IDT Australia Limited

ACN 006 522 970

OFFER BOOKLET

Underwritten Non-renounceable Entitlement Offer

An underwritten 1 for 5 Entitlement Offer by IDT Australia Limited ACN 006 522 970

at A$0.27 per New Share to raise A$2,883,508

THIS OFFER BOOKLET IS NOT A PROSPECTUS

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

The Offer closes at 5.00pm AEST on 25 September 2013

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

If you are an Eligible Shareholder this is an important document which is accompanied by an Entitlement and Acceptance Form and requires your immediate attention. The documents should be read in their entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.

idt australialimited

CORPORATE DIRECTORY

Chairman	Dr Graeme L Blackman
Non-Executive Directors	Geoffrey F Lord (Deputy Chairman) Dr Roger Aston David Williams Graeme Kaufman Reo Shigeno
Chief Financial Officer and Company Secretary	Mr Roman Najdecki
Managing Director and Chief Executive Officer	Dr Paul MacLeman
Principal registered office in Australia	IDT Australia Limited 45 Wadhurst Drive Boronia, Victoria 3155 Australia Telephone +61 3 9801 8888 Facsimilie +61 3 9801 8773 www.idtaus.com.au
Share Registry	Computershare Registry Services Pty Limited 452 Johnston Street Abbotsford VIC 3067
Stock Exchange Listings	ASX Code: IDT

IMPORTANT NOTICE

1. **Offer document**

This Offer Document has been prepared by **IDT AUSTRALIA LIMITED** ACN 006 522 970 (**IDT Australia** or the **Company**) and is dated 30 August 2013. This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35).

2. **This is an important document**

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks. The Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

3. **Disclaimer**

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

4. **Eligibility**

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

5. **Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document. No action has been taken to permit a public offering of the New Shares under the Offer in any jurisdiction outside of Australia, New Zealand and Japan.

It is not practicable for the Company to comply with the securities laws of any other overseas jurisdictions other than Australia, New Zealand and Japan having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

The New Shares have not been and will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their Application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand or Japan. Shareholders outside Australia, New Zealand and Japan (**Ineligible Foreign Shareholders**) should refer to Section 6.7 for details of how their Entitlement will be dealt with.

Shareholders resident in New Zealand or Japan should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

6. **Defined terms and abbreviations**

Terms and abbreviations used in this Offer Booklet are defined in the Glossary (see section 7).

CONTENTS

KEY OFFER DETAILS

Key details of the Offer	
Offer to Eligible Shareholders	1 New Share for every 5 Shares held at the Record Date
Issue Price per New Share	$0.27
Discount on the Issue Price to the 20 day Volume Weighted Average price of Shares on ASX up to 26 August 2013 (being the last trading date before the announcement of the Offer)	13.9%
Maximum number of New Shares under the Offer	10,679,659 New Shares
Proceeds from the Offer (excluding costs associated with the Offer)	$2,883,508
Maximum number of Shares on issue following the Offer (*please note this does not include the number of Shares proposed to be issued under the Placement by the Company announced on 29 August 2013*)	64,077,953 Shares

IMPORTANT DATES *

Event	2013 Dates
Announcement of the Offer, Cleansing Notice, Appendix 3B	29 August
Offer Document lodged with ASX	30 August
Company sends notice to shareholders advising of Appendix 3B information	2 September
"Ex" date for the Offer (being the date that Shares start trading without the Entitlements to participate in the Offer)	3 September
Record Date to determine Entitlements under the Offer	9 September
Opening Date of Offer	11 September
Despatch of the Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	11 September
Closing Date for acceptances under the Offer	25 September
ASX notified of under subscriptions under the Offer	27 September
Allotment of the New Shares	1 October
Trading of New Shares expected to commence	2 October
Despatch of holding statements for the New Shares	2 October

* *The above dates are indicative only. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and the Underwriting Agreement, to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.*

1. CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of **IDT AUSTRALIA LIMITED** ACN 006 522 970 (**Company**), I am pleased to invite you to participate in the Company's underwritten non-renounceable pro-rata entitlement offer of 1 New Share for every 5 Shares held at the Record Date of 5.00pm (AEST) on 9 September 2013, at an Issue Price of $0.27 per Share (**Offer**).

The Offer of approximately 10,679,659 New Shares will raise approximately $2,883,508 before the costs of the offer. It is fully underwritten by Wilson HTM Corporate Finance Ltd ACN 057 547 323 (**Underwriter**).

As announced on the ASX on 29 August 2013, the Company also intends to complete a fully underwritten placement of approximately 11,481,482 Shares (**Placement Shares**) to raise approximately $3.1 million also at $0.27 per Share (**Placement**). Subscription for the Placement Shares will only be from sophisticated investors and will be subject to prior shareholder approval. Subscription for, and the issue of, the Placement Shares subject to obtaining prior IDT shareholder approval will take place after the close of the Offer.

The net proceeds from the Offer, together with funds raised from the Placement and existing cash reserves, will be used to fund the Company and its strategy for growth.

The information contained in this Offer Booklet is important. Please read it carefully in its entirety before deciding whether to invest in New Shares. For further information regarding your Entitlement or if you have any questions in respect of the Offer, please contact the Registry (see below for details) or your professional adviser.

It is important to note that the Offer is expected to close at 5:00 pm (AEST) on 25 September 2013.

We encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

Dr Graeme Blackman

Chairman
IDT Australia Limited

2. SUMMARY

		Where to find more information
What is the Offer?	Non-renounceable rights issue offer of New Shares (**Rights Offer**)	Section 3
What are the terms of the Offer?	1 New Share for every 5 Shares held on the Record Date at an issue price of $0.27 per Share. All shares issued will be rounded up to the nearest whole number.	Sections 3 and 6.12
Can I sell or transfer my Rights?	No. The Offer is non-renounceable and, accordingly, you can NOT sell or transfer any of your Rights on ASX or via an off-market transfer.	Section 3.5
How do the New Shares rank in comparison to existing Shares	All New Shares issued will rank equally in all respects with existing Shares from the date of their issue.	Section 3.12
Who can invest?	Eligible Shareholders of the Company as at 5.00 pm on the Record Date of 9 September 2013	Section 4
Is the Offer underwritten?	The Offer is fully underwritten by Wilson HTM Corporate Finance Ltd ACN 057 547 323 (**Underwriter**).	Sections 3.7 and 6.4
What are the control effects of the sub-underwriting?	In the light of the size of the raising (being less than 20% of the expanded share capital) there is no anticipated material impact on any control or voting rights in the Company.	Section 6.4
What are my choices?	As an eligible Shareholder you may: • take up part or all of your Entitlement under the Rights Offer; or • exercise only a portion of your Rights and allow the balance to lapse; or • allow all of your Rights to lapse.	Section 4.1

3. OFFER OVERVIEW

3.1 The Offer

The Company is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 5 Shares held at 5:00pm (AEST) on 9 September 2013 (**Record Date**) at an Issue Price of $0.27 per New Share.

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

Your Entitlement under the Offer is shown on the accompanying Entitlement and Acceptance Form. Details on how to accept the Offer are set out in Section 4.

The Company has also announced a fully underwritten placement of approximately 11,481,482 Shares (**Placement Shares**) to raise approximately $3.1 million (**Placement Amount**) at the same price as this Offer, namely $0.27 per Share (**Placement**). Subscription for the Placement Shares will only be from sophisticated investors and will be subject to prior shareholder approval. Subscription for, and the issue of, the Placement Shares subject to obtaining prior IDT shareholder approval will take place after the close of the Offer, although the Underwriter has firm commitments for the entire Placement Amount.

The calculation of the amount to be raised pursuant to the Offer, and the number of Shares to be issued under the Offer, do not include allowance for any Shares to be issued under the Placement (as any intended placees of the Placement Shares will not be registered holders as at the Record Date).

3.2 Size of the Offer

As at the date of this Offer document, the Company has on issue:

(a) 53,398,294 Shares; and

(b) 500,000 options granted to employees.

Approximately 10,679,659 New Shares will be offered under the Offer to raise approximately $2,883,508 before the expenses of the Offer.

3.3 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately $2.883 million (before the payment of costs associated with the Offer and prior to the receipt of funds under the Placement).

The Company proposes to use the Funds raised under the Offer to fund the Company and its growth initiatives and will be allocated as follows:

Description	Total
To fund the Company's growth initiatives	$1,850,000
Costs of the Offer (approximately)	$180,000
working capital requirements	$853,000
Total Funds raised under the Offer	**$2.883 million**

3.4 Opening and Closing Date

The Offer opens on 11 September 2013.The Closing Date for acceptance of your Entitlement is 5.00 pm (AEST) on 25 September 2013.

The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Offer at any time without prior notice, in which case all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

3.5 Entitlements under the Offer

The Offer is non-renounceable, and therefore the Entitlements are not transferable and cannot be traded on the ASX or any other exchange or privately transferred. Shareholders will not receive any value if they do not take up their Entitlements.

As described in Section 3.8, any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shortfall and will be dealt with by the Underwriters.

3.6 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

Acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept for a lesser number of New Shares should you wish to take up only part of your Entitlement. If your acceptance exceeds your Entitlement, your acceptance will be deemed to be for your maximum Entitlement and any surplus Application Monies will be returned to you (without interest).

3.7 Underwriting and Sub-Underwriting

The Offer is fully underwritten by Wilson HTM Corporate Finance Ltd ACN 057 547 323 (**Underwriter**). The Company and the Underwriter have entered into an underwriting agreement whereby the Underwriter agreed to underwrite the New Shares the subject of the Offer at the Issue Price (**Underwritten Amount**).

The Underwriter has entered into sub-underwriting arrangements with Mr David Williams (**Director Sub Underwriter**) to sub-underwrite part of the Offer up to an aggregate sub-underwritten amount of $50,000 of the capital sought to be raised under the Rights Issue.

A summary of the Underwriting Agreement (including the circumstances in which it may be terminated) is set out in Section 6.4.

3.8 Shortfall

If Eligible Shareholders do not accept their full Entitlement pursuant to the Offer and there is a Shortfall, the Shortfall will be dealt with by the Underwriter in accordance with the terms of the Underwriting Agreement.

In the event that the Underwriting Agreement is terminated for any reason, the Directors reserve the right to issue the Shortfall at their discretion for a period of up to 3 months from the close of the Offer, but in that case no Director would participate in the shortfall.

3.9 Issue and despatch

The issue of New Shares offered by this Offer Document is expected to occur on 1 October 2013 with despatch of holding statements expecting to occur on 2 October 2013.

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

3.10 ASX listing

The Company has made an application for official quotation by ASX of the New Shares offered under this Offer Document. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received (without interest) will be refunded in full to the Applicants. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

3.11 CHESS

The Company will apply to ASX to participate in CHESS for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

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.

3.12 Rights and liability attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. You may also contact the Company Secretary by telephone on +61 3 9837 6402 for a copy of the Constitution.

3.13 Taxation implications

Eligible Shareholders should be aware that there may be taxation implications associated with participating in the Offer. The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

4. HOW TO APPLY – ELIGIBLE SHAREHOLDERS

This section sets out details on how Eligible Shareholders may apply for New Shares under the Offer.

4.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled (**your Entitlement**) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder you may:

- take up all or part of your Entitlement (refer to Section 4.2 below); or
- allow some or all of your Entitlement to lapse (refer to Section 4.3 below).

As detailed in Section 6.7, Ineligible Foreign Shareholders cannot take any of the steps set out in Sections 4.1 and 4.2.

4.2 Applying for New Shares

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement and the excess application monies will be refunded.

You may participate in the Offer as follows:

- if you wish to accept your Entitlement in full, complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; or
- if you only wish to accept part of your Entitlement, fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form,

and forward the completed Entitlement and Acceptance Form (except where payment is made by BPay®) together with your Application Monies to reach Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (AEST) on the Closing Date. The Share Registry postal address is PO Box 52, Melbourne, Victoria, Australia 3000.

The Issue Price for each New Share accepted under your Entitlement is payable on application. You have the following payment options:

- **By cheque, bank or money order.** All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **"IDT Australia Limited Escrow Account"** and crossed “**Not Negotiable**”.

- **By BPay®.** If paying via BPay®, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that Funds are submitted through BPay® by the date and time mentioned above. If you elect to pay via BPay®, you must follow the instructions for BPay® set out in the Entitlement and Acceptance Form and do not need to return the Entitlement and Acceptance Form.

4.3 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you currently hold and the entitlement attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement.

In this case, your whole Entitlement will form part of the Shortfall and will be dealt with by the Underwriter.

4.4 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this letter of offer and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

4.5 Brokerage

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

4.6 Queries concerning your Entitlement

If you have any queries concerning your Entitlement please contact Computershare Investor Services Pty Ltd at 1300 850 505.

5. RISKS FACTORS

5.1 Overview

This section identifies the areas that are believed to be the major risks associated with an investment in the Company. Applicants should consider the risk factors described below, together with information contained elsewhere in this Offer Booklet, before deciding whether or not to apply for New Shares under the Offer.

The future prospects of the Company and the value of its Shares may be affected by a number of risks and uncertainties, both specific to the Company and of a general nature. While some risks may be mitigated by the Company, many risks are beyond control of the Company, the Directors and the Company's management team.

Investors should note that this section is not an exhaustive list of the risks associated with an investment in the Company and it should be considered in conjunction with other information disclosed in this Offer Booklet. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company's future financial performance and financial position.

Investors should note that the Shares to be issued pursuant to this Offer Booklet carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares.

5.2 Transaction specific risks

(a) Liquidity for Shares risk

While the Company is admitted to the ASX official list, there is no guarantee of the trading volumes in the Company's Shares nor of liquidity in the Shares.

(b) Trading price of Shares may decline after the Offer risk

The future trading price of Shares may be affected by general market conditions and specific circumstances affecting the Company. It is possible that the Shares will trade at prices below the Issue Price following the Offer and this may affect the Company's ability to raise equity in the future.

(c) Reduced funding if Underwriting Agreement terminated

If the Underwriting Agreement was terminated for whatever reason and there was a shortfall in subscriptions for New Shares from shareholders, the Company may not receive the entire amount sought under the Offer.

5.3 Specific business risks

Investors should be aware of the risks specific to an investment in the Company described below.

(a) Key personnel: The success of the Company will, in part, depend on the Company's ability attract and retain highly qualified scientific, technical and managerial personnel. Competition for such personnel is high. Further, institutional knowledge important to the Company resides within certain key personnel. As such the loss of key personnel could have an adverse effect on the Company.

(b) Technology uncertainty: The Company is progressing a number of developmental projects (on its own behalf as well as on behalf of others) which may progress to becoming commercial products. No assurances can be made that the technology or the Company's technical/developmental know-how will result in the successful development of a commercial product.

(c) Commercialisation risk: The commercialisation of technology developed by the Company carries risks inherent with commercialisation of any technology specific product. Such risks include but are not limited to: technological/scientific advancements, competitor products, Governmental regulatory factors, market forces outside the control of the Company, competitor intellectual property. These and other such commercialisation risks, may affect the successful commercialisation of a technology.

(d) Regulatory risk: IDT operates in a highly regulated quality environment. Compliance with regulations and requirements of the U.S. Food and Drug Administration (FDA), the European Medicines Agency (EMA) the Therapeutic Goods Administration (TGA), the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) and other such bodies forms the foundation of the Company's quality and regulatory system which is critical to IDT's business. Any change to, or failure to comply with, these regulations or requirements may affect the Company's business.

5.4 General risks

Most of the general risks discussed below are outside the control of the Company, the Company and the Directors and cannot be mitigated.

(a) Share market risk:

The market value of the Shares may change depending upon a range of factors beyond the Company's control and which are unrelated to the Company's operational performance. The price of Shares listed on the ASX may also be affected by a range of factors including the Company's financial performance and by changes in the business environment.

National and international market factors may also affect the Shares price, including movements in international stock markets, general economic conditions and outlook, interest rates, exchange rates, inflation, commodity supply and demand, government taxation and royalties, legislation, monetary and other policy changes, and general investor perception. As the Company and its Directors have little or no control over any of these factors, no guarantee can be made that the price of Shares will not be affected by one or more of these factors. Furthermore, the Shares are not guaranteed in respect to profitability, distributions, return on capital, or market price.

(b) General economic conditions:

General economic conditions such as economic activity, inflation, interest rates, commodity pricing and the general level of activity within the pharmaceuticals, biotechnology and life sciences industries affect the performance of the Company. As these factors are beyond the control of the Company, their potential impact cannot be predicted.

(c) Changes in laws and government policy:

Government regulations and policies may adversely affect the financial performance and/or the current and proposed operations of the Company.

The possibility exists that new legislation and/or new regulations or orders may be adopted that may materially adversely affect the Company's current or proposed investments, operations and/or cost structure. New legislation or administrative regulations (or new judicial interpretations or administrative enforcement of existing laws and regulations) may also require the Company to change operations significantly or incur increased costs.

(d) Taxation:

Future changes to tax law or changes to the way taxation laws are interpreted in the various jurisdictions in which the Company operates or makes underlying investments may correspondingly impact the taxation liability of the Company or the value of its assets.

There are tax implications arising from purchasing and selling Shares, receiving distributions from the Company, and participation in any on-market Share buy-backs. Accordingly, investors should seek their own independent taxation advice before applying for New Shares under the Offer.

(e) Insurance risks:

Although insurance is maintained by the Company, no assurance can be given that adequate insurance will continue to be available to the Company in the future on commercially acceptable terms.

In addition, the Company may incur liabilities to third parties (in excess of any insurance cover or statutory reserves) arising from negative environmental impacts or other damages or injury. There is a risk of an occurrence of a significant event leading to losses that are not fully covered by insurance.

(f) Government actions and other events:

The impact of actions by domestic and international governments may affect the Company's activities, including in relation to access to infrastructure, compliance with environmental regulations and taxation.

Events may occur within or outside Australia that could impact on the world economy, the operations of the Company and the price of the Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods and fires. The Company has only a limited ability to insure against some of these risks.

(g) Unforeseen expenses:

The Company's anticipated expenditure on infrastructure maintenance and generally product development may be adversely affected by any unforeseen expenses which arise in the future and which have not been considered in this Offer Booklet.

6. IMPORTANT INFORMATION

This Offer Booklet, its contents and accompanying Entitlement and Acceptance Form (**Information**) have been prepared by the Company, is dated 30 August 2013.

6.1 Reliance on Offer Document

The Offer is made pursuant to section 708AA of the Corporations Act without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. This Offer Document is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

(a) set out any information that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:

  (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

  (ii) the rights and liabilities attaching to the New Shares; and

(b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company lodged a cleansing notice in respect of the Offer with ASX on 29 August 2013.

6.2 Announcements

Eligible Shareholders intending to participate in the Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (**ASX Code: IDT**), and the Company's website, www.idtaus.com.au. Copies of the announcements will also be available from the Company's secretary.

6.3 Risks

An investment in New Shares should be regarded as speculative and involves many risks.

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

The information in the Offer Document does not constitute a recommendation to subscribe for New Shares and this Offer Document does not purport to contain all the information that you may require to evaluate a possible application for New Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

6.4 Underwriting Agreement

In accordance with the Underwriting Agreement, the Underwriter has agreed to fully underwrite the Offer and the Placement.

Under the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee and an underwriting fee totalling 5% of the Underwritten Amount (exclusive of GST) in consideration of the Underwriter performing its obligations under the Underwriting Agreement.

The Underwriter may terminate its obligations to underwrite both the Placement and the Offer under the Underwriting Agreement with the Company in circumstances typically found in agreements of this nature (in certain of these circumstances including having regard to the materiality of certain events) if the circumstances arise in relation to either the Offer or the Placement. The circumstances include, without limitation:

- either the S&P/ASX All Ordinaries Index or the S&P/ASX Small Ordinaries Index is, for two consecutive trading days at any time after the date of the Underwriting Agreement, 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- the Company is prevented from allotting and issuing the New Shares;
- the ASX will not grant official quotation for the New Shares or other regulatory authorities take certain material action against the Company;
- there is a material change relating to the Company or the industry in which it operates which the Underwriter believes is likely to have a material adverse effect on a decision of an investor to invest in the Offer at the Issue Price or on the assets, liabilities, financial position, profits and losses, prospects, business or operations of the Company;
- there is a change in the capital structure of the Company;
- the Company is in material breach of the Underwriting Agreement and fails to remedy the default;
- there is a material deficiency in relation to any of the Offer documents or other documents relating to the Offer; and
- certain insolvency, other prescribed events or a breach of relevant laws occur in relation to the Company.

The Company may terminate the Underwriting Agreement in certain circumstances, including if it withdraws the Offer. As is customary with these types of arrangements:

- the Company has agreed to indemnify the Underwriter, its officers, employees, and agents and advisers against losses incurred in connection with the Offer, the Offer Document and the performance of the Underwriting Agreement other than where the losses have resulted from the fraud, wilful default, breach of contract or negligence of the indemnified person or in certain other circumstances; and

- the Company has provided a full range of warranties and representations to the Underwriter, including about the Offer and its compliance with applicable laws.

The Underwriting Agreement generally restricts the Company from issuing, without the Underwriters' consent, equity securities for one month after the Closing Date, with the exception of Shares issued upon the conversion of the Options or pursuant to an employee incentive scheme, or as disclosed to the ASX or the Underwriter prior to the date of the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has entered into sub-underwriting arrangements in relation to its underwriting obligations with one of the Directors, Mr David Williams (**Director Sub Underwriter**). Refer also to section 6.12 for disclosure of interests of the Director Sub Underwriter.

6.5 Underwriter's consent to be named

The Underwriter has given, and at the time of lodgement of this Offer Document, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of securities under this Offer Document, in the form and context in which it is named.

The Underwriter (and Mr Williams, in his capacity as a sub underwriter to the Offer) were not involved in the preparation of any part of this Offer Document and did not authorise or cause the issue of this Offer Document. The Underwriter and the Director Sub Underwriter make no express or implied representation or warranty in relation to the Company, this Offer Document or the Offer and does not make any statement in this Offer Document, nor is any statement in it based on any statement made by the Underwriter (or by the Director Sub Underwriter, in his capacity as a sub underwriter to the Offer). To the maximum extent permitted by law, the Underwriter (and the Director Sub Underwriter) expressly disclaims and takes no responsibility for any material in, or omission from, this Offer Document other than the reference to its name.

6.6 Eligible Shareholders

Eligible Shareholders are:

(a) Shareholders at the Record Date in respect of Shares acquired prior to the ex-date whose registered address is in Australia, New Zealand or Japan;

(b) not a U.S. Person or acting for the account or benefit of a U.S. Person; and

(c) eligible under all applicable securities laws to receive an offer under the Offer without any requirement for a prospectus or offer document to be lodged or registered.

Neither this Offer Booklet nor the accompanying personalised Entitlement and Acceptance Form may be distributed to or relied upon by, persons in the United

States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, or otherwise distributed in the United States.

6.7 Ineligible Shareholders

The Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The Company has decided that it is unreasonable to make offers under this Offer Booklet to Shareholders with registered addresses outside Australia, New Zealand or Japan (**Ineligible Shareholders**) having regard to:

(a) the number of Shareholders in those places;

(b) the number and value of the securities they would be offered; and

(c) the cost of complying with the legal and regulatory requirements in those places.

Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale, and no New Shares will be issued to Shareholders having registered addresses outside Australia, New Zealand or Japan.

6.8 Representations and warranties given by Eligible Shareholders

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will be deemed to have represented to the Company that you are an Eligible Shareholder (as defined in section 6.6) and:

(a) acknowledge that you have read and understand this Offer Booklet and your Entitlement and Acceptance Form in their entirety;

(b) agree to be bound by the terms of the Offer, the provisions of this Offer Booklet, and the Constitution;

(c) authorise the Company to register you as the holder of New Shares allotted to you;

(d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;

(e) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;

(f) acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY (which is deemed to be the lodgement of an Application), you may not withdraw your Application except as allowed by law;

(g) agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, at the Issue Price per New Share;

(h) authorise the Company, the Registry and their respective officers or agents to do anything on your behalf considered necessary by them for New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in your Entitlement and Acceptance Form;

(i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date and that you acquired those Shares before the ASX Ex-date;

(j) acknowledge that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;

(k) acknowledge the statement of risks in section 5 of this Offer Booklet, and that investments in the Company are subject to risk;

(l) acknowledge that none of the Company, the Underwriter, the Sub Underwriters or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;

(m) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;

(n) authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you; and

(o) represent and warrant that the law of any place does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Offer.

6.9 U.S. representations given by Eligible Shareholders

If you submit an Entitlement and Acceptance Form or make a payment via BPAY or otherwise apply to participate in respect of New Shares you will be deemed to have represented, warranted and agreed, on behalf of yourself and each person or account for which you are acting, that:

(a) you understand and acknowledge that the New Shares have not been, or will not be, registered under the U.S. Securities Act or any U.S. state or other securities laws in any jurisdiction, and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;

(b) you are not in the United States and are not acting for the account or benefit of a person in the United States; and

(c) you have not sent and will not send this Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Offer to any person in the United States.

6.10 Notice to nominees and custodians

Nominees and custodians should note in particular that the Offer is only being made to Eligible Shareholders and that when they are holding Shares on behalf of persons in a jurisdiction outside Australia, New Zealand and Japan they may participate on behalf of that person if that person is not a U.S. Person and is otherwise eligible under applicable securities laws to receive an offer, and be issued New Shares, under the Offer without any requirement for a prospectus or offer document to be lodged or registered. The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Offer by the beneficiary, complies with applicable foreign laws. The Company is not able to advise on foreign laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

6.11 Rights attached to New Shares

New Shares will, once issued, rank equally with existing Shares. The rights and liabilities attached to Shares are:

- set out in the Constitution, a full copy of which is available upon request from the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

6.12 Withdrawal of Offer

The Directors reserve the right to withdraw the Offer at any time, before the issue of the New Shares, in which case the Company will refund Application Monies without payment of interest.

6.13 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted, except as allowed by law.

6.14 No Entitlements trading

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

6.15 Capital Structure

The following table shows the proposed capital structure on completion of the Offer.

Shares	Number
Approximate number of New Shares proposed to be issued under the Offer	10,679,659
Proposed total Shares on issue after the Offer	64,077,953

6.16 Director's intentions

Each Director (who is also an Eligible Shareholder as defined in section 6.6) has indicated that they currently intend to fully take up their entire Entitlement in respect of the Shares they hold.

One of the Directors, Mr David Williams (the Director Sub Underwriter) has entered into sub-underwriting arrangements with the Underwriter (in relation to its underwriting obligations) to sub-underwrite part of the Offer up to an aggregate sub-underwritten amount of $50,000 (**Sub-Underwriting Arrangements**). The Sub Underwriting Arrangements include terms typically found in arrangements of this nature (in light of terms of the Underwriting Agreement, as described in section 6.4 above).

6.17 Not investment advice

This Offer Booklet is provided for information purposes only, and it is not, and it does not purport to be, a prospectus or other disclosure document.

This Offer Booklet is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Offer, you should contact your stockbroker, accountant or other independent professional adviser.

6.18 Privacy

If you are an existing Shareholder, the Company and the Registry have already collected certain personal information from you. If you apply for New Shares, the Company and the Registry may update personal information that they hold about you, or, where you are not already a Shareholder, collect personal information about you, and you may be asked to provide personal information to the Company and the Registry. That personal information is collected to assess your Application, service your needs as a Shareholder, fulfil your requests and carry out appropriate administration.

The Company and the Registry may disclose your personal information for purposes relating to your Application and holding to their related bodies corporate, agents and service providers to assess your Application, printers and mailing houses in connection with holder information and communications, and lawyers, accountants, auditors and business consultants to obtain advice. Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be processed efficiently, or at all. You can request access to your personal information by contacting the Company through the Registry on the numbers listed in the Corporate Directory (see section 4.6) in this Offer Booklet.

6.19 Future performance and forward looking statements

Neither the Company nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to this Information. This Information contains certain "forward-looking" statements. The words "anticipated", "expected", "projections", "forecast", "estimated", "could", "may", "target", "consider" and "will" and other similar expressions are intended to identify forward-looking statements. Forward looking statements, opinions and estimates provided in this Information are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Information.

To the maximum extent permitted by law, the Company disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

An investment in the Company is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document.

6.20 Past performance

Investors should note that the past Share price performance of the Company provides no guidance as to future Share price performance.

6.21 Governing law

This Information, the Offer and the contracts formed on acceptance of personalised Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

6.22 Foreign Jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia, New Zealand and Japan. The New Shares being offered under this Information are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Information is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Information does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares in any jurisdiction other than Australia, New Zealand and Japan.

The distribution of this Information (including an electronic copy) outside Australia, New Zealand and Japan may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions.

A securities registration statement has not been filed under Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) in relation to the Offer since the Offer constitutes the small number private placement under Article 2, Paragraph 3, Item 2 *ha* of the Financial Instruments and Exchange Act of Japan.

Any non-compliance with these restrictions may contravene applicable securities laws.

6.23 Enquiries

Enquiries about the Offer should be directed to the Registry or your solicitor, accountant or other financial adviser. If you have any queries about the number of New Shares shown on the Entitlement and Acceptance Form which, in the case of Eligible Shareholders, accompanies this Offer Booklet, or how to complete the Entitlement and Acceptance Form, please contact the Registry on the numbers listed in the Corporate Directory (see section 4.6) in this Offer Booklet.

6.24 Other Matters

New Shares will be allotted in such manner as the Company may, in its absolute discretion, deem fit. With regards to any application which does not conform strictly to the instructions set out under this Offer Booklet, the Entitlement and Acceptance Form (or any other application form for the New Shares) in relation to the Offer, and / or any other application form for the New Shares in relation to the Offer which is illegible, incomplete, incorrectly completed, or which is accompanied by an improperly or insufficiently drawn remittance, the Company may, at its absolute discretion, reject or treat as invalid, any such application or present for payment or other processes all remittances at any time after receipt in such a manner as it may deem fit.

If such applications are not accepted by the Company for any reason, the amount paid on application or the surplus Application Monies, as the case may be, will be refunded, without any interest or any share of revenue or other benefit arising therefrom, by means of a crossed cheque drawn on a bank in Australia and sent by ordinary post at the applying Shareholder's own risk.

The number of New Shares Eligible Shareholders may apply for is indicated in the personalised Entitlement and Acceptance Form. In calculating the number of New Shares Eligible Shareholders may apply for, fractional entitlements to New Shares have been disregarded such that a Shareholder's Entitlement is rounded up to the nearest whole number of New Shares.

7. GLOSSARY OF TERMS

In this Offer Booklet:

$ or A$ or AUD	Australian currency.
Allotment	The allotment of New Shares to Applicants.
Applicant	The person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.
Application	An application for New Shares by submitting an Entitlement and Acceptance Form.
Application Monies	Monies received from Applicants in respect of their Applications.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the market operated by ASX.
ASX Ex-date	3 September 2013.
ASX Listing Rules	The official listing rules of ASX.
Closing Date	5:00 pm (AEST) on 25 September 2013.
Company	IDT Australia Limited ACN 006 522 970.
Constitution	The constitution of the Company as amended from time to time.
Corporations Act	*Corporations Act 2001* (Cth).
Directors	The current directors of the Company.
Eligible Shareholders	Has the meaning given in section 6.6 of this Offer Booklet.
Entitlement	The right of an Eligible Shareholder to subscribe for New Shares under the Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form that accompanies this Offer Booklet, under which an Eligible Shareholder may apply for New Shares under the Offer.
Ineligible Shareholder	Has the meaning given in section 6.7 of this Offer Booklet.
Information	The Offer Booklet, the information set out in it, and the enclosed personalised Entitlement and Acceptance Form.

Issue Price	The price of each New Share being A$0.27.
New Shares	The Shares to be issued under the Offer on the basis of the Entitlement of Eligible Shareholders of 1 New Share for every 5 Shares held on the Record Date, upon valid Applications being made.
Offer	The underwritten non-renounceable pro-rata entitlement offer of 1 New Share for every 5 Shares held at the Record Date of 5.00pm (AEST) on 9 September 2013, at an Issue Price of $0.27 per Share.
Offer Document	The Offer Booklet and the information set out in it.
Offer Period	The period commencing 11 September 2013 and ending 25 September 2013 at 5:00 pm (AEST).
Record Date	5:00 pm (AEST) on 9 September 2013.
Register	The register of persons who hold Shares.
Registry	Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford VIC 3067, Australia.
Share	A fully paid ordinary Share in the Company.
Shareholder	A registered holder of Shares in the Company.
Shortfall	The aggregate number of New Shares not taken up by Eligible Shareholders under the Offer by the Closing Date.
Sub Underwriting Arrangements	The sub underwriting arrangements described in section 6.12.
Underwriting Agreement	The underwriting agreement between the Underwriter and the Company dated 29 August 2013.
U.S. Securities Act	U.S. Securities Act of 1933 as amended.
U.S. Person	Has the meaning given to that term in Rule 902(k) under the U.S. Securities Act.