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ASX Announcement
31 January 2018

5G Networks (5GN) Company Update and 4C

- Successful completion of the acquisition of Enspire in line with our Prospectus, with 2 months of financials included in the December 2017 quarter
- Two base station sites have been secured and are already under construction. Discussions are also well advanced to secure another four sites and complete installation by June 2018
- 5GN has completed installation of its second POI (Point of Interconnect) at Next DC
- The Enspire business has displayed strong growth, particularly in its GDX product
- As previously outlined in our Prospectus we are progressing our acquisition strategy
- 5GN has employed a new Sales Manager with an in depth knowledge of the Telstra partnership program

Commentary

Since completing the ASX listing of 5G Networks via the raising of \$4.0m in November 2017, the integration of Enspire Australia Pty Ltd has progressed smoothly and we now see a range of operational synergies and cross selling opportunities emerging.

Already under construction are two base stations which will provide coverage of approximately 30% of the Company's Melbourne target market customer base and four more sites are progressing towards agreement. These are key steps for 5GN to commence our first customer connections in February 2018.

5GN has expanded its Point of Interconnection (POI) to include NextDC in Melbourne. This will provide access to the 5GN network for a number of channel partners located in the datacenter. Once interconnected, channel partners will have the ability to connect directly to their clients within a matter of days at speeds from 10Mbps to 350 Mbps.

One of Enspire's key private cloud solutions (GDX, a hosted Citrix environment) has seen significant growth over the last 4 months. This high margin core product has been developed



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over a number of years and is unique in the way it integrates Microsoft Office 365 as part of the solution delivery.

A key hire was also completed recently with Mr Adrian Bourke joining the 5GN team to head up the Telstra Business Channel Partnership, between Enspire Australia (5GN subsidiary) and Telstra. Adrian previously worked for Telstra for over 7 years across Government, mid-market and Enterprise business segments in Victoria and NSW. 5GN identifies this area of business development as a key growth element for the business.

Growth strategy, as outlined in the Prospectus remains on track. This encompasses both organic growth via the rollout of base stations and sign-up of new customers, as well as investigating opportunities for value adding acquisitions that will see growth acceleration over the coming year.

On behalf of the Board and Management of newly listed 5G Networks Limited, Managing Director Joe Demase welcomes all new shareholders to the Company, *"Following our successful IPO in November of last quarter, the integration of Enspire has been very smooth, and we have immediately commenced applying the growth strategy as outlined in our Prospectus. Response from new investors and shareholders has been tremendous and I look forward to keeping all stakeholders informed as we grow our business through 2018 and beyond."*

END

For more information:

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About 5G Networks

5G Networks is an innovative and new take on network access. 5G Networks offers a super high speed network and the cloud infrastructure services required by modern businesses today.

5G Networks offers a level of broadband services that businesses can rely upon to succeed. With fibre access technology from third party carriers and our very own wireless network offerings, we are able to offer state of the art services ranging from Integrated Fibre and Wireless, High Speed Internet Access and Cloud Computing Services. 5G Networks provides the end-to-end control, responsiveness and upload and download speeds necessary to fully capture the value of cloud-based computing systems.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

5G Networks Limited

ABN

30 163 312 025

Quarter ended ("current quarter")

December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		701	701
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(330)	(330)
(c) advertising and marketing		(9)	(12)
(d) leased assets		(54)	(54)
(e) staff costs		(491)	(549)
(f) administration and corporate costs		(101)	(180)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		2	3
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		255	255
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(27)	(166)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(3)	(11)
(b) businesses (see item 10)		(771)	(771)
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Enspire Australia Pty Ltd Cash at Bank @ 31 October 2017)	344	344
2.6	Net cash from / (used in) investing activities	(430)	(438)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,032	4,032
3.2	Proceeds from issue of convertible notes	-	643
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(426)	(714)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,606	3,961

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	447	239
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(27)	(166)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(430)	(438)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,606	3,961

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,596	3,596

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,416	447
5.2	Call deposits	180	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,596	447

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(110)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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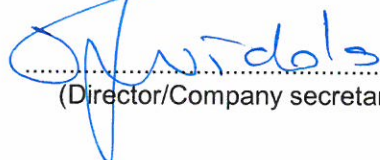
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(476)
9.3 Advertising and marketing	(10)
9.4 Leased assets	(82)
9.5 Staff costs	(570)
9.6 Administration and corporate costs	(134)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,272)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Enspire Australia Pty Ltd	-
10.2 Place of incorporation or registration	Melbourne, Australia	-
10.3 Consideration for acquisition or disposal (cash and share-based consideration)	\$1,770,639	-
10.4 Total net assets	\$(181,746)	-
10.5 Nature of business	Cloud Services Provider	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


(Director/Company secretary)

Date: 31/01/2018

Print name: Geoffrey Nicholas

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.