

13 November 2019

Dear Optionholder

**Consolidated Operations Group Limited (ASX:COG)
Notification to Optionholders**

On 13 November 2019, Consolidated Operations Group Limited ACN 100 854 788 (**ASX:COG**) (**Company**) announced a 1 for 6 (1 new share for every 6 existing shares) non-renounceable pro rata entitlement offer pursuant to which the Company will raise up to approximately A\$20.2 million (before costs and expenses) (**Entitlement Offer**).

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*).

Under the terms of the Entitlement Offer, only shareholders of the Company with a registered address in Australia or New Zealand at 7.00 pm (Sydney time) on 18 November 2019 (**Record Date**) will be able to participate in the Entitlement Offer (**Eligible Shareholders**). Eligible Shareholders will be invited to subscribe for one (1) new fully paid ordinary share in the Company (**Shares**) for every six (6) Shares held by the shareholder on the Record Date at an issue price of A\$0.09 per Share (**Entitlement**).

The Company will lodge an offer booklet for the Entitlement Offer (**Offer Booklet**) with ASX on 21 November 2019. It is anticipated that the Offer Booklet and the accompanying personalised Entitlement and Acceptance Form will be mailed to Eligible Shareholders on 21 November 2019. The Offer Booklet may be viewed on the ASX's website at www.asx.com.au (by searching for the Company's ASX ticker code, COG) from the date of lodgement but you will need a copy of your personalised Entitlement and Acceptance Form before applying for Shares.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Entitlement Offer unless you exercise your options in time for new Shares to be allotted and to be entered on the Company's register of members on or before the Record Date.

The purpose of this letter is to provide you with notice prior to the Record Date in which you may exercise your options should you wish to participate in the Entitlement Offer.

Please note that if you are an existing Eligible Shareholder, then you do not have to exercise your options to participate in the Entitlement Offer. However, your Entitlement would be less, compared to if you had exercised your options.

If you are not a shareholder of the Company and you wish to participate in the Entitlement Offer, you must validly exercise your options and the Company must receive funds for the exercise in accordance with the terms of your options before the Record Date.

Further details of, and reasons for, the Entitlement Offer

The Entitlement Offer is not underwritten.

The Company has entered into a binding scheme implementation agreement under which the Company and CML have agreed to work together to propose a court-approved scheme of arrangement to CML shareholders (**Scheme**) pursuant to which the Company will acquire all of the issued share capital of CML for total aggregate consideration with an implied value of approximately A\$112 million, comprised of a mixture of up to A\$20 million cash and/or COG shares, subject to an election by CML shareholders (**Acquisition**). The A\$20.2 million to be raised under the Entitlement Offer will be used for the cash component of the consideration under the scheme of arrangement.

The Acquisition is expected to complete in February 2020, subject to the satisfaction of certain conditions including the Company obtaining the necessary cash consideration amount for the Scheme, Court approval and CML shareholders voting in favour of the Scheme by the requisite majorities. A complete copy of the scheme implementation agreement can be obtained from the Company's announcements on the ASX website at www.asx.com.au (ASX code: COG) or from the Company's website at www.coglimited.com.au/investor-relations

Due to the current conditionality of the scheme of arrangement and the requirement to obtain the approval of the Court to the Scheme the Directors cannot guarantee that the Scheme will ultimately be implemented and that COG will acquire CML. If for any reason the Scheme does not proceed, the Company will use the proceeds of the Entitlement Offer to reduce existing debt and for future working capital purposes.

As a result of the Entitlement Offer, the number of Shares in the Company is projected to increase from 1,347,324,581 Shares to approximately 1,571,736,456 Shares (subject to rounding, and assuming the full amount is raised). The Shares issued under the Entitlement Offer will be fully paid and will rank equally with the Company's other fully paid ordinary shares on issue. The Company has made an application to the ASX for official quotation of the total number of Shares that could be issued under the Entitlement Offer (i.e. up to 224,411,875 Shares).

Key Dates of the Entitlement Offer

Event	Date*
Announcement of Entitlement Offer	13 November 2019
Ex-date for Entitlement Offer	15 November 2019
Record Date	7.00 pm (Sydney time), 18 November 2019
Entitlement Offer opens Dispatch of Booklet and Entitlement and Acceptance Form	21 November 2019
Entitlement Offer closes (Closing Date)	5.00 pm (Sydney time), 2 December 2019
Announcement of shortfall (if any) under the Entitlement Offer Notification of undersubscriptions	5 December 2019

Issue and allotment of shares under the Entitlement Offer	6 December 2019
Dispatch of holding statements	6 December 2019
Commencement of trading of new shares	9 December 2019

**The above timetable is indicative only and is subject to change. The quotation of Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Sydney, Australia time.*

For more information, please contact the undersigned on +61 2 8072 1400.

Yours faithfully



David Franks
Company Secretary