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22 November 2016

Dear Optionholder,

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

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 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).

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.

Optionholders residing in Australia, New Zealand and the United Kingdom

The terms and conditions of the options you currently hold in the Company's issued capital do not entitle you to participate in the Entitlement Offer unless you exercise your options in time for new shares in the Company to be allotted and to be entered on the Company's register of members on or before 7.00pm (Sydney time) on the Record Date.

Please note it is not compulsory to exercise your options.

If you do wish to exercise your options and thereby obtain entitlement to participate in the Entitlement Offer, you will need to deliver the following to the Company by email to brian.leighs@volpara.com.au:

- 1 a notice of exercise of options;
- 2 an option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and

- 3 payment for the exercise price in respect of those options to be exercised by way of bank cheque made out to '**Volpara Health Technologies Limited**'.

The above must be received in sufficient time for the Company to allot and issue your shares such that you are on the Company's register of shareholders by 7.00pm (Sydney time) on the Record Date and are able to participate in the Entitlement Offer.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety and the Company's recent announcements released to the ASX market announcements platform.

Optionholders residing in other jurisdictions, including the United States of America

If you exercise your options in Volpara you will not satisfy the eligibility criteria for an Eligible Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Volpara wishes to advise you that regrettably, it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will also not be sent the documents relating to the Entitlement Offer. **You are not required to do anything in response to this letter.**

Further information

This notice is important and requires immediate attention. If you have any queries concerning the Entitlement Offer, please contact your financial adviser or the Company's 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, appearing to read 'Roger Allen'.

Mr Roger Allen AM
Chairman
Volpara Health Technologies Limited