



TZL  
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6 October 2017

Dear Shareholder

## **NON-RENOUNCEABLE PRO RATA RIGHTS ISSUE**

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On 6 October 2017 TZ Limited (ASX: TZL) ("**TZL**" or the "**Company**") announced a 2 for 5 non-renounceable pro rata rights issue at an issue price of \$0.0275 (2.75 cents) per share to raise up to approximately \$5,543,817 (before costs) ("**Rights Issue**").

The purpose of this letter is to provide you with key information about the Rights Issue before the Offer Document is sent to eligible shareholders in accordance with the requirements of the ASX.

### **Key Information**

1. The Rights Issue is a non-renounceable pro-rata offer and is being undertaken on the basis of 2 new fully paid ordinary shares ("**New Shares**") for every 5 fully paid ordinary shares held by eligible shareholders at 11 October 2017 at 2.75 cents per New Share. In addition, a top up facility will be included as part of the Rights Issue, as explained below.
2. The record date for eligible shareholders is 7pm (Sydney time) on Wednesday, 11 October 2017 ("**Record Date**").
3. Eligible shareholders are those shareholders whose registered address is within Australia, New Zealand, Hong Kong, Singapore or the United Kingdom as at the Record Date.
4. Fractional entitlements to New Shares will be rounded up to the nearest whole number.
5. A maximum of 201,593,341 New Shares will be issued under the Rights Issue.
6. As a non-renounceable offer, rights are not tradeable on the ASX or otherwise transferable.
7. New Shares will rank equally with the Company's existing fully paid ordinary shares.
8. Shareholder approval of the Rights Issue is not required.

9. The Rights Issue will be undertaken with an Offer Document pursuant to Section 708AA of the Corporations Act 2001.
10. The Rights Issue is fully underwritten by First Samuel Limited ("**Underwriter**"). The Underwriter will not be entitled to receive any underwriting fee for the underwriting.
11. The Company does not have a dividend policy. Payment of future dividends will depend upon future profitability and the financial position of the Company.

### **Use of the proceeds**

Funds to be raised from the Rights Issue will be used as follows:

- to meet ongoing working capital requirements, including:
  - (a) the funding of manufacturing, installation and support costs in respect of purchase orders for smart lockers and data centre cabinet locking that the Company has received and the further orders it expects to receive over the period to 30 June 2019; and
  - (b) the funding of ongoing IP development costs of \$2.9 million for the period to 30 June 2019; and
- to meet the costs of the Rights Issue.

### **Eligible Shareholders**

The Rights Issue is being offered to all eligible shareholders only. Eligible shareholders are shareholders on the Record Date who:

- (a) have a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom or are a shareholder that TZL has otherwise determined is eligible to participate;
- (b) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States; and
- (c) are eligible under all applicable securities laws to receive an offer under the Rights Issue without any requirement for a prospectus or other disclosure document to be lodged or registered.

### **Top Up Facility**

The Rights Issue provides for equal treatment of all eligible shareholders and a top-up facility ("**Top Up Facility**") is open to all eligible shareholders who take up their full entitlement. Additional New Shares will only be available under the Top Up Facility where there is a shortfall between applications for New Shares received from eligible shareholders and the number of New Shares proposed to be issued under the Rights Issue.

## Ineligible Shareholders

The Company has decided that it is unreasonable to make offers under the Rights Issue to shareholders with registered addresses outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom ("**Ineligible Shareholders**") having regard to the number of shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Rights Issue is not being extended to, and does not qualify for distribution or sale to, and no New Shares will be issued to shareholders having registered addresses outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom.

The Company proposes to appoint Berne No. 132 Nominees Pty Limited (the "**Nominee**") to act as a nominee for the Ineligible Shareholders for the purposes of section 615 of the Corporations Act 2001. The Company has applied to the Australian Securities and Investments Commission to approve the appointment of Berne No. 132 Nominees Pty Limited as the Nominee. The Company will issue to the Nominee at the Issue Price the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Offer ("**Nominee Shares**").

The Nominee will sell the Nominee Shares at a price and otherwise in a manner determined by the Nominee in its sole discretion. Neither the Company nor the Nominee, will be liable for either the timing or price at which the Nominee Shares may be sold. Any net proceeds of sale will be distributed to each of the Ineligible Shareholders in proportion to the Ineligible Shareholders' Entitlement, after deducting the costs of selling the Nominee Shares, the issue price of the Nominee Shares and the fee payable by the Company to the Nominee for it agreeing to act as the Nominee.

## Capital structure

The capital structure of the Company following the issue of New Shares, assuming the maximum number of New Shares is issued under the Rights Issue and no Options are exercised prior to the Record Date and subject to rounding up of fractional entitlements, will be as follows:

Shares on issue on announcement of Rights Issue	503,983,352
Maximum number of New Shares to be issued under the Rights Issue	201,593,341
Maximum number of Shares on issue after the Rights Issue	705,576,693
Unquoted options on issue after completion of the Rights Issue	16,750,000

The Company has 16,750,000 unquoted Options on issue. The holders of the Options are not eligible to participate in the Rights Issue unless they exercise their Options prior to the Record Date. Notices were sent to the holders of all Options on 6 October 2017 notifying them by when they must exercise their Options if they wish to participate in the Rights Issue.

## Key Dates

**Full details of the Rights Issue are contained in the Offer Document lodged with the ASX on 6 October 2017. A copy of the Offer Document is available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) and on the Company's website ([www.tz.net](http://www.tz.net)).** A copy of the Offer Document will be dispatched to Eligible Shareholders together with a personalised entitlement and acceptance form, by 16 October 2017.

The Company expects the Rights Issue to be conducted in accordance with the following timetable:

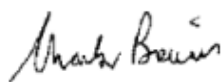
<b>Event</b>	<b>Date</b>
Rights Issue / Offer announced via ASX	6 October 2017
Offer Document lodged with ASX	6 October 2017
Notice sent to Shareholders containing information about Rights Issue	9 October 2017
Shares quoted on an "ex" basis	10 October 2017
Record Date to identify Shareholders entitled to participate in Rights Issue	7.00pm (Sydney time) on 11 October 2017
Offer Document and Entitlement and Acceptance Forms despatched to Eligible Shareholders	16 October 2017
Closing Date for acceptance	5.00 pm (Sydney time) on 25 October 2017
Issue of New Shares	1 November 2017
Despatch of holding statements	2 November 2017

The above dates are indicative only. The Company reserves the right to vary the dates at any time, subject to the ASX Listing Rules and the Corporations Act.

An Appendix 3B applying for quotation of the New Shares was lodged with the ASX on 6 October 2017.

For further information please contact the Company Secretary on +61 2 9222 8890 or by email at [info@tz.net](mailto:info@tz.net).

Yours sincerely



**Mark Bouris**  
Chairman