

**ASX ANNOUNCEMENT**

3 January 2019

**Partially Underwritten, Pro Rata Renounceable Rights Issue – Notice to Shareholders**

Attached is a copy of the letter which have been sent today in relation to the rights issue announced on 31 December 2018 by Q Technology Limited (**QTG** or the **Company**) (the **Rights Issue**):

- (a) **Letter to shareholders of QTG who have registered addresses in Australia or New Zealand as at the record date of 7:00 pm (AEDT) on 9 January 2019, and are eligible to participate in the Rights Issue (“Eligible Shareholders”); and**
- (b) **Letter to shareholders of QTG who have registered addresses outside Australia or New Zealand as at the record date of 7:00 pm (AEDT) on 9 January 2019, and are not entitled to participate in the Rights Issue (“Ineligible Shareholders”).**

Mr Douglas Potter  
Chairman

3 January 2019

Dear Shareholder,

**Partially Underwritten, Pro Rata Renounceable Rights Issue –  
Notification to Ineligible and Eligible Shareholders**

On **31 December 2018**, Q Technologies Group Limited (ASX: QTG) (“**QTG**” or “**Company**”) announced a partially underwritten, renounceable pro-rata rights issue of up to 103,988,873 new fully paid ordinary shares in the Company (“**New Shares**”) on the basis of that eligible shareholders will be entitled to subscribe for 9 New Shares for every 4 existing shares held by the eligible shareholder at 7.00 pm (AEDT) on Wednesday, 9 January 2019 (“**Record Date**”), at an issue price of \$0.015 per New Share to raise up to approximately \$1,559,833 (“**Rights Issue**”).

**Information about Rights Issue**

The Company announced the Rights Issue and lodged a Rights Issue Booklet in respect of the Rights Issue with the ASX on **31 December 2018** (“**Information Booklet**”).

The Rights Issue is partially underwritten by the following existing shareholders of the Company:

- (a) Spanday Pty Ltd (ACN 008 267 490) (**Spanday**) up to the underwritten amount of \$50,000; and
- (b) Bond Street Custodians Limited (ACN 008 607 065) as trustee for the Helmsman Capital Fund Trust IIA (**Helmsman**) up to the underwritten amount of \$1,250,000.

(collectively referred to as “**Underwriters**”)

As part of the Rights Issue, Eligible Shareholders may, subject to conditions, also apply for additional New Shares in excess of their entitlements (**Additional Shares**) at the same issue price of \$0.015 per New Share (**Shortfall Offer**). Additional Shares will be issued to Eligible Shareholders under a Shortfall Offer in accordance with the allocation policy set out in the Rights Issue Booklet. To the extent that any of New Shares that have not been applied for by Eligible Shareholders, those New Shares will be allocated to the Underwriters in accordance with their respective underwriter agreements.

Further details of the Rights Issue, including the number of shares held by and approximate voting power of the substantial shareholders and Underwriters after completion of the Rights Issue and Shortfall Offer, are set out in the Information Booklet lodged with the ASX on **31 December 2018** which will be dispatched to Eligible Shareholders, together with a personalised Entitlement and Acceptance Form, by no later than 14 January 2019 in order for Eligible Shareholders to exercise their Rights under the Rights Issue.

**Eligibility to participate in the Rights Issue**

A person is eligible to participate in the Rights Issue if they are a registered holder of shares in the Company on the Record Date and have an address on the Company’s share register in Australia or New Zealand (“**Eligible Shareholder**”).

The Company has otherwise determined, pursuant to Rule 7.7.1(a) of the Listing Rules of the Australian Securities Exchange (“**Listing Rules**”), that it would be unreasonable to make offers under the Information Booklet to shareholders with registered addresses outside of Australia and New Zealand (“**Ineligible Shareholders**”), having regard to the small number of such shareholders and the costs of complying with legal and regulatory requirements in each of those jurisdictions.

The Company has, however, appointed Vested Equities Pty Ltd (AFSL 478987) as the Company’s foreign holder nominee to sell the entitlements that would otherwise have been offered to the Ineligible Shareholders had they been eligible to participate in the Rights Issue, with net proceeds (if any) distributed to the Ineligible Shareholders. It is important to note that there is no guarantee that any proceeds will be realised from the sale of any Entitlements that would otherwise have been offered to Ineligible Shareholders.

**Use of Proceeds from the Rights Issue**

The Company will use the proceeds from the Rights Issue for working capital of the Company and to deleverage the Company’s balance sheet. Further detail is set out in the Information Booklet lodged with the ASX on **31 December 2018**.

### **Dealing with your rights**

An Eligible Shareholder's Rights are renounceable. Accordingly, Eligible Shareholders may trade their entitlements on the on ASX.

### **Important dates of the Rights Issue**

The indicative timetable for the Rights Issue is as follows:

<b>Key Dates</b>	
Announcement of the Offer	
Cleansing Notice in respect of Rights Issue, Offer Booklet and Appendix 3B lodged with ASX	Monday, 31 December 2018
Notice to Shareholders	Thursday, 3 January 2019
Ex Date and rights trading commences	Tuesday, 8 January 2019
Record Date	7.00 pm (AEDT) on Wednesday, 9 January 2019
Dispatch of Offer Document and Entitlement and Acceptance Forms	Monday, 14 January 2019
Rights trading ends	5.00 pm (AEDT) on Wednesday, 16 January 2019
Last day to extend Offer closing date	Friday, 18 January 2019
<b>Closing Date</b>	<b>5.00pm (AEDT) on Wednesday, 23 January 2019</b>
Shortfall notification date	Tuesday, 29 January 2019
Allotment of New Shares	Thursday, 31 January 2019
Trading of New Shares expected to commence on ASX	Friday, 1 February 2019

\*This Timetable is indicative only. Applicants are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Rights Issue opens. The Directors may vary these dates, in consultation with the Underwriters, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for allotment and issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Rights Issue any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be refunded in full to Applicants.

### **Nominee appointed to sell Ineligible Shareholders Entitlements**

The Company has appointed Vested Equities Pty Ltd (AFSL 478987) as the Company's foreign holder nominee to sell the entitlements that would otherwise have been offered to the Ineligible Shareholders had they been eligible to participate in the Rights Issue.

Vested Equities Pty Ltd has agreed to place offers on ASX to sell the securities that would have been offered to you and send you any net proceeds from the sale. Vested Equities Pty Ltd will have absolute and sole discretion to determine the timing and price at which the Entitlements are sold and the manner of any such sale. Any interest earned on the proceeds of the sale of the rights will firstly be applied against expenses of the sale, including brokerage, and any balance will form part of the proceeds payable to the Ineligible Shareholders (if any).

The Company will forward the proceeds of the sale of the securities (if any) as soon as reasonably practicable to Ineligible Shareholders in proportion to their respective shareholdings, after deducting the brokerage commission

and other expenses. If the net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, the proceeds may be retained by the Company.

Despite Vested Equities Pty Ltd being required to sell the securities, Ineligible Shareholders may nevertheless receive no proceeds if costs of the sale are greater than the sale proceeds.

It is important to note that there is no guarantee that any proceeds will be realised from the sale of any Entitlements that would otherwise have been offered to Ineligible Shareholders.

**Purpose of this letter**

You are **not** required to do anything in response to this letter, which is provided for your information only, and does **not** constitute an offer of New Shares under the Rights Issue.

An Information Booklet will be sent to Eligible Shareholders, together with a personalised Entitlement and Acceptance Form, by no later than 14 January 2019 which will set out instructions regarding how Eligible Shareholders may subscribe for New Shares or trade their Entitlements under the Rights Issue.

If you have any questions in relation to any of the above matters, please contact QTG's Company Secretary, Andrew Phillips, on (03) 9676 7000 (within Australia) or +613 9676 7000 (outside Australia).

On behalf of the Board of QTG, we thank you for your continued support.

Yours faithfully,

Douglas Potter  
Chairman