



PO Box 24404
Manners Street
Wellington, 6142
New Zealand
T: +64 (0) 4 499 6029
F: +64 (0) 4 499 6029

22 November 2016

Dear Shareholder,

**Volpara Health Technologies Limited - Pro Rata Non-Renounceable Entitlement Offer
Notice to Eligible Shareholders**

Today, Volpara Health Technologies Limited ARBN 609 946 867 (**Volpara** or **Company**) announced a fully underwritten, pro rata non-renounceable entitlement offer of 1 new fully paid ordinary share in the Company (**New Share**) for every 20 existing fully paid ordinary shares in the Company held by eligible shareholders at the Record Date (defined below), at an issue price of A\$0.60 per New Share (**Entitlement Offer**). Shareholder approval is not required for the Entitlement Offer.

The Entitlement Offer is fully underwritten by Morgans Corporate Limited ABN 49 010 669 726 (**Morgans** or the **Underwriter**).

Based on the capital structure of the Company (and assuming no convertible securities are converted into ordinary shares prior to the Record Date) a total of up to approximately 6,213,962 New Shares will be issued pursuant to the Entitlement Offer to raise approximately A\$3,700,000 (before expenses).

The Entitlement Offer is being made under a prospectus in accordance with section 713 of the Australian *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by the Australian Securities and Investments Commission (**ASIC**)) (**Prospectus**). The Company has lodged the Prospectus with ASIC and on the ASX market announcements platform on 22 November 2016. A copy of the Prospectus is available from www.asx.com.au or from volparasolutions.com.

Immediately prior to the Entitlement Offer, the Company completed an institutional placement of fully paid ordinary shares (**Placement Shares**) at an issue price of A\$0.60 per Placement Share to raise approximately A\$7 million (**Placement**). Accordingly, under the Placement and the Entitlement Offer, the Company expects to raise approximately \$10.7 million in aggregate (before expenses).

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Entitlement Offer which are contained in the Prospectus.

Under the terms of the Entitlement Offer, eligible shareholders will also be given an opportunity to apply for New Shares in excess of their Entitlement through a shortfall facility (**Shortfall Facility**). New Shares will be available under the Shortfall Facility in the event that other shareholders do not take up all of their Entitlements, including Entitlements not taken up by ineligible shareholders. Allocations under the Shortfall Facility will be determined by the Company. Related parties of the Company, such as the Directors, will not be eligible to participate in the Shortfall Facility.

Use of funds

The funds to be raised under the Entitlement Offer are proposed to be utilised to accelerate the development of Volpara's business and to help increase sales of Volpara's products. This will include growing the global sales team and increasing the focus on product development, as well as supplementing Volpara's working capital to support the rollout of the SaaS business model.

The Company's Board reserves the right to alter the way in which funds are applied.

Eligibility Criteria

The Entitlement Offer comprises an offer to Volpara shareholders who:

- 1 are the registered holders of Volpara shares as at 7.00pm (Sydney time) on 25 November 2016 (**Record Date**); and
- 2 have a registered address in Australia, New Zealand or the United Kingdom (**Eligible Shareholders**).

The New Shares will rank equally with all existing fully paid ordinary shares in the Company already on issue.

Shareholders of Volpara who are not Eligible Shareholders as at 7.00pm (Sydney time) on the Record Date are not entitled to participate in the Entitlement Offer (**Ineligible Shareholders**). Volpara reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form. Your Entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take, after reading the entire Prospectus:

- You may wish to accept all of your Entitlement. To take up all or part of your Entitlement you will need to ensure your cleared application money for the Entitlements you wish to take up is received by Boardroom Pty Limited ABN 14 003 209 836 (**Share Registry**) by no later than 5.00pm (Sydney time) on 15 December 2016. Payment of the appropriate application monies is to be made to the Share Registry through BPAY Pty Ltd ABN 69 079 137 518 (**BPAY**)¹ or, if you are unable to use BPAY®, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form. If paying by BPAY® you do not need to return the Entitlement and Acceptance Form.

¹ Registered to BPAY Pty Ltd ABN 69 079 137 518

- If you wish to apply for your Entitlement and also wish to apply for further New Shares out of any Entitlement Offer shortfall pursuant to the Shortfall Facility, you will need to ensure your cleared application money for the Entitlements you wish to take up and for your desired participation in the Shortfall Facility is received by the Share Registry by no later than 5.00pm (Sydney time) on 15 December 2016. Payment of the appropriate application monies is to be made to the Share Registry through BPAY®, or if you are unable to use BPAY®, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form (inclusive of your Entitlement plus the amount of your application under the Shortfall Facility). If paying by BPAY® you do not need to return the Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your cleared application money for the part of your Entitlement which you wish to take up is received by the Share Registry by no later than 5.00pm (Sydney time) on 15 December 2016. Payment of the appropriate application monies is to be made to the Share Registry through BPAY® or, if you are unable to use BPAY®, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies. If paying by BPAY® you do not need to return the Entitlement and Acceptance Form.
- You may do nothing. If you choose to do nothing with your Entitlement, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Summary of key Entitlement Offer dates**

Announcement of the Entitlement Offer	Prior to commencement of trading on 22 November 2016
Shares commence trading on an "ex"-entitlement basis	24 November 2016
Record Date to determine Entitlements	7.00 pm (Sydney time) 25 November 2016
Dispatch of Prospectus and Entitlement and Acceptance Forms and announcement that has occurred	by 30 November 2016
Opening date of the Entitlement Offer	30 November 2016
Closing Date	5.00 pm (Sydney time) 15 December 2016
Notification of under subscriptions to ASX (if any)	By 20 December 2016
Issue date - Issue of New Shares	22 December 2016
Holding statements expected to be dispatched to Shareholders	22 December 2016
Trading of New Shares expected to commence on ASX	23 December 2016

*** These dates are indicative only and are subject to change. Volpara reserves the right, subject to the Corporations Act and the Listing Rules, to amend this indicative timetable. For example, Volpara reserves the right to extend the Closing Date, accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw or vary the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares. Volpara will consult with the Underwriter in relation to any change to this indicative timetable and any such change may require the consent of the Underwriter.*

If you have any queries concerning the Entitlement Offer, or the actions you are required to take to subscribe for New Shares, please contact your financial adviser or the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 9.00am and 5.00pm (Sydney time) from Monday to Friday (excluding public holidays).

Yours sincerely

A handwritten signature in black ink that reads "Roger Allen." The signature is written in a cursive, flowing style.

Mr Roger Allen AM
Chairman
Volpara Health Technologies Limited

Foreign jurisdictions

(a) General Restrictions

This Prospectus and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside Australia, New Zealand (subject to (b) below) and the United Kingdom (subject to (c) below). The distribution of the Prospectus and the accompanying Entitlement and Acceptance Form outside of Australia, New Zealand (subject to (b) below) and the United Kingdom (subject to (c) below) may be restricted by law and persons who come into possession of the Prospectus and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. By applying for New Shares under the Prospectus, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY[®] you represent and warrant that there has been no breach of such laws.

The Company disclaims all liabilities to such persons. Eligible Shareholders who are not resident in Australia, New Zealand or the United Kingdom are responsible for ensuring that taking up New Shares under the Entitlement Offer does not breach the restrictions set out in the Prospectus or otherwise violate the securities laws in the relevant overseas jurisdictions.

(b) New Zealand

The New Shares being offered to residents of New Zealand under the Prospectus are not being offered or sold to the public in New Zealand other than being offered to existing Shareholders of Volpara with registered addresses in New Zealand in reliance on the trans-tasman mutual recognition regime (TTMR) in the Financial Markets Conduct Act 2013 (FMCA) and the Financial Markets Conduct Regulations 2014. The Prospectus and the accompanying Entitlement and Acceptance Form will be lodged with the New Zealand regulatory authority under the TTMR. The Entitlement Offer is a regulated offer made under Australian and New Zealand law, and the offer, and the content of the Prospectus, are principally governed by Australian rather than New Zealand law. There are differences in how financial products are regulated under Australian law. The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Entitlement Offer and will work together to settle any complaint relating to it. A complaint may be made to the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>).

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether applying for New Shares is appropriate for you, you should seek the advice of an appropriately qualified financial adviser. The currency for the New Shares is Australian dollars, and their value will go up or down according to changes in the exchange rate between Australian and New Zealand dollars. These changes may be significant. If you expect the New Shares to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

While the Entitlement Offer is being extended to Eligible Shareholders with a registered address in New Zealand as at the Record Date, no application for listing and quotation will be made to NZX Limited. Because ASX does not operate in New Zealand, the way in which that market operates, the regulation of participants in that market, and the information available to you about the New Shares and trading may differ from financial product markets that operate in New Zealand.

(c) United Kingdom

The New Shares being offered to residents of the United Kingdom under the Prospectus are not being offered or sold to the public in the United Kingdom other than being offered to existing shareholders of Volpara with registered addresses in the United Kingdom. The Prospectus and the terms and conditions set out therein are for information purposes only and are directed in the United Kingdom only at: (a) persons in who are qualified investors being persons falling within the meaning of article 2(1)(e) of the EU Prospectus Directive (which means directive 2003/71/EC (as amended by directive 2010/73/EC)) and includes any relevant implementing directive measure in any member state) or certain other persons with the consent of Volpara; and (b) existing shareholders of Volpara falling within article 43(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. The Prospectus and the accompanying Entitlement and Acceptance Form have not been registered, filed with or approved by any United Kingdom regulatory authority under the Financial Services and Markets Act 2000 as amended or otherwise. The Prospectus and the accompanying entitlement and acceptance form have not been registered, filed with or approved by any United Kingdom regulatory authority under the Financial Services Markets Act 2000 as amended or otherwise. No application for listing and / or admission to trading of the New Shares will be made to the Financial Conduct Authority or London Stock Exchange Group plc.

(d) United States

This Entitlement Offer is not an offer to sell or a solicitation of an offer to buy securities in the United States. New Shares may not be offered or sold in the United States or to, or for the account or benefit of, US persons in the absence of registration or an exemption from registration.

The New Shares have not been, and will not be, registered under the Securities Act of 1933 (US), or the securities laws of any state of the United States and accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under that act or any applicable US state securities laws.

No action has been taken to register or qualify the Prospectus, the New Shares, or the Entitlement Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia, and, to the extent described above, New Zealand and the United Kingdom.

Shareholders resident in Australia, New Zealand or the United Kingdom holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.