293,611)</b>                              | <br><b>(596,421)</b>                           | <br><b>5,770</b>                               |
| <br>Income tax (expense)/benefit                                         | <br>-                                               | <br>(126,009)                                  | <br>(105,689)                                  |
| <br><b>Loss after income tax (expense)/benefit for the year</b>          | <br><b>(1,293,611)</b>                              | <br><b>(722,430)</b>                           | <br><b>(99,919)</b>                            |
| <br><b>Other comprehensive income</b>                                    |                                                     |                                                |                                                |
| <br><i>Items that may be reclassified subsequently to profit or loss</i> |                                                     |                                                |                                                |
| Foreign currency translation                                             | (62,051)                                            | 44,956                                         | 646                                            |
| Other comprehensive income for the year, net of tax                      | (62,051)                                            | 44,956                                         | 646                                            |
| <br><b>Total comprehensive loss for the year</b>                         | <br><b>(1,355,662)</b>                              | <br><b>(677,474)</b>                           | <br><b>(99,273)</b>                            |
| <br><b>Loss for the period is attributable to:</b>                       |                                                     |                                                |                                                |
| Non-controlling interest                                                 | (4,821)                                             | (4,163)                                        | -                                              |
| Owners of Boresight Ltd                                                  | (1,288,790)                                         | (718,267)                                      | (99,919)                                       |
|                                                                          | <b>(1,293,611)</b>                                  | <b>(722,430)</b>                               | <b>(99,919)</b>                                |
| <br><b>Total comprehensive income for the period is attributable to:</b> |                                                     |                                                |                                                |
| Non-controlling interest                                                 | (4,581)                                             | (4,372)                                        | -                                              |
| Owners of Boresight Ltd                                                  | (1,351,081)                                         | (673,102)                                      | (99,273)                                       |
|                                                                          | <b>(1,355,662)</b>                                  | <b>(677,474)</b>                               | <b>(99,273)</b>                                |

\* Please refer to Section 5.2 with respect to the audit opinions and review conclusion issued by Hall Chadwick on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 5.7 and the Independent Limited Assurance Report in Annexure A.

## 5.4 Historical statement of financial position

|                                      | Consolidated<br>Reviewed*<br>31 December 2025<br>\$ | Consolidated<br>Audited*<br>30 June 2025<br>\$ | Consolidated<br>Audited*<br>30 June 2024<br>\$ |
|--------------------------------------|-----------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Current assets</b>                |                                                     |                                                |                                                |
| Cash and cash equivalents            | 942,564                                             | 568,962                                        | 112,672                                        |
| Trade and other receivables          | 258,497                                             | 756,999                                        | 1,378,779                                      |
| Inventories                          | 96,828                                              | 362,092                                        | 46,744                                         |
| Other assets                         | 86,911                                              | 36,763                                         | 31,479                                         |
| <b>Total current assets</b>          | <b>1,384,800</b>                                    | <b>1,724,816</b>                               | <b>1,569,674</b>                               |
| <b>Non-current assets</b>            |                                                     |                                                |                                                |
| Plant and equipment                  | 263,553                                             | 382,834                                        | 88,559                                         |
| Right-of-use assets                  | 169,547                                             | 226,318                                        | -                                              |
| Deferred tax assets                  | 26,685                                              | 22,367                                         | 77,725                                         |
| Other assets                         | 34,490                                              | 34,490                                         | -                                              |
| <b>Total non-current assets</b>      | <b>494,275</b>                                      | <b>666,009</b>                                 | <b>166,284</b>                                 |
| <b>TOTAL ASSETS</b>                  | <b>1,879,075</b>                                    | <b>2,390,825</b>                               | <b>1,735,958</b>                               |
| <b>Current liabilities</b>           |                                                     |                                                |                                                |
| Trade and other payables             | 390,975                                             | 696,372                                        | 498,139                                        |
| Contract liabilities                 | 77,274                                              | 171,803                                        | 21,135                                         |
| Borrowings                           | 35,917                                              | 500,404                                        | -                                              |
| Lease liabilities                    | 120,012                                             | 112,449                                        | -                                              |
| Current tax liability                | -                                                   | 63,487                                         | 5,009                                          |
| Provisions                           | 196,241                                             | 151,553                                        | 111,450                                        |
| <b>Total current liabilities</b>     | <b>820,419</b>                                      | <b>1,696,068</b>                               | <b>635,733</b>                                 |
| <b>Non-current liabilities</b>       |                                                     |                                                |                                                |
| Borrowings                           | -                                                   | 30,000                                         | -                                              |
| Lease liability                      | 65,593                                              | 127,952                                        | -                                              |
| Deferred tax liabilities             | 26,685                                              | 22,367                                         | 15,202                                         |
| Provisions                           | 58,632                                              | 45,017                                         | 22,946                                         |
| <b>Total non-current liabilities</b> | <b>150,910</b>                                      | <b>225,336</b>                                 | <b>38,148</b>                                  |
| <b>TOTAL LIABILITIES</b>             | <b>971,329</b>                                      | <b>1,921,404</b>                               | <b>673,881</b>                                 |
| <b>NET ASSETS / (LIABILITIES)</b>    | <b>907,746</b>                                      | <b>469,421</b>                                 | <b>1,062,077</b>                               |
| <b>EQUITY</b>                        |                                                     |                                                |                                                |
| Issued capital                       | 3,580,968                                           | 1,747,563                                      | 1,747,563                                      |
| Reserves                             | 87,776                                              | 189,485                                        | 59,502                                         |
| Accumulated losses                   | (2,752,045)                                         | (1,463,255)                                    | (744,988)                                      |
| Equity attributable to the owners    | 916,699                                             | 473,793                                        | 1,062,077                                      |
| Non-controlling interest             | (8,953)                                             | (4,372)                                        | -                                              |
| <b>TOTAL EQUITY</b>                  | <b>907,746</b>                                      | <b>469,421</b>                                 | <b>1,062,077</b>                               |

\* Please refer to Section 5.2 with respect to the audit opinions and review conclusion issued by Hall Chadwick on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 5.7 and the Independent Limited Assurance Report in Annexure A.

## 5.5 Historical statement of cash flows

|                                                                   | Consolidated<br>Reviewed*<br>31 December 2025<br>\$ | Consolidated<br>Audited*<br>30 June 2025<br>\$ | Consolidated<br>Audited*<br>30 June 2024<br>\$ |
|-------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                                                     |                                                |                                                |
| Receipts from customers (inclusive of GST)                        | 2,568,597                                           | 5,336,044                                      | 1,605,414                                      |
| Payments to suppliers and employees (inclusive of GST)            | (3,610,965)                                         | (4,938,066)                                    | (2,488,022)                                    |
| Proceeds from government grants                                   | 347,184                                             | 143,480                                        | 78,958                                         |
|                                                                   | (695,184)                                           | 541,458                                        | (803,650)                                      |
| Interest received                                                 | 317                                                 | 345                                            | -                                              |
| Interest and other finance costs paid                             | (2,050)                                             | (18,761)                                       | (9,083)                                        |
| Income taxes paid                                                 | (63,487)                                            | (5,009)                                        | -                                              |
| <b>Net cash used in operating activities</b>                      | <b>(760,404)</b>                                    | <b>518,033</b>                                 | <b>(812,733)</b>                               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |                                                     |                                                |                                                |
| Payments for plant and equipment                                  | (40,958)                                            | (440,480)                                      | (65,431)                                       |
| Payments for establishment of subsidiary                          | -                                                   | (167)                                          | (1,538)                                        |
| Proceeds from disposal of plant and equipment                     | -                                                   | -                                              | 45,000                                         |
| <b>Net cash used in investing activities</b>                      | <b>(40,958)</b>                                     | <b>(440,647)</b>                               | <b>(21,969)</b>                                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |                                                     |                                                |                                                |
| Proceeds from issue of shares                                     | 1,501,020                                           | -                                              | 500,010                                        |
| Proceeds from issue of convertible notes                          | -                                                   | 265,001                                        | -                                              |
| Proceeds from borrowings                                          | 76,227                                              | 340,000                                        | 300,000                                        |
| Repayment of borrowings                                           | (340,783)                                           | (93,407)                                       | (94,375)                                       |
| Repayment of lease liabilities                                    | (54,796)                                            | (119,877)                                      | -                                              |
| <b>Net Cash from Financing Activities</b>                         | <b>1,181,668</b>                                    | <b>391,717</b>                                 | <b>705,635</b>                                 |
| Net decrease in cash and cash equivalents                         | 380,306                                             | 469,103                                        | (129,067)                                      |
| Cash and cash equivalents at the beginning of the financial year  | 568,962                                             | 112,672                                        | 236,755                                        |
| Effects of exchange rate changes on cash and cash equivalents     | (6,704)                                             | (12,813)                                       | 4,984                                          |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>942,564</b>                                      | <b>568,962</b>                                 | <b>112,672</b>                                 |

\* Please refer to Section 5.2 with respect to the audit opinions and review conclusion issued by Hall Chadwick on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 5.7 and the Independent Limited Assurance Report in Annexure A.

## 5.6 Historical and Pro-forma statement of financial position

|                                  | Notes | Consolidated<br>31 December 2025<br>\$ | Subsequent Events<br>\$ | Pro forma Adjustments<br>\$ | Pro forma Balance<br>31 December 2025<br>\$ |
|----------------------------------|-------|----------------------------------------|-------------------------|-----------------------------|---------------------------------------------|
| <b>Current assets</b>            |       |                                        |                         |                             |                                             |
| Cash and cash equivalents        | 3     | 942,564                                | 1,173,600               | 7,153,805                   | 9,269,969                                   |
| Trade and other receivables      | 4     | 258,497                                | 1,800                   | -                           | 260,297                                     |
| Inventories                      |       | 96,828                                 | -                       | -                           | 96,828                                      |
| Other assets                     |       | 86,911                                 | -                       | -                           | 86,911                                      |
| <b>Total current assets</b>      |       | <b>1,384,800</b>                       | <b>1,175,400</b>        | <b>7,153,805</b>            | <b>9,714,005</b>                            |
| <b>Non-current assets</b>        |       |                                        |                         |                             |                                             |
| Plant and equipment              |       | 263,553                                | -                       | -                           | 263,553                                     |
| Right-of-use assets              |       | 169,547                                | -                       | -                           | 169,547                                     |
| Deferred tax assets              |       | 26,685                                 | -                       | -                           | 26,685                                      |
| Other assets                     |       | 34,490                                 | -                       | -                           | 34,490                                      |
| <b>Total non-current assets</b>  |       | <b>494,275</b>                         | <b>-</b>                | <b>-</b>                    | <b>494,275</b>                              |
| <b>TOTAL ASSETS</b>              |       | <b>1,879,075</b>                       | <b>1,175,400</b>        | <b>7,153,805</b>            | <b>10,208,280</b>                           |
| <b>Current liabilities</b>       |       |                                        |                         |                             |                                             |
| Trade and other payables         |       | 390,975                                | -                       | -                           | 390,975                                     |
| Contract liabilities             |       | 77,274                                 | -                       | -                           | 77,274                                      |
| Borrowings                       |       | 35,917                                 | -                       | -                           | 35,917                                      |
| Lease liabilities                |       | 120,012                                | -                       | -                           | 120,012                                     |
| Current tax liability            |       | -                                      | -                       | -                           | -                                           |
| Provisions                       |       | 196,241                                | -                       | -                           | 196,241                                     |
| <b>Total current liabilities</b> |       | <b>820,419</b>                         | <b>-</b>                | <b>-</b>                    | <b>820,419</b>                              |
| <b>Non-current liabilities</b>   |       |                                        |                         |                             |                                             |
| Lease liability                  |       | 65,593                                 | -                       | -                           | 65,593                                      |

|                                                    | Notes     | Consolidated<br>31 December 2025<br>\$ | Subsequent Events<br>\$ | Pro forma Adjustments<br>\$ | Pro forma Balance<br>31 December 2025<br>\$ |
|----------------------------------------------------|-----------|----------------------------------------|-------------------------|-----------------------------|---------------------------------------------|
| Deferred tax liabilities                           |           | 26,685                                 | -                       | -                           | 26,685                                      |
| Provisions                                         |           | 58,632                                 | -                       | -                           | 58,632                                      |
| <b>Total non-current liabilities</b>               |           | <b>150,910</b>                         | <b>-</b>                | <b>-</b>                    | <b>150,910</b>                              |
| <b>TOTAL LIABILITIES</b>                           |           | <b>971,329</b>                         | <b>-</b>                | <b>-</b>                    | <b>971,329</b>                              |
| <b>NET ASSETS / (LIABILITIES)</b>                  |           | <b>907,746</b>                         | <b>1,175,400</b>        | <b>7,153,805</b>            | <b>9,236,951</b>                            |
| <b>Equity</b>                                      |           |                                        |                         |                             |                                             |
| Issued capital                                     | <b>5a</b> | 3,580,968                              | 1,175,400               | 6,802,535                   | 11,558,903                                  |
| Reserves                                           | <b>5b</b> | 87,776                                 | 2,190,242               | 2,325,830                   | 4,603,848                                   |
| Accumulated losses                                 | <b>5c</b> | (2,752,045)                            | (2,199,195)             | (1,974,560)                 | (6,925,800)                                 |
| Equity attributable to the owners of Boresight Ltd |           | 916,699                                | 1,166,447               | 7,153,805                   | 9,236,951                                   |
| Non-controlling interest                           | <b>5d</b> | (8,953)                                | 8,953                   | -                           | -                                           |
| <b>TOTAL EQUITY</b>                                |           | <b>907,746</b>                         | <b>1,175,400</b>        | <b>7,153,805</b>            | <b>9,236,951</b>                            |

## 5.7 Notes to and Forming Part of the Historical Financial Information

### (a) Note 1: Summary of material accounting policies

#### **Basis of preparation**

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

The financial information has also been prepared on a historical cost basis.

#### *Going Concern*

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

For the half year ended 31 December 2025, the Group incurred a loss after income tax of \$1,293,611 (31 December 2024: \$217,603) and net cash outflows from operating of \$760,404 (31 December 2024: cash inflows of \$584,845) net cash outflows from investing activities of \$40,958 (31 December 2024: \$413,131). As at 31 December 2025, the Group had net current assets of \$564,381 (30 June 2025: \$28,748). Cash and cash equivalents as at 31 December 2025 amounted to \$942,564 (30 June 2025: \$568,962).

The ability of the Group to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result, the financial information has been prepared on a going concern basis.

This condition indicates a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However should the fundraising under the Prospectus be unsuccessful, the Group may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Group not continue as a going concern.

#### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Boresight Ltd ('Company' or 'parent entity') as at 31 December 2025 and the results of all subsidiaries for the year then ended. Boresight Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the

date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Boresight Ltd's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## **Revenue recognition**

### *Revenue*

The Group revenues consist of the following elements:

- (i) physical products which are sent to the customer, where revenue is recognised upon shipment or arrival of goods, dependent on the terms that have been agreed with the customer;
- (ii) services revenue, where revenue is recognised upon the provision of services to the customer; and
- (iii) other revenue, which is primarily comprised of shipping fees.

The Group has no contract assets. Contract liabilities relate to cash payments received from customers in advance of the shipment or delivery of physical products or the provision of services.

The Group has no material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## **Cash and cash equivalents**

Cash and cash equivalents includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

## **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### **Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

|                        |           |
|------------------------|-----------|
| Leasehold improvements | 2-3 years |
| Plant and equipment    | 3-7 years |
| Motor Vehicles         | 10 years  |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Contract liabilities**

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

### **Financial instruments**

#### *Classification*

The Group classifies its financial assets in the following measurement categories:

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group's financial assets have been classified as those to be measured at amortised cost.

#### *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### *Impairment*

The Group assesses expected credit losses associated on a forward-looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **Fair Value Measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will

take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### **Convertible notes**

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as an equity reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## **Employee Benefits**

### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### *Other long-term employee benefits*

The liability for annual leave and long service leaves not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **Reserves**

### *Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

### *Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

### *Equity reserve*

The equity reserve is used to recognise the difference between convertible note proceeds received and the fair value of the liability component of the Group's convertible notes.

## **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## **Share-based payments**

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Hoadleys or Monte Carlo option pricing models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Income tax**

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

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

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

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

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

### **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Boresight Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **(b) Note 2: Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information**

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of Boresight Ltd as at 31 December 2025 to reflect the financial effects of the following subsequent events which have occurred since 31 December 2025:

- (i) Boresight converted from a private company to a public company on 17 March 2026 and undertook a share split on a ratio of 465 for 1 on the same date.
- (ii) On 12 March 2026, 10,811,175 employee share plan options were cancelled.
- (iii) On 18 March 2026 the Company issued 7,500,000 shares to raise \$1,200,000, with a cost of \$24,600.
- (iv) On 18 March 2026, Boresight acquired the minority shareholding of Boresight UK LTD, bringing its ownership to 100% for the issue of 600,000 unlisted options (exercisable at \$0.25, expiring on the date that is five (5) years from the date Boresight is admitted to the official list of ASX).
- (v) On 09 April 2026, 9,363,702 options were issued to Managing Director and eligible employees (exercisable at \$0.25, expiring on the date that is five (5)

years from the date Boresight is admitted to the official list of ASX) vesting immediately as options are issued in respect of prior service.

- (vi) On 09 April 2026, 9,400,000 options were issued to Directors (exercisable at \$0.25 and expiring on the date that is five (5) years from the date Boresight is admitted to the official list of ASX) vesting immediately upon issue in recognition of services provided by the Directors up to the date of IPO.

And the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the capital raising:

- (i) Boresight Ltd will offer 40,000,000 shares, at an issue price of \$0.20 per Share, to raise \$8,000,000, with a cash-settled cost of \$846,195 (which has been allocated \$492,000 to capital raising cost and \$354,195 to the profit and loss) and equity-settled cost of \$705,465 as value of 4,789,115 options issued to Lead Manager (exercisable at \$0.25, expiring five years).
- (ii) Boresight will issue 11,000,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) to be issued to non-related consultants, advisors and employees of the Group (the allocation yet to be determined).

(c) **Note 3: Cash and cash equivalents**

|                                                            | <b>Pro forma after IPO</b> |
|------------------------------------------------------------|----------------------------|
|                                                            | <b>\$</b>                  |
| Cash and cash equivalents                                  | 9,269,969                  |
| Reviewed balance as at 31 December 2025                    | 942,564                    |
| <i>Subsequent events:</i>                                  |                            |
| Receipt for the Seed Round 3 capital raising (net of cost) | 1,173,600                  |
| Total                                                      | 1,173,600                  |
| <i>Pro-forma adjustments:</i>                              |                            |
| Proceeds from shares issued under the Public Offer         | 8,000,000                  |
| Capital raising costs – cash-settled                       | (492,000)                  |
| Expenses of the offer                                      | (354,195)                  |
| Total                                                      | 7,153,805                  |
| <b>Pro-forma Balance</b>                                   | <b>9,269,969</b>           |

(d) **Note 4: Trade and other receivables**

|                                                       | <b>Pro forma after IPO</b> |
|-------------------------------------------------------|----------------------------|
|                                                       | <b>\$</b>                  |
| Trade and other receivables                           | 260,297                    |
| Reviewed balance as at 31 December 2025               | 258,497                    |
| <i>Subsequent events:</i>                             |                            |
| GST arising from cost of Seed Round 3 capital raising | 1,800                      |
| Total                                                 | 1,800                      |
| <b>Pro-forma Balance</b>                              | <b>260,297</b>             |

(e) **Note 5: Equity**

**a) Issued Capital**

|                                                          | <b>Number of shares</b> | <b>Pro forma after IPO</b> |
|----------------------------------------------------------|-------------------------|----------------------------|
|                                                          | <b>No</b>               | <b>\$</b>                  |
| Issued Capital                                           | 209,022,782             | 11,558,903                 |
| Fully paid ordinary share capital as at 31 December 2025 | 347,361                 | 3,580,968                  |
| <i>Subsequent event:</i>                                 |                         |                            |
| Share split (ratio 1:465)                                | 161,175,421             | -                          |
| Shares issued under Seed Round 3 capital raising         | 7,500,000               | 1,200,000                  |
| Capital raising costs – cash settled                     | -                       | (24,600)                   |
| Total                                                    | 168,675,421             | 1,175,400                  |
| <i>Pro-forma adjustments:</i>                            |                         |                            |
| Shares issued under the IPO                              | 40,000,000              | 8,000,000                  |
| Capital raising costs – cash settled                     | -                       | (492,000)                  |
| Capital raising costs – equity settled                   | -                       | (705,465)                  |
| Total                                                    | 40,000,000              | 6,802,535                  |
| <b>Pro-forma Balance</b>                                 | <b>209,022,782</b>      | <b>11,558,903</b>          |

| <b>b) Reserve</b>                                                     | <b>No. of options<br/>No</b> | <b>Pro forma after IPO<br/>\$</b> |
|-----------------------------------------------------------------------|------------------------------|-----------------------------------|
| Reserve                                                               | 35,152,817                   | 4,603,848                         |
| Reserve as at 31 December 2025                                        | 23,251                       | 87,776                            |
| <i>Subsequent event:</i>                                              |                              |                                   |
| Share split (ratio 1:465)                                             | 10,788,464                   | -                                 |
| ESOP cancelled                                                        | (10,811,715)                 | -                                 |
| Issuance of options to directors                                      | 9,400,000                    | 1,063,241                         |
| Issuance of options to purchase the minority interest of Boresight UK | 600,000                      | 67,866                            |
| Issuance of options to employees                                      | 9,363,702                    | 1,059,135                         |
| Total                                                                 | 19,340,451                   | 2,190,242                         |
| <i>Pro-forma adjustments:</i>                                         |                              |                                   |
| Issuance of options to lead manager (Broker Options)                  | 4,789,115                    | 705,465                           |
| Issuance of options to consultants, advisers and employees            | 11,000,000                   | 1,620,365                         |
| Total                                                                 | 15,789,115                   | 2,325,830                         |
| <b>Pro-forma Balance</b>                                              | <b>35,152,817</b>            | <b>4,603,848</b>                  |

## **Note 5: Equity (continued)**

The options issued to Directors and Employees are detailed as follows:

|                     |                                                          | <b>No. of options</b> | <b>Total Value</b> | <b>Expense<br/>recognised in<br/>Proforma</b> |
|---------------------|----------------------------------------------------------|-----------------------|--------------------|-----------------------------------------------|
| Michael Sinkowitsch | Executive Director                                       | 3,200,000             | 361,954            | 361,954                                       |
| Andrew Windsor      | Non-Executive Chairman                                   | 3,200,000             | 361,954            | 361,954                                       |
| Justin Olde         | CEO & Managing Director                                  | 1,800,000             | 203,599            | 203,599                                       |
| Blake Burton        | Non-Executive Director                                   | 1,200,000             | 135,733            | 135,733                                       |
| Kevin Nicholls      | Owner of 20% minority<br>interest of Boresight UK<br>LTD | 600,000               | 67,866             | 67,866                                        |
| Justin Olde         | CEO & Managing Director                                  | 6,277,500             | 710,053            | 710,053                                       |
| Dorian Larcher      | Engineer                                                 | 1,448,010             | 163,786            | 163,786                                       |
| Lachlan Czumak      | Production Manager                                       | 1,266,192             | 143,220            | 143,220                                       |
| Jarred Wynan        | Senior Software Engineer                                 | 372,000               | 42,077             | 42,077                                        |
|                     |                                                          | <b>19,363,702</b>     | <b>2,190,242</b>   | <b>2,190,242</b>                              |

Valuation assumptions as follows:

|                     | <b>Subsequent Event<br/>Directors /<br/>Employees options</b> | <b>Proforma<br/>Broker options</b> | <b>Proforma<br/>Consultants,<br/>advisers and<br/>employees Options</b> |
|---------------------|---------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------|
| Number              | 19,363,702                                                    | 4,789,115                          | 11,000,000                                                              |
| Spot price          | \$ 0.16                                                       | \$ 0.20                            | \$ 0.20                                                                 |
| Exercise price      | \$ 0.25                                                       | \$ 0.25                            | \$ 0.25                                                                 |
| Expiry period       | 5.00                                                          | 5.00                               | 5.00                                                                    |
| Expected volatility | 100%                                                          | 100%                               | 100%                                                                    |
| Risk free rate      | 4.57%                                                         | 4.48%                              | 4.48%                                                                   |
| Fair value          | 0.1131                                                        | 0.1473                             | 0.1473                                                                  |
| Fair value (\$)     | \$2,190,242                                                   | \$705,465                          | \$1,620,365                                                             |
| Model               | Black-Scholes Option<br>Valuation                             | Black-Scholes Option<br>Valuation  | Black-Scholes Option<br>Valuation                                       |
| Vesting conditions  | Immediately                                                   | Immediately                        | Immediately                                                             |

**Note 5: Equity (continued)**

| <b>c) Retained earnings</b>                                           | <b>Pro forma after<br/>IPO<br/>\$</b> |
|-----------------------------------------------------------------------|---------------------------------------|
| Accumulated losses                                                    | <u>(6,925,800)</u>                    |
| Accumulated losses as at 31 December 2025                             | (2,752,045)                           |
| <i>Subsequent event:</i>                                              |                                       |
| Issuance of options to directors                                      | (1,063,241)                           |
| Issuance of options to purchase the minority interest of Boresight UK | (76,819)                              |
| Issuance of options to employees                                      | <u>(1,059,135)</u>                    |
| Total                                                                 | <u>(2,199,195)</u>                    |
| <i>Pro-forma adjustments:</i>                                         |                                       |
| Issuance of options to consultants, advisers and employees            | (1,620,365)                           |
| Expenses of the offer                                                 | <u>(354,195)</u>                      |
| Total                                                                 | <u>(1,974,560)</u>                    |
| <b>Pro-forma Balance</b>                                              | <u><b>(6,925,800)</b></u>             |
| <b>d) Non-controlling interest</b>                                    | <b>Pro forma after<br/>IPO<br/>\$</b> |
| Non-controlling interest                                              | <u>-</u>                              |
| Non-controlling interest as at 31 December 2025                       | (8,953)                               |
| <i>Subsequent event:</i>                                              |                                       |
| Issuance of options to purchase the minority interest of Boresight UK | <u>8,953</u>                          |
| Total                                                                 | <u>8,953</u>                          |
| <b>Pro-forma Balance</b>                                              | <u><b>-</b></u>                       |

**(f) Note 6: Related Parties**

Refer to Section 7 of the Prospectus for the Board and Management Interests.

**(g) Note 7: Commitments and Contingencies**

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

## 6. Risk Factors

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### 6.1 Introduction

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

There are specific risks which relate directly to our business. In addition, there are other general risks, many of which are largely beyond the control of the Group and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Group and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Group is exposed.

### 6.2 Company Specific risks

#### (a) Additional Requirements for Capital

The Group's future capital requirements depend on numerous factors. Depending on the Group's ability to maintain its funds and revenue from its operations, the Group may require further capital in the future.

Any additional equity financing will dilute shareholdings. If the Group is unable to obtain additional financing as and when needed, the Group may be required to reduce the scope of its operations.

#### (b) Conditionality of the Public Offer

The Public Offer is subject to the Conditions of the Public Offer summarised in Section 2.5. There is the risk that one or more of these conditions cannot be fulfilled, and therefore, the Public Offer will not proceed.

#### (c) Government and government affiliate contracts

A significant portion of the Group's contracts are with government departments and/or government affiliates, in Australia, the United States and other jurisdictions. The Group's ability to continue to generate revenue significantly depends on its ability to continue to conduct business with these departments/agencies. Given the general nature of agreements with government departments and/or government affiliates, there is the risk that some of these customers may:

- (i) re-allocate their spending or budgeting, resulting in terminating, reducing or modifying contracts with the Group;
- (ii) award or terminate contracts at their absolute discretion;
- (iii) cancel multi-year contracts and related orders, if there is a change to funding availability; or
- (iv) adjust contract costs and fees.

In the event that such contracts are not extended or are cancelled, this would have a significant adverse impact on the Group's operations and would directly impact the Group's financial performance.

(d) **Going concern**

The Group's financial report for the year ended 31 December 2025 includes a statement indicating the existence of a material uncertainty about the Group's ability to continue as a going concern.

Notwithstanding this 'going concern' qualification, the Directors believe that upon completion of the Public Offer, the Group will have sufficient funds to adequately meet the Group's proposed growth strategy and continued operations for the next 24 months. However, it is likely that further funding may be required in the medium-long term, depending on the Group's ability to maintain its funds and revenue from operations (as set out in Section 6.2(a) above).

In the event that the Public Offer is not completed, there is uncertainty as to whether the Group can continue as a going concern and this will likely have a material adverse effect on the Group's operations and impact the financial position. Refer to Section 5 for further details regarding the Group's financial information.

(e) **International operations**

The Group has re-seller arrangements with various third-parties in other countries and expects to continue conducting its business internationally. Accordingly, the Group's operations are exposed to numerous risks that are inherent to conducting global operations, including (but not limited to), economic and political stability in overseas jurisdictions, costs of complying with laws and regulations in numerous jurisdictions, and foreign currency fluctuation. Refer to Section 9.7 for further details regarding these re-seller arrangements.

(f) **Supply chain**

The Group may face delays in product delivery from its various third-party suppliers, if these parties are unable to fulfil orders, which would directly impact the Group's ability to manufacture the Drones and meet customer orders. The Group has approximately 20 suppliers that it uses on a continual basis, with others used on an ad-hoc basis for specialist needs on an as required basis. Issues with suppliers could delay delivery to customers and may therefore affect revenue and cash flow. It may also delay the development of additional products. Sourcing alternate suppliers if required may also delay product development or customer deliveries.

(g) **Product liability**

There is no assurance that unforeseen manufacturing defects or events will not arise in the Group's Drones. Such adverse defects or events may expose the Group to product liability claims. If any such claims arose, the Group would have to re-focus its resources and funds on dealing with such claims, rather than focusing on the Group's growth strategy.

The Group maintains adequate levels of insurance to cover product liability risks. However, there can be no assurance that such product liability claims will not materially and adversely impact the Group's operations and financial conditions. Further, such claims could damage the Group's brand and reputation.

(h) **Competition**

The Group operates in a competitive landscape in the drone industry. The Group may encounter competition from well-funded and well-established corporations in Australia and worldwide, that have significantly greater resources and capital than the Group. Competitors of the Group may also differentiate themselves through factors such as pricing, product quality, and innovation, which could position them ahead of the Company.

An overview of the competitive landscape is set out in Section 3.3 above.

(i) **Research and further development of the Drones**

The Group's business significantly involves research, development and commercialisation of the Drones.

If the Group fails to identify and invest in research into like products and technologies, this could leave the Group behind its competitors, as well as result in customers moving to use of the products of the Group's competitors. Such investment from the Group is based on informed and calculated assumptions, as well as research.

There is also the risk that if the Group invests into new and emerging technologies and/or areas, the Group may not receive the benefits of doing so for quite some time, or at all. As such, the Group may have invested significant cost and time with no benefit to come from this investment.

(j) **Changes to laws or regulations**

The Group operates in multiple jurisdictions and is subject to local laws and regulations in each of these. While the Group actively monitors and is informed of legal and regulatory changes, there is the risk that the Company may not fully anticipate or keep up to date with changes, or the introduction of new laws and/or regulations, which could adversely impact the Group's operations. Further, changes to existing laws or regulations, particularly in respect of compliance and/or reporting obligations, may significantly increase costs for the Group.

(k) **Reliance on key personnel**

The Group's performance and success depends to a large extent on the continuing efforts and expertise of its senior and key personnel. The loss of a senior or key member of the Group, may adversely affect the Group and its operations. Further, should the Group be unable to retain and attract highly skilled and appropriately qualified personnel, this may impede the Group's business and the Group achieving its objectives.

(l) **Protection of intellectual property, trade secrets and confidentiality**

The Group protects its intellectual property through reliance on trade secrets, internal data security policies and measures, and contractual confidentiality arrangements in regards to development and commercialisation of the Drones. There is the risk that the Group's existing measures to protect its trade secrets and maintain confidentiality may not be sufficient, or there may be a breach in confidentiality. There are measures in place to mitigate any breaches of confidentiality or unauthorised sharing of trade secrets, including (but not limited to) relevant protections within employment agreements and via mutual non-disclosure agreements with other parties. However, the Group cannot guarantee that there will be no unauthorised use (or misuse) of its

intellectual property, or that employees or contractors of third parties will not breach confidentiality or divulge the Group's trade secrets or any commercially sensitive information.

There is the possibility that third parties may challenge the Group's intellectual property rights. If the Group's intellectual property rights are challenged, the Company will be required to defend such claims. Irrespective of whether such claims are determined in the Group's favour or not, if the Group is required to defend such challenges, the Group may incur significant costs of such litigation, management would need to devote time and attention to defending such claims and the Group may suffer reputational damage. As at the date of this Prospectus, the Group is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has.

**(m) Intellectual Property Infringement**

The Group takes necessary precautions and steps to minimise the risk of infringement of the Company's intellectual property, and the risk of the Group infringing another party's intellectual property. However, there still remains the risk of intellectual property infringement and disputes arising from claims of any potential infringement.

If the Group is required to either defend or pursue a claim of infringement, the Group may incur significant cost, deviating the time of management and key personnel, as well as possible reputational damage to the Group (in the case of defending a claim of infringement). To date, the Group is not aware of any threatened or pending claims of infringement by third parties against the Group for intellectual property infringement.

**(n) Third party reliance**

As noted above, the Group relies on a number of third parties to maintain and support its operations and business.

Any significant changes to trading terms, supply arrangements, or relationships with these third parties, or the inability to establish new arrangements, could adversely impact the Group's ability to carry on its business and operations.

**(o) Change in strategy**

The Group's product development and commercialisation strategies and plans may evolve over time. Such changes could arise from a range of factors, including (but not limited to), shifts in market demand, varying levels of acceptance of the Drones across different jurisdictions, changes in the competitive environment, changes to regulatory frameworks and/or policies, and advancements or innovations in relevant technologies.

A change in the Group's strategy may expose the Group to additional risks. The Group's current growth strategy is outlined at Section 4.9 above.

**(p) Regulatory approvals**

The Group's business involves the development and commercialisation of products, which requires regulatory approvals from authorities in the relevant jurisdictions. These approvals often involve lengthy evaluation process and there is no guarantee that the Group will satisfy all regulatory requirements. If the Group is unable to meet

the requirements of a regulator, the Group may be required to undertake further research, which would result in additional cost and delay to the Group.

**(q) The Company is exposed to risks from future business combinations**

From time to time, the Group may pursue product acquisitions, adjacent market acquisitions, or other growth initiatives aligned with its stated growth strategy. The implementation of such initiatives may be complex, time-consuming and costly, and the integration process may give rise to unforeseen operational challenges and additional expenses. Accordingly, some of the risks the Group may come across in connection with any expansions, acquisitions and other growth initiatives, include (but are not limited to):

- (i) difficulties integrating and transitioning the operations, systems, technologies and personnel of an acquired business;
- (ii) disruption to the Group's existing operations and diversion of management's focus on transition and integration of the acquired business;
- (iii) challenges in entering markets where the Group has limited direct or prior experience and where competitors have established market positions;
- (iv) the potential loss of key employees, clients or suppliers of the acquired business;
- (v) assumption of liabilities and incurrence of debt to fund acquisitions;
- (vi) assuming contractual obligations on terms that are not beneficial to the Group;
- (vii) failure to achieve the expected synergies and increases in revenue, margins and net profit from acquisitions; and
- (viii) limited experience with local laws, regulations and business customs in new and unfamiliar markets.

The occurrence of any of these risks could result in an expansion, acquisition or other growth initiative failing to achieve its strategic objectives, deliver anticipated financial benefits or achieve expected synergies.

In addition, opportunities for future expansions, acquisitions or other growth initiatives may be influenced by factors beyond the control of the Group, its Directors and senior management (including, but not limited to, commercial or regulatory developments), and such opportunities are uncertain not reliably predictable.

**(r) Brand or reputational damage**

The Group's financial performance is closely tied to its reputation and the market's perception of its brand. Accordingly, the preservation and enhancement of the Group's brand are critical to its ongoing operations and future growth prospects.

Whilst the Group implements strategies aimed at maintaining and strengthening its reputation, there are a range of factors beyond the Group's control that may adversely affect its brand, including (but not limited to), actions or performance of technology providers, business partners, or other third parties.

Any material damage to the Group's reputation or brand could lead to customers, suppliers or other stakeholders choosing not to engage with the Group, which may in turn have an adverse impact on the Group's financial position and overall success and performance.

(s) **Execute and manage the Group's growth strategy**

Section 4.9 outlines the Group's growth strategy.

Successful implementation of the Group's growth strategy requires a number of things, including (but not limited to) identifying new opportunities for the Group to expand its operations into. The Group's growth may also depend on the Group's ability to successfully compete for certain government contracts.

The success of the Group is also dependent on being able to manage its growth. The Group's growth strategy is based on assumptions derived from the Group's prior operations and the direction that the Directors see the Group moving in. If the Group is unable to effectively execute and manage its growth strategies, this would have a material adverse effect on the Group's business and its financial performance.

(t) **Failure to meet financial forecasts**

This Prospectus contains various forward looking statements, estimates and opinions which are based on a number of assumptions. There are a number of factors, including unknown factors, which may have an impact on the performance of the Group, resulting in the actual financial performance of the Group being materially different to the forecasted profit or performance. The Group is unable to guarantee that it will achieve all the objectives set out in this Prospectus, including the statements made in respect of the financial performance and forecasts.

## **6.3 General risks**

(a) **Economic Conditions**

General economic conditions, inflation, currency fluctuation, interest rates and supply and demand may have an adverse impact on the Group, as well as the Group's ability to fund its operations. These are factors which are outside of the control of the Group.

(b) **Changes in Legislation and Government Regulations**

Government legislation and regulations in Australia, the United States of America, and other relevant jurisdictions, may change, including, but not limited to, changes to tax regulations. This may impact the activities of the Group, and subsequently the relative attractiveness of investing in the Group. Any such changes may also affect the Group's share price.

(c) **Currently no market**

As there is currently no public market for the Company's Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue following the Public Offer closing.

The market price of the Company's Shares on the ASX following listing may fluctuate higher or lower than the Public Offer price. These movements may be influenced by external factors and changes in the general market or operations conditions outside

of the Company's control, such as (but not limited to) changes to government policy or regulations.

Further there can be no guarantee that an active market in the Company's 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 Shares on ASX at any given time. Accordingly, this may increase the volatility of the market price of the Shares and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholder paid.

**(d) Varying concentration of shareholdings**

Following completion of the Public Offer, some Shareholders will hold a substantial proportion of the total number of Shares on issue in the Company and therefore, these Shareholders will have significant influence over the Company, particularly in respect of voting power.

There is the risk that the interests of such Shareholders will not be aligned with the interests of other Shareholders who acquire and hold a smaller percentage of Shares on issue in the Company under the Public Offer.

**(e) Shareholder dilution**

In order to expand or diversify its operations, or for other business reasons, the Company may undertake capital raisings involving the issue of Shares in the Company. Given the Company will be admitted to the Official List of the ASX and therefore subject to the applicable ASX Listing Rules, there is the risk that Shareholders shareholding may be diluted as a result of the issue of Shares.

**(f) Inability to pay dividends**

The payment of dividends by the Company is determined by the Board from time to time and depends entirely on the Company's profitability and overall business performance. There is the risk that the Company's ability to pay dividends may be reduced or ceases at times, depending on the Company's financial performance and results.

**(g) Changes to taxation**

Changes to tax laws may impact the Company and Shareholders in a number of ways, including, but not limited to, a change in the tax liabilities of the Company, the tax treatment of Shareholders, or claiming tax deductions. Such changes may also expose the Company to risk of potential regulatory claims or actions.

In addition to the above, acquiring Shares in the Company may have different tax considerations for Shareholders. Accordingly, prospective shareholders are encouraged to seek their own independent professional advice in respect with any investment in the Company.

**(h) Litigation risk**

The Group and its operations face the risk of possible litigation or proceedings, including, but not limited to, those such as occupation and personal claims, employee claims and contractual disputes. Further, the Group may be involved in disputes with

other parties in the future which may result in litigation. Any such claim or dispute if proven, may adversely impact on the Group's operations, financial performance and financial position. The Group is not currently engaged in any litigation.

(i) **Australian Accounting Standards**

Australian Accounting Standards (**AAS**) are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of the Group, the Directors and its senior management team. The AASB may introduce new or refined AAS, which may affect future measurement and recognition of key statements of profit or loss and statement of financial position items, including revenue and receivables.

There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key statements of profit or loss and statement of financial position items, including revenue and receivables, may differ.

Changes to AAS issued by the AASB, or changes to the commonly held views on the application of those standards, could materially adversely affect the financial performance and position reported in the Group's consolidated financial statements.

(j) **Force majeure events**

The Group's current and future operations may be adversely affected by events which are outside of the Group's control. Such events could impact economies in jurisdictions in which the Group operates in, which in-turn may adversely affect the Company's share price. These events may include (but are not limited to), fires, floods, war, explosions or other catastrophes, epidemics, quarantine restrictions, or acts of terrorism.

(k) **Insurance**

The Group intends to insure its operations in accordance with the industry practice. However, in certain circumstances the Group's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial position and performance of the Group.

(l) **Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Group or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Group and the value of the Securities offered under this Prospectus. Therefore, the Securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the securities.

## 7. Board and Management

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The names and details of the Directors and Key Personnel in office at the date of this Prospectus are as set out below:

### 7.1 Directors

(a) **Mr Justin Olde, CSM – Managing Director / Chief Executive Officer**

Mr Justin Olde was a 25-year Army Officer followed by 10 plus years in defence industry sales and product development with a strong focus on CUAS technologies. Mr Olde was the VP of Global Business Development for EOS Ltd, an ASX listed defence company, before joining Boresight as its CEO in 2022.

Mr Olde has also held roles as a senior capability management specialist for defence consulting firm Nova Systems and was a project and bid manager for multinational defence company Elbit Systems of Australia. His last role in the military was as the Deputy Director Land Test and Evaluation. Mr Olde has served three operational deployments and was awarded the Conspicuous Service Medal. He holds a Masters Degree in Defence Capability Management and Acquisition and is a graduate of the Royal Military College of Australia Duntroon.

Mr Olde will not be considered an independent director.

(b) **Mr Michael Sinkowitsch – Executive Director**

Mr Michael Sinkowitsch is a co-founder and Director of the Company. He is a former Australian Army Signals Corps officer and a graduate of the Royal Military College of Australia, Duntroon.

Mr Sinkowitsch is also a co-founder and director of Criterion Solutions Pty Ltd, a supplier of niche UAS and radio frequency dominance technology to Government agencies.

Mr Sinkowitsch has extensive sales and project management experience within the Australian Department of Defence, intelligence and law enforcement communities, having been responsible for providing complex solutions to a number of Federal agencies for over 20 years. He also has extensive UAS and CUAS sales experience.

Mr Sinkowitsch will not be considered an independent director, particularly noting Mr Sinkowitsch's association with a substantial shareholder (being Criterion Solutions Pty Ltd).

Refer to Section 4.15 for further details regarding the Company's substantial shareholders and Section 7.5(b) for further details regarding Mr Sinkowitsch's interests in Criterion Solutions Pty Ltd.

(c) **Dr. Andrew Windsor – Non-Executive Chairman**

Dr. Andrew Windsor gained his PhD in Theoretical Physics from the Australian National University prior to working for 10 years for the Australian Government in a number of roles. Dr. Windsor is an accomplished ICT leader with 15 years of experience in the industry spanning disciplines such as project and program management, cyber security, data analytics and intelligence systems, training, strategic planning and account management.

Dr. Windsor is also a co-founder and director of Criterion Solutions Pty Ltd, a supplier of niche UAS and radio frequency dominance technology to Government agencies.

Dr. Windsor will not be considered an independent director, particularly noting Dr. Windsor's association with substantial shareholder of the Company (being Criterion Solutions Pty Ltd).

Refer to Section 4.15 for further details regarding the Company's substantial shareholders and Section 7.5(b) for further details regarding Dr. Windsor's interests in Criterion Solutions Pty Ltd.

**(d) Mr Blake Burton – Non-Executive Director**

Mr Blake Burton is an executive director of Adisyn Ltd (ASX: AI1), where he served as Managing Director from July 2022 to February 2026. Mr Burton has extensive experience in the IT industry, having founded his own web hosting company which he sold successfully to Australia's largest privately owned web host at the time of sale.

Previously, Mr Burton was an auditor at PwC, which included working with a number of ASX listed and international companies.

Mr Burton holds a Bachelor of Commerce from the University of Western Australia, majoring in Accounting and Corporate Finance.

Mr Burton will be considered an independent director.

## **7.2 Director Disclosures**

No Director has been subject to any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. Other than set out below, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer within a 12 month period after they ceased to be an officer.

Mr Michael Sinkowitsch was a director of Stratus Plumbing Pty Ltd (ACN 631 343 578), when it went into voluntary administration in November 2021. Mr Sinkowitsch ceased being a director of Stratus Plumbing Pty Ltd on 18 November 2021. The other Boresight Directors have considered the circumstances surrounding Mr Sinkowitsch's involvement in Stratus Plumbing Pty Ltd and are of the view that Mr Sinkowitsch's involvement in no way impacts this appointment and contribution as Executive Director of the Company.

## **7.3 Key Personnel**

**(a) Dr. Alexander Hall – Chief Technology Officer**

Dr. Alexander Hall holds a PhD in Aeronautical Engineering from Sydney University and has over 19 years in the UAS and CUAS industry. After completing his PhD, Dr. Hall moved to Norway to work for Prox Dynamics as part of the R&D team developing the PD-100 UAV (now the "Black Hornet"), the world's first nano UAS. He led the development of cutting-edge drone technology at FLIR Systems when it purchased Prox Dynamics.

Dr. Hall is a co-founder of the Company and leads its engineering and development activities. Dr. Hall is also associated with a substantial shareholder of the Company

(being My Monster Holdings Pty Ltd (ATF for the Buckham Hall Trust)). Refer to Section 4.15 for further details regarding the Company's substantial shareholders.

**(b) Mr Jason Henry – Chief Operating Officer**

Mr Jason Henry has over 20 years as a senior commercial and operations manager across the manufacturing, finance and defence sectors, including an ASX listed company, after 6 years of service with the Royal Australian Air Force. Amongst other formal qualifications, Mr Henry holds a Bachelor of Business from Charles Sturt University, a Diploma of Financial Services from ANZIIF and a Certificate of Governance and Administration from the Governance Institute of Australia.

**(c) Mr James Prior – Vice President Business Development**

Mr James Prior is an experienced business development leader with over 20 years in aerospace, space, and geospatial sectors. He has a proven track record of driving growth for innovative technology companies, from start-ups to global enterprises. Mr Prior has led strategic partnerships, commercialisation efforts, and market expansion for organizations such as Airbus Defence & Space, UNSW Canberra, Nova Systems, EOS, and Skykraft — a Canberra-based SME developing advanced space solutions. His expertise spans emerging technologies, complex stakeholder engagement, and building new revenue streams in highly technical markets.

Mr Prior holds a Bachelor of Applied Science, an Associate Diploma of Scientific Instrumentation and is a graduate of the Australian Institute of Company Directors.

**(d) Ms Kyla Garic –Company Secretary**

Ms Kyla Garic is a Chartered Accountant and director of Onyx Corporate Pty Ltd, a company specialising in company secretarial, corporate governance and financial reporting.

**(e) Mr Charles “Steve” Below – General Manager Boresight U.S., Inc**

Mr Charles Below is an experienced senior manager who has held numerous roles over a 30 plus year career within US government and defence industry. Before joining Boresight US as its General Manager, Mr Below was the Executive Vice President Operations for EOS US for eight years, leading their CUAS efforts amongst other initiatives. He is a former President (volunteer role) of the Association of the US Army, Huntsville Alabama branch. He holds a Bachelor's Degree in Electrical Engineering from Clemson University and a Masters of Electrical Engineering from the University of Maryland.

**(f) Mr Kevin Nicholls – General Manager Boresight UK LTD**

Mr Kevin Nicholls served for 25 years with the UK military prior to assuming business development and senior account management roles within the UAS industry for 10 plus years, including working for Prox Dynamics, FLIR and Teledyne FLIR. Mr Nicholls holds a UK Government Project Delivery certification as an Accredited Practitioner. He is a graduate of the Royal Air Force College and also the Britannia Royal Naval College.

## **7.4 Management and Consultants**

The Company is aware of the need to have sufficient management to properly supervise its business and the Board will continually monitor the management roles in the Company. As

the business and the Company require an increased level of involvement the Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's business.

## 7.5 Disclosure of Interests

### (a) Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two (2) years before lodgement of this Prospectus with ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (iv) to induce them to become, or to qualify them as, a Director; or
- (v) for services rendered by them in connection with the formation or promotion of the Company or the Offers.

### (b) Security holdings of Directors

The Directors and their related entities have the following interests in Securities as at the date of this Prospectus:

| Director                            | Shares     | Options   | %<br>(undiluted) <sup>1</sup> | % (diluted) <sup>1</sup> |
|-------------------------------------|------------|-----------|-------------------------------|--------------------------|
| Mr Justin Olde <sup>2</sup>         | -          | 8,077,500 | 0%                            | 0%                       |
| Mr Michael Sinkowitsch <sup>3</sup> | 44,323,643 | 3,200,000 | 26.22%                        | 23.53%                   |
| Dr. Andrew Windsor <sup>4</sup>     | 40,904,508 | 3,200,000 | 24.20%                        | 21.71%                   |
| Mr Blake Burton <sup>5</sup>        | 675,923    | 1,200,000 | 0.40%                         | 0.36%                    |

#### Notes:

1. Figures calculated on the basis that the Company has 169,022,782 Shares and 19,363,702 Options on issue as at the date of this Prospectus.
2. 8,077,500 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held directly by Mr Justin Olde. Refer to Section 10.2 for the full terms and conditions of the Options.
3. Comprising:
  - a. 40,622,633 Shares (rounded up to the nearest 1 Share) held indirectly via Criterion Solutions Pty Ltd, an entity of which Dr. Andrew Windsor and Mr Michael Sinkowitsch are directors and

shareholders. For the avoidance of doubt, Dr. Windsor and Mr Sinkowitsch each have a 50% beneficial interest in the Company's Shares which are held by Criterion Solutions Pty Ltd (with Criterion Solutions Pty Ltd holding a total of 81,245,265 Shares);

- b. 3,701,010 Shares held jointly with Ms Tania Ralston; and
  - c. 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held jointly by Mr Michael Sinkowitsch and Ms Tania Ralston as trustees for the Sinkowitsch & Ralston Family Trust. Refer to Section 10.2 for the full terms and conditions of the Options.
4. Comprising:
- a. 40,622,633 (rounded up to the nearest 1 Share) Shares held indirectly via Criterion Solutions Pty Ltd, an entity of which Dr. Andrew Windsor and Mr Michael Sinkowitsch are directors and shareholders. For the avoidance of doubt, Dr. Windsor and Mr Sinkowitsch each have a 50% beneficial interest in the Company's Shares which are held by Criterion Solutions Pty Ltd (with Criterion Solutions Pty Ltd holding a total of 81,245,265 Shares);
  - b. 281,875 Shares held directly by Dr. Andrew Windsor; and
  - c. 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held jointly by Dr. Andrew Windsor and Ms Catherine Windsor as trustees for the Windsor Family Trust. Refer to Section 10.2 for the full terms and conditions of the Options.
5. Comprising:
- a. 620,192 Shares held indirectly via Burton Capital Holdings Pty Ltd <Burton Investment A/C>, being an entity associated with Mr Blake Burton;
  - b. 55,731 Shares held indirectly as units in the Phase Alpha Investment Trust #4 managed by Phase Alpha Pty Ltd (CAR No. 1303124); and
  - c. 1,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held indirectly via Burton Capital Holdings Pty Ltd <Burton Investment A/C>, being an entity associated with Mr Burton. Refer to Section 10.2 for the full terms and conditions of the Options.

Based on the intentions of the Directors at the date of this Prospectus in relation to participation in the Public Offer, the Directors and their related entities will have the following interests in Securities on Admission:

| Director                            | Shares     | Options   | %<br>(undiluted) <sup>1</sup> | % (diluted) <sup>1</sup> |
|-------------------------------------|------------|-----------|-------------------------------|--------------------------|
| Mr Justin Olde <sup>2</sup>         | -          | 8,077,500 | 0%                            | 0%                       |
| Mr Michael Sinkowitsch <sup>3</sup> | 44,323,643 | 3,200,000 | 21.20%                        | 18.15%                   |
| Dr. Andrew Windsor <sup>4</sup>     | 40,904,508 | 3,200,000 | 19.57%                        | 16.75%                   |
| Mr Blake Burton <sup>5</sup>        | 675,923    | 1,200,000 | 0.32%                         | 0.28%                    |

**Notes:**

1. Figures calculated on the basis that the Company will have 209,022,782 Shares and 35,152,817 Options on issue at Admission based on Full Subscription.
2. 8,077,500 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held directly by Mr Justin Olde. Refer to Section 10.2 for the full terms and conditions of the Options.
3. Comprising:

- a. 40,622,633 Shares held indirectly via Criterion Solutions Pty Ltd, an entity of which Dr. Andrew Windsor and Mr Michael Sinkowitsch are directors and shareholders;
  - b. 3,701,010 Shares held jointly with Ms Tania Ralston; and
  - c. 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held jointly by Mr Michael Sinkowitsch and Ms Tania Ralston as trustees for the Sinkowitsch & Ralston Family Trust. Refer to Section 10.2 for the full terms and conditions of the Options.
4. Comprising:
- a. 40,622,633 Shares held indirectly via Criterion Solutions Pty Ltd, an entity of which Dr. Andrew Windsor and Mr Michael Sinkowitsch are directors and shareholders;
  - b. 281,875 Shares held directly by Dr. Andrew Windsor; and
  - c. 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held jointly by Dr. Andrew Windsor and Ms Catherine Windsor as trustees for the Windsor Family Trust. Refer to Section 10.2 for the full terms and conditions of the Options.
5. Comprising:
- a. 620,192 Shares held indirectly via Burton Capital Holdings Pty Ltd <Burton Investment A/C>, being an entity associated with Mr Blake Burton;
  - b. 55,731 Shares held indirectly as units in the Phase Alpha Investment Trust #4 managed by Phase Alpha Pty Ltd (CAR No. 1303124); and
  - c. 1,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) held indirectly via Burton Capital Holdings Pty Ltd <Burton Investment A/C>, being an entity associated with Mr Blake Burton. Refer to Section 10.2 for the full terms and conditions of the Options.

(c) **Directors' remuneration**

The below table sets out the proposed remuneration to be paid to the Directors. Other than as set out in the below table, the Company has not paid the Directors any other remuneration or provided any other interests since incorporation.

| Director                            | Cash remuneration (per annum) <sup>1</sup> |
|-------------------------------------|--------------------------------------------|
| Mr Justin Olde <sup>2</sup>         | \$300,000                                  |
| Mr Michael Sinkowitsch <sup>3</sup> | \$60,000                                   |
| Dr. Andrew Windsor <sup>4</sup>     | \$60,000                                   |
| Mr Blake Burton <sup>5</sup>        | \$60,000                                   |

**Notes:**

1. Figures exclusive of any applicable GST and/or statutory superannuation. Refer to the terms of the executive service agreements and letters of appointment between the Company and the Directors (as applicable) at Sections 9.3, 9.4 and 9.5.
2. Mr Olde was appointed as Managing Director (in addition to Chief Executive Officer) of the Company on 12 December 2025. Prior to this, Mr Olde was Chief Executive Officer of the Company. In the previous two (2) years Mr Olde has received remuneration totalling \$514,230.76 (exclusive of any applicable minimum statutory superannuation) from the Company. Mr Olde is entitled to receive a salary of \$300,000 per annum (exclusive of minimum statutory superannuation). Mr Olde also holds 8,077,500 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Mr Olde's interests in Securities in the Company. Refer to Section 9.3 for further details regarding the terms of Mr Olde's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.

3. Mr Sinkowitsch was appointed as a Director of the Company at incorporation (being 9 July 2020), and transitioned to Executive Director of the Company on 12 December 2025. In the previous two (2) years Mr Sinkowitsch has received remuneration totalling \$18,043.48 (exclusive of any applicable minimum statutory superannuation) from the Company. Mr Sinkowitsch is entitled to Directors' fees of \$60,000 per annum (exclusive of minimum statutory superannuation). Mr Sinkowitsch also holds 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Mr Sinkowitsch's interests in Securities in the Company. Refer to Section 9.4 for further details regarding the terms of Mr Sinkowitsch's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.
4. Dr. Windsor was appointed as a Director of the Company at incorporation (being 9 July 2020), and transitioned to Non-Executive Chairman of the Company on 12 December 2025. In the previous two (2) years Dr. Windsor has received remuneration totalling \$18,043.48 (exclusive of any applicable minimum statutory superannuation) from the Company. Dr. Windsor is entitled to Directors' fees of \$60,000 per annum (exclusive of minimum statutory superannuation). Dr. Windsor also holds 3,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Dr. Windsor's interests in Securities in the Company. Refer to Section 9.5 for further details regarding the terms of Dr. Windsor's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.
5. Mr Burton was appointed as a Non-Executive Director of the Company on 1 March 2026. In the previous two (2) years, Mr Burton has received remuneration totalling \$5,000 (exclusive of any applicable minimum statutory superannuation) from the Company. Mr Burton is entitled to Directors' fees of \$60,000 per annum (exclusive of minimum statutory superannuation). Mr Burton also holds 1,200,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX). Refer to Section 7.5(b) for further details regarding Mr Burton's interests in Securities in the Company. Refer to Section 9.5 for further details regarding the terms of Mr Burton's appointment. Refer to Section 10.2 for the full terms and conditions of the Options.

The number of Options issued to the Directors was determined based on the experience and skill set brought by each Director to the Board, each Directors' expected future work load and involvement in assisting the Company following Admission, and current market standards for ASX listed companies of a similar size and stage of development. The issue of the Options is a reasonable and appropriate method to provide cost effective incentives, as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors.

## 7.6 Agreements with Directors or Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The Company has entered into the following related party transactions on arms' length terms:

- (a) an executive services agreement with Mr Justin Olde for his appointment as Managing Director / Chief Executive Officer;
- (b) an executive services agreement with Mr Michael Sinkowitsch for his appointment as Executive Director;
- (c) a letter of appointment with Dr. Andrew Windsor for his appointment as Non-Executive Chairman;

- (d) a letter of appointment with Mr Blake Burton for his appointment as Non-Executive Director; and
- (e) deeds of indemnity, insurance and access with each of its Directors on standard terms.

Refer to Section 9 for further details of the material contracts to which the Company is party to.

## **8. Corporate Governance**

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### **8.1 ASX Corporate Governance Council Principles and Recommendations**

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

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (<https://www.boresightuas.com/>).

### **8.2 Board of directors**

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

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

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

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

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

### **8.3 Composition of the Board**

The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

In appointing new members to the Board, consideration must be given to the demonstrated ability and also future potential of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction and to deal with new and emerging business and governance issues.

Where practical, the majority of the Board should be comprised of non-executive Directors who can challenge management and hold them to account as well as represent the best interests of the Company and its shareholders as a whole rather than those of individual shareholders or interest groups. Where practical, at least 50% of the Board should be independent.

Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the remuneration and nomination committee to ensure that they continue to contribute effectively to the Board.

#### **8.4 Identification and management of risk**

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

#### **8.5 Independent professional advice**

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

#### **8.6 Ethical standards**

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

#### **8.7 Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

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

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

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

The Company does not currently have a remuneration committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board will carry out the duties that would ordinarily be carried out by the remuneration committee, including, reviewing matters of significant affecting the remuneration of Board members and employees of the Company.

## **8.8 Diversity policy**

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

## **8.9 Trading policy**

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

## **8.10 External audit**

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

## **8.11 Audit and risk committee**

The Company does not have a separate audit and risk committee as the Board considers the Company will not currently benefit from the establishment. In accordance with the Company's Board Charter, the Board will carry out the duties of the audit and risk committee. In this respect, the Board will be responsible for monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

## **8.12 Departures from Recommendations**

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

| Recommendations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Comply | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |       |      |        |       |                        |   |   |   |                   |   |   |   |       |   |   |   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|--------|-------|------------------------|---|---|---|-------------------|---|---|---|-------|---|---|---|
| Principle 1: Lay solid foundations for management and oversight                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |       |      |        |       |                        |   |   |   |                   |   |   |   |       |   |   |   |
| <p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>1. the measurable objectives set for that period to achieve gender diversity;</p> <p>2. the entity's progress towards achieving those objectives; and</p> <p>3. either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&amp;P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be</p> | No     | <p>As part of the Corporate Governance Plan the Company has a Diversity Policy, a copy of which is available on the Company's website. The Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Board has not set measurable objectives for achieving gender diversity.</p> <p>The respective proportions of men and women on the Board and in senior executive positions are set out in the following table. Senior executives for these purposes means those persons who report directly to the Chair or chief executive officer (or equivalent):</p> <table><tr><th></th><th>Male</th><th>Female</th><th>Total</th></tr><tr><td>Board of Boresight Ltd</td><td>4</td><td>-</td><td>4</td></tr><tr><td>Company Secretary</td><td>-</td><td>1</td><td>1</td></tr><tr><td>Total</td><td>4</td><td>1</td><td>5</td></tr></table> |       | Male | Female | Total | Board of Boresight Ltd | 4 | - | 4 | Company Secretary | - | 1 | 1 | Total | 4 | 1 | 5 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Male   | Female                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Total |      |        |       |                        |   |   |   |                   |   |   |   |       |   |   |   |
| Board of Boresight Ltd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4      | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 4     |      |        |       |                        |   |   |   |                   |   |   |   |       |   |   |   |
| Company Secretary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -      | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1     |      |        |       |                        |   |   |   |                   |   |   |   |       |   |   |   |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 4      | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5     |      |        |       |                        |   |   |   |                   |   |   |   |       |   |   |   |

| Recommendations                                                                                                                                                                      | Comply | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| to have not less than 30% of its directors of each gender within a specified period.                                                                                                 |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Principle 2: Structure the board to be effective and add value</b>                                                                                                                |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Recommendation 2.4</b><br>A majority of the board of a listed entity should be independent directors.                                                                             | No     | <p>The Company's Board Charter provides that, where practical and consistent with the Company's stage of development, the majority of the Board should be independent.</p> <p>Given the current stage of the development of the Company and that it was operating as a private company until March 2026, the Board is currently comprised of four directors. Of the four directors, two are founders and shareholders in the Company, one is the Managing Director and CEO and one of is independent.</p> |
| <b>Recommendation 2.5</b><br>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | No     | <p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The current Non-Executive, Chairman of the Board is Andrew Windsor and the current Managing Director and CEO of the Company is Justin Olde. Andrew Windsor is not considered to be independent due to his shareholding in the Company.</p>                                                                                              |

## 9. Material Contracts

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Set out below is a summary of the contracts to which the Company is a party that may be material or otherwise may be relevant to a potential investor in the Company. The whole of the provisions of the contracts are not repeated in this Prospectus and below is summary of the material terms only.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

### 9.1 Lead Manager Mandate

The Company has appointed CPS Capital as lead manager to the Public Offer. A summary of the material terms and conditions of the Lead Manager Mandate are set out below:

- (a) **(Services):** The Lead Manager has agreed to act as lead manager to the Company with respect to the Public Offer, with such services to include (but are not limited to), assisting in the overall management of the capital raising, lead managing the book building process for the capital raising; providing advice on allocations, and assist with the spread requirements for the Public Offer.
- (b) **(Fees):** The following fees are payable by the Company to the Lead Manager (and/or its nominees) pursuant to the Lead Manager Mandate:
  - (i) a capital raising fee of 6% (plus GST) of the total amount raised by the Lead Manager under the Offer (that being a maximum of \$480,000 (plus GST) based on Full Subscription); and
  - (ii) 4,789,115 Lead Manager Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is Admitted to the Official List). The total value of the Lead Manager Options being \$702,000 (at \$0.14 per Lead Manager Option).
- (c) **(Expenses):** Subject to the Lead Manager obtaining the Company's prior written approval (except for travel expenses), the Company agrees to pay to the Lead Manager (and/or its nominees) all reasonable out-of-pocket expenses (including any applicable GST component) incurred by the Lead Manager under the Lead Manager Mandate, **(Out of Pocket Costs)**. The Lead Manager will not incur any travel expenses above \$1,000 without the Company's prior written approval.
- (d) **(Termination):**
  - (i) The Company may terminate the Lead Manager Mandate by providing the Lead Manager not less than seven (7) days written notice.
  - (ii) The Lead Manager may terminate the Lead Manager Mandate immediately by notice in writing to the Company if:
    - (A) the Company becomes insolvent, has a receiver, administrative receiver or manager or administrator appointed over the whole of or any of their assets, enters into any composition with creditors generally, or has an order made or resolution passed for the Company to be wound up; and

- (B) a court make an administration order with respect to the Company or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of the Company.

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including its scope of services, representations and warranties, confidentiality provisions and an indemnity in favour of the Lead Manager).

Refer to Section 2.7 for further details regarding the Lead Manager's interests in the Public Offer.

## 9.2 Corporate Advisor Mandate

The Company has appointed ARQ Capital as corporate advisor. A summary of the material terms and conditions of the Corporate Advisor Mandate are set out below:

- (a) **(Term):** The Corporate Advisor Mandate will continue for a duration of two (2) months from the date the Company is admitted to the Official List of ASX.
- (b) **(Services):** ARQ Capital is to act as the sole and exclusive corporate advisor of the Company, and will provide the Company with corporate advisory services for the duration of the Term.
- (c) **(Fees):**
  - (i) **(Monthly Advisory Retainer):** the Company agrees to pay the Corporate Advisor a monthly retainer fee of \$4,000 per month (plus GST) commencing on the date of the Company being admitted to the Official List of the ASX and for a period of two (2) months post-listing.
  - (ii) **(Mergers and Acquisitions):** a mergers and acquisitions ("M&A") success fee of 6% (plus GST) of the total transaction value, will be payable by the Company to the Corporate Advisor, on success of any M&A transaction the Corporate Advisor introduced or is advisor to.

The Corporate Advisor Mandate otherwise contains provisions considered standard for an agreement of its nature (including its scope of services, representations and warranties, confidentiality provisions and an indemnity in favour of the Corporate Advisor).

## 9.3 Executive Services Agreement – Managing Director / Chief Executive Officer (Mr Justin Olde)

The Company has entered into an executive services agreement with Mr Justin Olde (**Managing Director Agreement**) on the following material terms:

- (a) **(Position):** Managing Director and/or Chief Executive Officer.
- (b) **(Appointment):** Mr Olde's appointment and commencement of the Managing Director Agreement is from 12 December 2025 (**Commencement Date**).
- (c) **(Term):** Mr Olde's engagement as Managing Director and Chief Executive Officer of the Company will commence on the Commencement Date and continue until the Managing Director Agreement is validly terminated in accordance with its terms.
- (d) **(Salary):** \$300,000 per annum (plus applicable minimum statutory superannuation).

- (e) **(Bonus):** The Board may determine from time to time whether to pay Mr Olde a bonus in addition to his salary and what the quantum of that bonus will be, including issuing Shares, Options or other securities to Mr Olde (or his nominee).
- (f) **(Duties):** Mr Olde's duties under the Managing Director Agreement include (amongst others):
  - (i) overall management and administration of the Company;
  - (ii) development of short, medium and long-term corporate strategies and planning to achieve the Company's vision and overall business objectives;
  - (iii) advise the Board on ongoing corporate strategy;
  - (iv) undertake a role of company spokesperson;
  - (v) assessment of business opportunities of potential benefit to the Company;
  - (vi) ensure appropriate risk management practices and policies are in place; and
  - (vii) ensure statutory, legal and regulatory compliance and comply with corporate policies and standards.
- (g) **(Termination):** Each party may terminate the Managing Director Agreement without reasons by giving the other party three (3) months' written notice or salary in lieu of notice. The Company may terminate the Managing Director Agreement if, among other things, Mr Olde ceases or is otherwise prohibited from being a director in accordance with the Corporations Act, becomes bankrupt, is convicted of an indictable offence.
- (h) **(Expenses):** The Company will reimburse Mr Olde for all reasonable out of pocket expenses, as well as all reasonable travel and accommodation costs incurred by Mr Olde in the performance of his duties under the Managing Director Agreement.

The Managing Director Agreement otherwise contains provisions considered standard for an agreement of this nature.

Refer to Section 7.5(b) for details of Mr Odle's interests in Securities on Admission.

#### **9.4 Executive Services Agreement – Executive Director (Mr Michael Sinkowitsch)**

The Company has entered into an executive services agreement with Mr Michael Sinkowitsch, (**Executive Director Agreement**) on the following material terms:

- (a) **(Position):** Executive Director.
- (b) **(Appointment):** Mr Sinkowitsch's appointment and commencement of the Executive Director Agreement is from 12 December 2025 (**Commencement Date**).
- (c) **(Term):** Mr Sinkowitsch's engagement as Executive Director of the Company will commence on the Commencement Date and continue until the Executive Director Agreement is validly terminated in accordance with its terms.
- (d) **(Salary):** \$60,000 per annum (plus applicable minimum statutory superannuation).

- (e) **(Bonus):** The Board may determine from time to time whether to pay Mr Sinkowitsch a bonus in addition to his salary and what the quantum of that bonus will be, including issuing Shares, Options or other securities to Mr Sinkowitsch (or his nominee).
- (f) **(Duties):** Mr Sinkowitsch's duties under the Executive Director Agreement include, (amongst others):
  - (i) support the overall management and administration of the Company in conjunction with the Managing Director;
  - (ii) preparation of marketing plans and reports with senior management;
  - (iii) conduct all necessary director roles and responsibilities as the director of Boresight U.S., Inc;
  - (iv) conduct all necessary director roles and responsibilities as a director of Boresight UK LTD;
  - (v) implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
  - (vi) advise the Board regarding the most effective organisational structure and oversee its implementation; and
  - (vii) recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives.
- (g) **(Termination):** Each party may terminate the Executive Director Agreement without reasons by giving the other party three (3) months' written notice or salary in lieu of notice. The Company may terminate the Executive Director Agreement if, among other things, Mr Sinkowitsch ceases or is otherwise prohibited from being a director in accordance with the Corporations Act, becomes bankrupt, is convicted of an indictable offence.
- (h) **(Expenses):** The Company will reimburse Mr Sinkowitsch for all reasonable out of pocket expenses, as well as all reasonable travel and accommodation costs incurred by Mr Sinkowitsch in the performance of his duties under the Executive Director Agreement.

The Executive Director Agreement otherwise contains provisions considered standard for an agreement of this nature.

Refer to Section 7.5(b) for details of Mr Sinkowitsch interests in Securities on Admission.

## 9.5 **Non-Executive Letters of Appointment – Non-Executive Chairman (Dr. Andrew Windsor) and Non-Executive Director (Mr Blake Burton)**

The Company has entered into a letter of appointment with Dr. Andrew Windsor for his appointment as Non-Executive Chairman and with Mr Blake Burton for his appointment as Non-Executive Director (**Letters of Appointment**) on the following material terms:

- (a) **(Term):** The appointment of Dr. Windsor as Non-Executive Chairman commenced on 12 December 2025 and the appointment of Mr Burton as Non-Executive Director commenced on 1 March 2026. Each appointment is subject to the provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors and each appointment will automatically cease at the end of any

meeting at which the respective Director is not re-elected as a Director of the Company by Shareholders.

- (b) **(Remuneration):** Dr. Windsor and Mr Burton will each receive \$60,000 per annum (plus applicable minimum statutory superannuation).
- (c) **(Expenses):** Dr Windsor and Mr Burton will each be entitled to be reimbursed reasonable expenses incurred in performing their duties in accordance with the Letters of Appointment, including the cost of attending Board meeting, travel, legal and other fees, accommodation and entertainment where agreed to by the Board.

The Letters of Appointment otherwise contains terms and conditions that are considered standard for an agreement of this nature.

## 9.6 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

## 9.7 Reseller Agreements

The Company has entered into a number of reseller agreements with various resellers (including, but not limited to, Mountain Horse LLC, as referred to in Section 4.5(a) above) for the purpose of reselling the Group's Drones and associated products in various territories and jurisdictions (**Reseller Agreements**).

The environment in which the Company operates is one where it is not unusual for some agreements to only remain on foot for a fixed period of time, whilst others may be ongoing and extend on more than one occasion. It is also common for some agreements to be on either an exclusive or non-exclusive basis (with the Group). The length and exclusivity of each reseller agreement is very dependent on the re-sellers' agreement(s) with the relevant government departments/agencies in the relevant jurisdiction.

Each Reseller Agreement varies in respect of the commencement date, the term of the agreement, fees paid and the relevant jurisdiction(s). Below is a summary of some of the material (non-commercially sensitive) terms of the Reseller Agreements:

- (a) **(Term):** The Reseller Agreements generally have an initial term of one (1) or two (2) years and automatically renews for successive one (1) year periods, unless a party provides written notice at least ninety (90) calendar days before the expiration of any extended term.
- (b) **(Confidentiality):** The reseller agrees not to disclose, copy or release confidential information (as defined in each Reseller Agreement) without the prior consent of the Company, or use confidential information for any purpose other than the performance of the Reseller Agreement.
- (c) **(Intellectual Property):** The reseller agrees not to reverse engineer any of the Company's products and agrees not to take any action inconsistent with the Company's rights in the intellectual property.

- (d) **(Termination)**: The Reseller Agreement terminates upon expiry of the relevant Term upon the provision of written notice as set out in Section 9.7(a). Each party is also able to terminate the Reseller Agreement by written notice where the other party has made a material misrepresentation, fail to comply with the Reseller Agreement or otherwise materially breaches the Reseller Agreement.

The Reseller Agreements otherwise contains terms and conditions that are considered standard for an agreement of this nature.

Given the nature of the Business that the Group operates, the Group is in ongoing negotiations and discussions with third-parties, government agencies and further potential reseller parties, both locally and internationally, to expand the Group's existing customer base (including its reseller network). New Reseller Agreements may be finalised and entered into at any time. However, the Group notes that there is no guarantee that such negotiations and discussions will be finalised and/or the Group will enter into further contracts with such parties.

## 9.8 Australian DoD Agreement

The Company has entered into a further agreement with the Australian DoD, as an extension of the original contract with the Australian DoD (**Australian DoD Agreement**). This Australian DoD Agreement is a subsequent extension agreement, to the original agreement entered into in December 2023.

The Australian DoD Agreement acts similar to a panel arrangement from which the Australian Government (and its various agencies) can order specific quantities of the Group's ISR Drone (via submitting purchase orders on an as needed basis). Below is a summary of the material (non-commercially sensitive) terms of the Australian DoD Agreement:

- (a) **(Initial Term)**: The Australian DoD Agreement is for an initial term of three (3) years, being from 20 October 2025 to 20 October 2028.
- (b) **(Further Terms)**: The subsequent Australian DoD Agreement may be extended beyond the Initial Term, for two (2) further three (3) year terms.
- (c) **(Intellectual Property)**: All intellectual property created under the Australian DoD Agreement (or any sub-agreements which arise from the Australian DoD Agreement) is assigned to Boresight immediately upon its creation.
- (d) **(Termination)**: Standard termination provisions for breach of a material term or convenience apply.

The Australian DoD Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

## 9.9 Employment Agreement – Chief Technology Officer (Dr. Alexander Hall)

The Company has entered into an employment agreement with Dr Alexander Hall, (**CTO Agreement**) on the following material terms:

- (a) **(Position)**: Dr Hall is appointed as Chief Technology Officer.
- (b) **(Term)**: Dr Hall's engagement as Chief Technology Officer of the Company will commence on the relevant commencement date and continue until the CTO Agreement is validly terminated in accordance with its terms.

- (c) **(Salary):** \$220,000 per annum (plus applicable minimum statutory superannuation).
- (d) **(Duties):** Dr Hall's duties under the CTO Agreement include, (amongst others):
  - (i) define the technology roadmap and strategy for the business;
  - (ii) incorporate customer requirements into future technology solutions;
  - (iii) oversee and direct the design, testing and manufacture of the Company targets;
  - (iv) participate in technically focussed sales meetings as required;
  - (v) oversee and direct the design, development and testing of software products to support the business;
  - (vi) act as the design authority for Company products;
  - (vii) oversee the development and maintenance of technical documentation and training manuals;
  - (viii) design and implement strategies for low cost manufacturing of Boresight targets; and
  - (ix) other duties as directed.
- (e) **(Termination):** Each party may terminate the CTO Agreement without reasons by giving the other party four (4) weeks' written notice or salary in lieu of notice. The Company may terminate the CTO Agreement if, among other things, Dr Hall is guilty of serious misconduct, materially neglect his duties or breaches any material provision of the CTO.
- (f) **(Expenses):** The Company will reimburse Dr Hall for all reasonable out of pocket expenses, as well as all reasonable travel and accommodation costs incurred by Dr Hall in the performance of his duties under the CTO Agreement.

The CTO Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

## 9.10 Employment Agreement – Chief Operating Officer (Mr Jason Henry)

The Company has entered into an employment agreement with Mr Jason Henry, (**COO Agreement**) on the following material terms:

- (a) **(Position):** Mr Henry is appointed as Chief Operating Officer.
- (b) **(Term):** Mr Henry's engagement as Chief Operating Officer of the Company will commence on the relevant commencement date and continue until the COO Agreement is validly terminated in accordance with its terms.
- (c) **(Salary):** \$200,000 per annum (plus applicable minimum statutory superannuation).
- (d) **(Duties):** Mr Henry's duties under the COO Agreement include, (amongst others):
  - (i) comply with reasonable directions given by the Company;
  - (ii) at all times act faithfully, honestly and diligently;

- (iii) perform solely work related activities in work time;
  - (iv) exhibit a professional and courteous attitude when dealing with the Company, its customers, employees, suppliers and other members of the public; and
  - (v) act in the Company's best interests at all times.
- (e) **(Termination):** Either party may terminate the COO Agreement, by providing not less than the requisite notice period as set out under the National Employment Standards, to the other party.

The COO Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

#### **9.11 Employment Agreement – Vice President Business Development (Mr James Prior)**

The Company has entered into an employment agreement with Mr James Prior, (**VPBD Agreement**) on the following material terms:

- (a) **(Position):** Mr Prior is appointed as Vice President Business Development.
- (b) **(Term):** Mr Prior's engagement as Vice President Business Development will commence on the relevant commencement date and continue until the VPBD Agreement is validly terminated in accordance with its terms.
- (c) **(Salary):** \$200,000 per annum (plus applicable minimum statutory superannuation).
- (d) **(Duties):** Mr Prior's duties under the VPBD Agreement include, (amongst others):
  - (i) comply with reasonable directions given by the Company;
  - (ii) at all times act faithfully, honestly and diligently;
  - (iii) perform solely work related activities in work time;
  - (iv) exhibit a professional and courteous attitude when dealing with the Company, its customers, employees, suppliers and other members of the public; and
  - (v) act in the Company's best interests at all times.
- (e) **(Termination):** Either party may terminate the VPBD Agreement, by providing not less than the requisite notice period as set out under the National Employment Standards, to the other party.

The VPBD Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

#### **9.12 Employment Agreement – General Manager Boresight UK LTD (Mr Kevin Nicholls)**

The Company has entered into an employment agreement with Mr Kevin Nicholls, (**UK GM Agreement**) on the following material terms:

- (a) **(Position):** Mr Nicholl's is appointed as General Manager of Boresight UK LTD.

- (b) **(Term):** Mr Nicholl's engagement as General Manager Boresight UK LTD will commence on the relevant commencement date and continue until the UK GM Agreement is validly terminated in accordance with its terms.
- (c) **(Salary):** £70,000 per annum.
- (d) **(Duties):** Mr Nicholl's duties under the UK GM Agreement include, (amongst others):
  - (i) comply with reasonable directions given by the Company;
  - (ii) at all times act faithfully, honestly and diligently;
  - (iii) unless prevented by incapacity devote the whole of his working time, attention and skill to the carrying out of his duties under this Agreement; and
  - (iv) comply with any applicable statutory, fiduciary or common-law duties as a director.
- (e) **(Termination):** Either party may terminate the UK GM Agreement, by providing not less than 4 weeks' notice, to the other party. The Company may terminate the UK GM Agreement immediately by notice in writing if, among other things, Mr Nicholls is guilty of gross misconduct, commits any serious or repeated breach of the UK GM Agreement, is convicted of an offence which materially affects Mr Nicholls' performance of the UK GM Agreement, becomes bankrupt, is prohibited by law from being a director.

The UK GM Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

### 9.13 Employment Agreement – General Manager Boresight U.S., Inc (Mr Charles “Steve” Below)

The Company has entered into an employment agreement with Mr Charles Below, (**US GM Agreement**) on the following material terms:

- (a) **(Position):** Mr Below is appointed as General Manager of Boresight U.S., Inc.
- (b) **(Term):** Mr Below's engagement as General Manager Boresight U.S., Inc will commence on the relevant commencement date and continue until the US GM Agreement is validly terminated in accordance with its terms.
- (c) **(Salary):** US\$84,000 per annum.
- (d) **(Duties):** Mr Below's duties under the US GM Agreement include, (amongst others):
  - (i) comply with reasonable directions given by the Company;
  - (ii) at all times act faithfully, honestly and diligently;
  - (iii) perform solely work related activities in work time;
  - (iv) exhibit a professional and courteous attitude when dealing with the Company, its customers, employees, suppliers and other members of the public and
  - (v) act in the Company's best interests at all times.

- (e) **(Termination)**: Under the laws of the state of Alabama, either party may terminate the employment relationship at any time for any reason.

The US GM Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

#### **9.14 The Second Australian DoD Agreement**

The Company has entered into an extension agreement with the Australian DoD for the provision of Target Drones (**Second Australian DoD Agreement**). Under the Second Australian DoD Agreement, the Group provides a set number of Target Drones to the Australian DoD per quarter. Below is a summary of the material (non-commercially sensitive) terms of the Second Australian DoD Agreement:

- (a) **(Initial Term)**: The Second Australian DoD Agreement is for an initial term of 18 months.
- (b) **(Further Terms)**: The Second Australian DoD Agreement may be extended beyond the Initial Term, for two (2) further twelve (12) month terms.
- (c) **(Intellectual Property)**: All intellectual property created under the Second Australian DoD Agreement (or any sub-agreements which arise from the Second Australian DoD Agreement) is the property of Boresight immediately upon its creation. Boresight grants to the Australian DoD a non-exclusive licence to exercise the intellectual property rights for the purposes of utilising the Target Drones.
- (d) **(Termination)**: Standard termination provisions for breach of a material term or convenience apply.

The Second Australian DoD Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

## 10. Additional Information

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### 10.1 Rights attaching to Shares

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

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

#### (a) General meetings

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

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

#### (b) Voting rights

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative or if a determination has been made, by direct vote;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote (even though he or she may represent more than one member); and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall (or where a Direct Vote has been lodged), in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

#### (c) Dividend rights

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

The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend, the payment of the dividend is fair and reasonable to the Company's members as a whole, and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company.

Subject to the ASX Listing Rules and the Corporations Act, the Company may implement a dividend reinvestment plan on such terms and conditions as the Directors think fit under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a Dividend from the Company in subscribing for securities of the Company or a related body corporate of the Company.

**(d) Restricted Securities**

The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities.

Without limiting the generality of the above:

- (i) a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules of the ASX;
- (ii) if the Restricted Securities are in the same class as quoted Securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those Securities;
- (iii) the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX;
- (iv) a holder of Restricted Securities will not be entitled to participate in any return of capital on those Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX; and
- (v) if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Securities for so long as the breach continues.

**(e) Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. No member is obliged to accept any Shares, securities or other assets in respect of which there is any liability.

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

(f) **Shareholder liability**

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

(g) **Transfer of Shares**

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

(h) **Variation of rights**

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

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

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

## 10.2 Options

The terms and conditions of the Options are set out below:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option is \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is five (5) years from the date of Admission to the Official List (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

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

Following the Exercise Date and within the time period specified by the ASX Listing Rules, the Company will:

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

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

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Transferability**

The Options are not transferable, unless determined otherwise by the Board (in its absolute discretion and subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities law).

(l) **Vesting**

There are no vesting conditions attached to the Options; the Options will be vested from the date of issue.

(m) **Cashless Exercise**

At the time of exercise of the Options, in accordance with these terms, the holder may elect not to be required to provide payment of the exercise price for the number of Options specified in the Notice of Exercise, but that on exercise of those Options the Company will transfer or issue to the holder that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Options.

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

If the difference between the total exercise price otherwise payable for the Options being exercised and the then Market Value of the Share at the time of exercise and the exercise price is zero or negative, then the holder will not be entitled to use the cashless exercise facility.

### 10.3 Summary of the Company's Employee Incentive Securities Plan

A summary of the terms of the Employee Incentive Securities Plan (**Incentive Plan**) is set out below:

(a) **(Eligible Participant):** Eligible Participant means a person that:

- (i) is an 'ESS participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company for an invitation made on or after 1 October 2022; and
- (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.

(b) **(Purpose):** The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

(c) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and

absolute discretion except to the extent that it prevents the Company relying on the deferred tax concessions under Subdivision B3A-C of the *Income Tax Assessment Act 1997* (Cth). The Board may delegate its powers and discretion.

- (d) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

- (e) **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (f) **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. Unless in 'Special Circumstances' (as defined in the Plan) with the consent of the Board, a Participant may not sell, assign, transfer, grant a security interest over, collateralise a margin loan against, utilise for the purposes of short selling, enter into a Derivative with reference to, or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (g) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
- (h) **(Exercise of Convertible Securities and cashless exercise):** To exercise an Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (i) **(Cashless exercise of Convertible Securities):** At the time of exercise of the Convertible Securities, subject to Board approval at that time, the Participant may

elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

If the difference between the total exercise price otherwise payable for the Convertible Securities being exercised and the then market Value of the Share at the time of exercise and the exercise price is zero or negative, then the Eligible Participant will not be entitled to use the cashless exercise facility.

- (j) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, acted negligently, acted in contravention of a Group policy or wilfully breached his or her duties to the Group, the Board will deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
  - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (l) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated

by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

- (n) **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
  - (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
- (o) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (q) **(Compliance with Applicable Laws):** Notwithstanding the Plan rules or any terms of a Security, no Security may be offered, granted, vested or exercised, and no Share may be issued or transferred, if to do so would contravene any applicable laws.

Where monetary consideration is payable by the Eligible Participant, and in respect to Convertible Securities where the Exercise Price on exercise of those Convertible Securities is greater than zero, the Company must reasonably believe when making an invitation:

- (i) the total number of Plan Shares that are, or are covered by the Securities that may be issued under an invitation; and
- (ii) the total number of Plan Shares that are, or are covered by the Securities that have been issued, or could have been issued in connection with the Plan in

reliance on Division 1A of Part 7.12 of the Corporations Act at any time during the previous 3 year period prior to the date the invitation is made,

does not exceed:

- (iii) if the Constitution specifies an issue cap percentage, that percentage; or
- (iv) if the Constitution does not specify an issue cap percentage, 5% (or such other maximum permitted under any Applicable Law),

of the total number of Shares on issue at the date of the invitation.

- (r) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (s) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

The maximum number of equity securities proposed to be issued under the Incentive Plan within a three (3) year period from the date of this Prospectus for the purpose of the ASX Listing Rules is 25,353,417 Shares (representing approximately 15% of the issued Shares as at the date of this Prospectus) (**ASX Limit**), meaning that the Company may issue up to the ASX Limit under the Incentive Plan, without seeking Shareholder approval and without reducing its placement capacity under ASX Listing Rule 7.1.

The ASX Limit is not intended to be a prediction of the actual number of securities to be issued under the Incentive Plan, simply a ceiling for the purposes of Listing Rule 7.2 (Exception 13(a)).

## 10.4 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 10.5 Interests of Experts and Advisers

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

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

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

- (d) the formation or promotion of the Company;
- (e) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Public Offer; or
- (f) the Public Offer,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (g) to induce them to become, or to qualify them as, a Director; or
- (h) for services rendered by them in connection with the formation or promotion of the Company or the Public Offer.

Hall Chadwick WA Audit Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay Hall Chadwick WA Audit Pty Ltd a total of \$33,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Hall Chadwick WA Audit Pty Ltd has not received fees from the Company for any other services other than the audit services noted below.

Nova Legal Pty Ltd has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Nova Legal Pty Ltd up to \$120,000 (excluding GST and disbursements) for these services. Subsequent fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Nova Legal Pty Ltd has received fees totalling approximately \$108,765 (including GST and disbursements) from the Company for legal services provided.

CPS Capital Group Pty Ltd has acted as lead manager to the Public Offer and for this is entitled to be paid fees in accordance with the Lead Manager Mandate summarised in Section 9.1. During the 24 months preceding lodgement of this Prospectus with ASIC, CPS Capital Group Pty Ltd has received fees totalling \$26,400 (including GST) from the Company for corporate advisory services provided in relation to the First Seed Raising, Second Seed Raising and Pre-IPO Capital Raising.

ARQ Capital Pty Ltd has acted as corporate advisor to the Company. During the 24 months preceding lodgement of this Prospectus with ASIC, ARQ Capital Pty Ltd has received fees totalling \$26,400 (including GST) from the Company for corporate advisory services provided in relation to the First Seed Raising, Second Seed Raising and Pre-IPO Capital Raising.

Hall Chadwick WA Audit Pty Ltd has acted as auditor to the Company. The Company estimates it will pay Hall Chadwick WA Audit Pty Ltd a total of \$39,000.00 (excluding GST) for the audit services relating to FY24, FY25 and 1H FY26. During the 24 months preceding lodgement of this Prospectus with ASIC, Hall Chadwick WA Audit Pty Ltd has not received fees from the Company for any other services other than investigating accountant services noted above.

XCEND Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

## **10.6 Consents**

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

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Hall Chadwick WA Audit Pty Ltd has given its written consent to being named as Investigating Accountant and to the inclusion of Independent Limited Assurance Report in Annexure A of this Prospectus, in the form and context in which the information and report is included. Hall Chadwick WA Audit Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Hall Chadwick WA Audit Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information of the Company contained in the Financial Information at Annexure A of this Prospectus, in the form and context in which the information is included. Hall Chadwick WA Audit Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Nova Legal Pty Ltd has given its written consent to being named as the solicitors to the Company in relation to the Public Offer in this Prospectus, in the form and context in which it has been named. Nova Legal Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

CPS Capital Group Pty Ltd has given its written consent to being named in this Prospectus as lead manager to the Public Offer, in the form and context in which it has been named. CPS Capital Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

ARQ Capital Pty Ltd has given its written consent to being named in this Prospectus as corporate advisor to the Company, in the form and context in which it has been named. ARQ Capital Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

XCEND Pty Ltd has given its written consent to be named in this Prospectus as share registry of the Company, in the form and context in which it has been named. XCEND Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Dr. Alexander Hall has given his written consent to be named in this Prospectus as Chief Technology Officer, in the form and context in which he has been named. Dr Hall has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.

Mr Jason Henry has given his written consent to be named in this Prospectus as Chief Operating Officer, in the form and context in which he has been named. Mr Henry has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.

Mr James Prior has given his written consent to be named in this Prospectus as Vice President Business Development, in the form and context in which he has been named. Mr Prior has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.

Mr Charles Below has given his written consent to be named in this Prospectus as General Manager Boresight U.S., Inc, in the form and context in which he has been named. Mr Below has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.

Mr Kevin Nicholls has given his written consent to be named in this Prospectus as General Manager Boresight UK LTD, in the form and context in which he has been named. Mr Nicholls has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.

## 10.7 Expenses of the Public Offer

The total cash expenses of the Public Offer (inclusive of GST, where applicable) are estimated to be approximately \$846,195 at Full Subscription, and are expected to be applied towards the items set out in the table below:

| Item of Expenditure                          | Full Subscription<br>(\$8,000,000) |
|----------------------------------------------|------------------------------------|
| ASIC fees                                    | \$3,206                            |
| ASX fees                                     | \$153,489                          |
| Lead Manager fees <sup>1</sup>               | \$492,000                          |
| Legal fees <sup>2</sup>                      | \$132,000                          |
| Investigating Accountant's fees <sup>2</sup> | \$16,500                           |
| Auditor's fees <sup>2</sup>                  | \$39,000                           |
| Printing, Distribution and Miscellaneous     | \$10,000                           |
| <b>Total</b>                                 | <b>\$846,195</b>                   |

**Notes:**

1. Refer to Section 9.1 for a summary of the fees payable to the Lead Manager under the Lead Manager Mandate and Section 5 (Financial Information).
2. Refer to Section 10.5 for details regarding the interests of experts and advisers.

## **10.8 Continuous disclosure obligations**

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

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

## **10.9 Electronic Prospectus**

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at <https://www.boresightuas.com/>.

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

## **10.10 Financial Forecasts**

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

## **10.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

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

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **10.12 Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

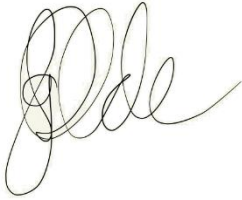
Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

## 11. Director's Authorisation

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

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'J. Olde', is positioned above a horizontal line.

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**Mr Justin Olde**  
**Managing Director**  
**For and on behalf of Boresight Ltd**

## 12. Glossary

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Where the following terms are used in this Prospectus they have the following meanings:

**\$** means an Australian dollar.

**AAS** means Australian Accounting Standards.

**AASB** means Australian Accounting Standards Board.

**ADF** means the Australian Defence Force.

**Admission** means admission of the Company to the Official List following completion of the Public Offer.

**Applicant** means a person who submits an Application Form.

**Application Forms** means the application form attached to or accompanying this Prospectus relating to the Public Offer, respectively.

**Application Monies** means application monies for Shares under the Public Offer received and banked by the Company.

**Applications** means completed Application Forms submitted to and received by the Company accompanied by Application Monies.

**ASCA** means the Advanced Strategic Capability Accelerator Office of the Australian DoD.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**Australian DoD** means the Australian Department of Defence.

**Australian DoD Agreement** has the meaning given in Section 9.8.

**Board** means the board of Directors as constituted from time to time.

**Boresight UK** means the Company's wholly owned subsidiary, Boresight UK LTD (16549350), incorporated in the United Kingdom on 30 June 2025.

**Boresight US** means the Company's wholly owned subsidiary, Boresight U.S., Inc (EIN 32-0741243), incorporated in Delaware, USA on 19 July 2023.

**Business** means the business of designing and manufacturing drones carried out by the Group, as set out in Section 4.1.

**CAA** means the Civil Aviation Authority (U.K.).

**CASA** means the Civil Aviation Safety Authority (Australia).

**CGS** means Ground Control Station.

**CHESS** means the Clearing House Electronic Subregister System.

**Closing Date** means the closing date of the Public Offer as set out in the indicative timetable in the Key Offer Information on page 5 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Public Offer early).

**Company** or **Boresight** means Boresight Ltd (formerly known as Boresight Pty Ltd) (ACN 642 501 228).

**Conditions of the Public Offer** means the conditions of the Public Offer as set out in Section 2.5.

**Constitution** means the constitution of the Company, as amended from time to time.

**COO Agreement** has the meaning given in Section 9.10.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporate Advisor** means ARQ Capital Pty Ltd (ACN 135 397 796) (AFSL 456 663).

**Corporate Governance Plan** means the corporate governance plan adopted by the Company which contains the Company's corporate governance policies.

**Criterion** means Criterion Solutions Pty Ltd.

**CTO Agreement** has the meaning given in Section 9.9.

**CUAS** means a counter-uncrewed aerial system(s), or commonly referred to as a counter-drone system(s).

**DASA** means the Defence Aviation Safety Authority.

**Directors** means the directors of the Company at the date of this Prospectus.

**DJI** means Shenzhen Da-Jiang Innovations Sciences and Technologies Ltd.

**Drones** means collectively, the Target Drones and ISR Drones.

**DSGL** means the Defence Strategic Goods List.

**EFT** means Electronic Funds Transfer.

**Executive Director Agreement** has the meaning given in Section 9.4.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**FAA** means the Federal Aviation Administration (USA).

**First Seed Raising** means a capital raising of approximately \$100 (before costs) through the issue of 10,000,000 Shares at an issue price of \$0.00001 each in November 2025.

**Five Eye** refers to an intelligence-sharing alliance comprising the United States, United Kingdom, Canada, Australia and New Zealand.

**FMC Act** means the *Financial Markets Conduct Act 2013*.

**FPV** means First Person View.

**FSR** means Forward Support Representative.

**Full Subscription** has the meaning given in Section 2.2.

**Generally Accepted Accounting Standards** means the accounting standards approved under the Corporations Act being the Australian Accounting Standards adopted by the Australian Accounting Standards Board.

**GPS** means Global Positioning System.

**Group** means collectively, the Company, Boresight US and Boresight UK

**Incentive Plan** means the Company's employee securities incentive plan adopted by the Board on 16 March 2026, as amended from time to time.

**Independent Limited Assurance Report** means the report prepared by Hall Chadwick WA Audit Pty Ltd and included in Annexure A.

**ISR** means intelligence, surveillance and reconnaissance.

**ISR Drones** has the meaning given in Section 4.1.

**Lead Manager** means CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294848).

**Lead Manager Mandate** has the meaning given to it in Section 2.7, and as set out in Section 9.1.

**Lead Manager Options** has the meaning given to it in Section 2.7, and on the terms and conditions set out in Section 10.2.

**Letters of Appointment** has the meaning given in Section 9.5.

**Managing Director Agreement** has the meaning given in Section 9.3.

**Mission Planning** means the Group's mission planning software.

**National Employment Standards** means the minimum employment entitlements mandated by the *Fair Work Act 2009* (Cth).

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Opening Date** means the opening date of the Public Offer as set out in the indicative timetable in the Key Offer information on page 6 of this Prospectus.

**Option or Options** means an option to acquire a Share.

**Option Holder** means a holder of an Option.

**Original Prospectus** means the prospectus lodged with ASIC by the Company on 17 April 2026 relating to the securities of the Company.

**Pre-IPO Capital Raising** means the further pre-IPO capital raising of approximately \$1,200,000 (before costs) through the issue of 7,500,000 Shares at an issue price of \$0.16 each on or around 18 March 2026.

**Prospectus** means this prospectus.

**Public Offer** means the Shares to be issued under this Prospectus as set out in Section 2.1.

**Recommendations** means the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

**Related Party** or **Related Parties** has the meaning ascribed to that term as set out in the Corporations Act and the Listing Rules.

**Reseller Agreements** has the meaning given in Section 9.7.

**RePL** means Remote Pilot Licence.

**ReOC** means Remotely Piloted Aircraft Operators Certificate.

**RWS** means Remote Weapons System.

**Second Australian DoD Agreement** has the meaning given to it in Section 9.14.

**Second Seed Raising** means an earlier capital raising of approximately \$1,450,000 (before costs) through the issue of 22,307,692 Shares at an issue price of \$0.065 each in November 2025.

**Section** means a section of this Prospectus.

**Securities** means any securities, including Shares an, issued or granted by the Company.

**Share or Shares** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**SOP** means Standard Operating Procedure(s).

**Subsidiaries** means collectively, Boresight US and Boresight UK being the Company's wholly owned subsidiaries.

**Target Drones** has the meaning given in Section 4.1.

**TDA** means Team Defence Australia.

**UK GM Agreement** has the meaning given in Section 9.12.

**US GM Agreement** has the meaning given in Section 9.13.

**UAS** means an uncrewed aerial system(s), commonly known as a drone(s).

**VPBD Agreement** has the meaning given in Section 9.11.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

**Annexure A – Independent Limited Assurance Report**

16 April 2026

The Board of Directors  
Boresight Limited  
283 Rokeby Road  
Perth WA 6008

Dear Board of Directors

## Independent Limited Assurance Report on Boresight Limited Historical and Pro forma Financial Information

We have been engaged by Boresight Limited and its controlled entities ("Boresight") to prepare this Independent Limited Assurance Report ("Report") in relation to certain financial information of Boresight Limited for inclusion in the Prospectus.

The Prospectus (or "the document") is issued for the purposes of raising of \$8,000,000 before associated costs based on the Public Offer subscription to assist the Company to meet the requirements for listing on the Australian Securities Exchange ("ASX").

Broadly, the Prospectus will raise \$8,000,000 through the issue of 40,000,000 Ordinary Shares at an issue price of \$0.20 per Share.

Expressions and terms defined in the document have the same meaning in this Report. This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

### Scope

You have requested Hall Chadwick WA Audit Pty Ltd ("Hall Chadwick") to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested Hall Chadwick to review the following historical financial information (together the "Historical Financial Information") of the Company included in the Prospectus:

- The historical Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2024, 30 June 2025 and for the period ended 31 December 2025 for Boresight Ltd and its controlled entities
- The historical Statement of Financial Position as at 30 June 2024, 30 June 2025 and 31 December 2025 for Boresight Ltd and its controlled entities
- The historical Statement of Cash Flows for the years ended 30 June 2024, 30 June 2025 and for the period ended 31 December 2025 for Boresight Ltd and its controlled entities

The Historical Financial Information of the Group has been extracted from the audited historical financial statements for 30 June 2024 and 30 June 2025 and reviewed historical financial statements for 31 December 2025. The financial reports for the years ended 30 June 2024 and 30 June 2025 were audited by Hall Chadwick in accordance with Australian Auditing Standards. The half year financial report for the period ended 31 December 2025 was reviewed by Hall Chadwick. Hall Chadwick issued unqualified audit opinions with material uncertainty related to going concern for the years ended 30 June 2024 and 30 June 2025 for Boresight Ltd and its controlled entities and an unqualified review conclusion was issued for 31 December 2025 with a material uncertainty on going concern.

## Pro Forma Historical Financial Information

You have requested Hall Chadwick to review the pro forma historical Statement of Financial Position as at 31 December 2025 referred to as “the pro forma historical financial information.”

The pro forma historical financial information has been derived from the historical financial information of the Group, after adjusting for the effects of the subsequent events and pro forma adjustments described in note 2 of section 5.7 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in note 2 of section 5.7 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position or financial performance.

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of the Company as at 31 December 2025 to reflect the financial effects of the following subsequent events which have occurred since 31 December 2025:

- Boresight converted from a private company to a public company on 17 March 2026 and undertook a share split on a ratio of 465 for 1 on the same date.
- On 12 March 2026, 10,811,175 employee share plan options were cancelled
- On 18 March 2026 the Company issued 7,500,000 shares to raise \$1,200,000, with a cost of \$24,600.
- On 18 March 2026, Boresight acquired the minority shareholding of Boresight UK Ltd, bringing its ownership to 100% for the issue of 600,000 unlisted options (exercisable at \$0.25, expiring on the date that is five (5) years from the date Boresight is admitted to the official list of ASX)

- (e) On 09 April 2026, 9,363,702 options were issued to Managing Director and eligible employees (exercisable at \$0.25, expiring on the date that is five (5) years from the date Boresight is admitted to the official list of ASX) vesting immediately as options are issued in respect of prior service.
- (f) On 09 April 2026, 9,400,000 options were issued to Directors (exercisable at \$0.25 and expiring on the date that is five (5) years from the date Boresight is admitted to the official list of ASX) vesting immediately upon issue in recognition of services provided by the Directors up to the date of IPO.

And the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the capital raising:

- (a) Boresight Ltd will offer 40,000,000 shares, at an issue price of \$0.20 per Share, to raise \$8,000,000, with a cash-settled cost of \$846,195 (which has been allocated \$492,000 to capital raising cost and \$354,195 to the profit and loss) and equity-settled cost of \$705,465 as value of 4,789,115 options issued to Lead Manager (exercisable at \$0.25, expiring five years).
- (b) Boresight will issue 11,000,000 Options (exercisable at \$0.25 and expiring on the date that is five (5) years from the date the Company is admitted to the Official List of ASX) to be issued to non-related consultants, advisors and employees of the Group (the allocation yet to be determined).

## Directors' Responsibility

The directors of the Company are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

## Our Responsibility

Our responsibility is to express limited assurance conclusions on the historical financial information and pro forma historical financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

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

## *Conclusions*

### *Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information for the Company comprising:

- The historical Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2024, 30 June 2025 and for the period ended 31 December 2025 for Boresight Ltd and its controlled entities
- The historical Statement of Financial Position as at 30 June 2024, 30 June 2025 and 31 December 2025 for Boresight Ltd and its controlled entities
- The historical Statement of Cash Flows for the years ended 30 June 2024, 30 June 2025 and for the period ended 31 December 2025 for Boresight Ltd and its controlled entities

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 5.2 of the Prospectus.

### *Pro Forma Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information comprising the Pro Forma Historical Statement of Financial Position of Boresight Limited 31 December 2025 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in 5.2 of the Prospectus.

## *Restriction on Use*

Without modifying our conclusions, we draw attention to section 5.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

## *Consent*

Hall Chadwick has consented to the inclusion of this Independent Limited Assurance Report in this disclosure document in the form and context in which it is so included (and at the date hereof, this consent has not been withdrawn) but has not authorised the issue of the disclosure document. Accordingly, Hall Chadwick makes no representation or warranties as to the completeness and accuracy of any information contained in this disclosure document, and takes no responsibility for, any other documents or material or statements in, or omissions from, this disclosure document.

### Liability

The Liability of Hall Chadwick is limited to the inclusion of this report in the Prospectus. Hall Chadwick makes no representation regarding, and takes no responsibility for any other statements, or material in, or omissions from the Prospectus.

### Declaration of Interest

Hall Chadwick does not have any interest in the outcome of this transaction or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Hall Chadwick will receive normal professional fees for the preparation of the report.

Yours Faithfully



**MARK DELAURENTIS** CA  
**Partner**

# Application Form



**BORESIGHT**

**BORESIGHT LTD.**  
ACN 642 501 228