

ASX Announcement

Thursday 10th of May 2018

IOT signs subscription agreement with existing shareholder

Highlights

- ✓ IOT has signed a conditional subscription agreement with an existing shareholder, which has agreed to subscribe for 19.5% of the issued capital of IOT in two tranches.
- ✓ Upon completion of the subscription agreement, the move will strengthen the capital structure and financial position of IOT.
- ✓ This investment is further validation of IOT's Blockchain strategy.
- ✓ Brings ChromaWay Asia Pacific (chromaway.com) a Blockchain specialist Company owned and operated by the existing Shareholder to the IOT Blockchain Advisory Service Team.

IOT Group Limited

The IOT Group Limited (ASX: IOT) ("IOT" or "the Company") is pleased to announce that a long-term shareholder, Talk to Geoffrey Pty Limited (**TTG**), has conditionally agreed to increase its stake in IOT Group from approximately 2% to 19.5% in two tranches.

IOT has signed a conditional subscription agreement with TTG pursuant to which TTG has agreed to subscribe for 19.5% of the issued capital of IOT.

TTG has agreed to subscribe for shares in IOT in 2 tranches. The first tranche is for 70,000,000 shares at a subscription price of \$0.0045 per share to raise \$315,000. The second tranche is subject to IOT shareholder approval in accordance with Listing Rule 7.1 and is for the balance required to take TTG to 19.5% of IOT's issued capital. Tranche 2 subscription price is equal to the 14 day VWAP per share prior to the subscription date.

Assuming the balance was done at the same price (0.045c) the number of shares to be issued under the 2nd tranche is 190,000,000. This would bring in a total of \$1,170,000 pursuant to the subscription. This will meaningfully strengthen the capital structure and financial position of IOT and will be used for working capital purposes. All shares proposed to be issued are fully paid ordinary class shares ranking equally with existing ordinary class shares on issue.

The subscription for the 1st tranche is unconditional and is expected to occur in the coming days, whilst the subscription for the 2nd tranche is subject to shareholder approval. The Company anticipates calling a shareholder meeting to seek such approval in the coming weeks. There are no other conditions precedent.

Of the 70,000,000 tranche 1 shares, 9,032,082 shares will be issued pursuant to ASX Listing Rule 7.1 and 60,967,918 shares will be issued pursuant to ASX Listing Rule 7.1A. All of the shares that are the subject of the subscription are fully paid ordinary shares which will rank equally with the Company's existing shares on issue.

Existing shareholders of the Company will be diluted by 19.5% as a result of the issue, of which 4.88% relates specifically to the shares issued under Listing Rule 7.1A.

The Company issued the shares as a placement rather than a pro-rata issue or another type of issue because the Company recently conducted a pro-rata issue to shareholders and the opportunity was available to conduct the placement at a premium to the current share price.

The placement was not underwritten and as such there were no underwriting fees. There were no other fees or costs incurred in connection with the issue generally.

TTG fully supports the IOT Group's recently announced blockchain strategy which ties into their strategy of investing into this rapidly growing technology.

This investment brings to The IOT Group an exciting Blockchain enterprise "ChromaWay Asia Pacific" (chromaway.com) a division of TTG. Since 2014 "ChromaWay" have been developing and refining unique blockchain technology platforms particularly for the real estate and finance sectors. TTG own and operate the ChromaWay Asia Pacific operation and will Contract its services to IOT. No agreement has been entered into with Chromaway as at the date of this announcement.

Executive Director and Founder of IOT Group Limited: Sean Neylon comments:

Opportunities are growing for our Company especially in the IOT Blockchain business and we are delighted to see that a long-term shareholder of IOT has the confidence to increase their position. This investment also brings experience through a Contract with ChromaWay, a Blockchain specialist. ChromaWay is an important strategic addition to the IOT Blockchain Advisory Service.

With the blockchain expertise of Lakeba Group and ChromaWay, the IOT Blockchain Advisory Service is uniquely positioned to capitalise on opportunities in this growing space.



Website: www.theiotgroup.com

Company Information

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Sean Neylon	Founder and Executive Director
John Forder	Non-Executive Director
Steven Kayalicos	Non-Executive Director
Ron Hollands	Company Secretary

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All references to IoT Group includes its subsidiaries.