ASX RELEASE – CRE8TEK

CRE8TEK TO RAISE $5.5m TO ACCELERATE GROWTH

- Firm commitments received to raise $3.5m via an oversubscribed share placement to sophisticated investors and welcomes new Institutional Investors to the register
- Additional $2m to be raised via an entitlement offer to eligible shareholders, with conditional commitments of $2m received for any shortfall
- Proceeds to accelerate customer opportunities and scale the Flamingo platform across priority markets

PERTH, 27 March 2017, Cre8tek Limited ("Cre8tek" or "the Company") (ASX: CR8) is pleased to announce that it will raise up to $5.5 million comprising a $3.5 million placement to institutional and sophisticated investors (**Placement**) and an additional $2 million via a non-renounceable entitlement offer (**Entitlement Offer**), with conditional commitments of $2 million received for Entitlement Offer shortfall.

Proceeds from the capital raising will be used to fast track the implementation and scale up of the Flamingo platform into US based Fortune 100 customers, Australian financial services institutions, to explore opportunities in other verticals and markets such as Asia and for general working capital.

The Placement of 87,500,000 shares is priced at $0.04 cents per share, representing an 18% discount to the 10 day VWAP of $0.0474. The Placement includes a 1 for 2 free attaching new listed option (exercisable at 6 cents per share with a 12 month expiry) (**Placement Options**). Placement Options will be offered under the Entitlement Offer prospectus as a separate offer.

The Entitlement Offer seeks to raise approximately $2 million (before costs) via the issue of approximately 50,000,000 shares at $0.04 (4c) per share, with the intention to offer eligible shareholders 10 new shares for every 136 held. Entitlement Offer participants will also receive 1 free attaching listed option for every 2 shares subscribed for, on the same terms as the Placement Options. Placement subscribers will be entitled to participate in the Entitlement Offer. Further details of the Entitlement Offer, including a timetable, will be contained in a prospectus which is anticipated to be released by 31 March 2017, at the same time the Placement shares are expected to be issued.

Otsana Capital is acting as lead manager of the Placement and will be paid a lead manager fee of 2% of total funds raised under the Placement and a commission equal to 4% of the total funds raised under the Placement. Otsana may pass on this commission to other AFSL holders assisting with the Placement. Otsana Capital is an entity associated with Cre8tek director Mr Faldi Ismail. A summary of the material terms of the Placement agreement is set out in Annexure A to this announcement.

Ironside Capital (**Ironside**), an unrelated party to Cre8tek, has conditionally agreed to take up $2 million of shortfall from the Entitlement Offer, subject to (among other things) Ironside receiving binding commitments for that amount, which it has confirmed it has received. As part consideration for this commitment, Ironside (or its nominees) will, subject to prior shareholder approval, be issued with 60 million options on the same terms as the Placement Options (**Ironside Options**). Otsana Capital and an institutional investor has each provided a binding commitment to Ironside to take up to $1 million each of any Entitlement Offer shortfall, with Otsana's commitment subject to receipt of prior shareholder approval. A summary of the material terms of the agreement between Ironside and the Company is set out in Annexure B to this announcement.

The Board of Cre8tek is pleased have the strong support of its existing shareholder base and to welcome a number of new institutional investors onto the register.

At the conclusion of the Placement and Entitlement Offer, and assuming shareholder approval is obtained for the issue of the Ironside Options and any Entitlement Offer shortfall that is subscribed for by Otsana Capital, the Company's capital structure is intended to be as follows:

	Number of Shares	Number of New Quoted Options[1]	Number of Performance Shares[2]	Number of Unquoted Options[3]	Number of Performance Rights[4]
Balance at the date of this Announcement	595,440,046	Nil	279,877,273	81,366,123	30,000,000
Placement	87,500,000	43,750,000			
Entitlement Offer	50,216,180	25,108,090			
Ironside Options		60,000,000			
TOTAL	**733,156,226[5]**	**128,858,090**	**279,877,273**	**81,366,123**	**30,000,000[6]**

Notes:

1. *Exercisable at $0.06 per option on or before the date that is 12 months from issue. The Company will seek quotation of the new options on ASX.*
2. *Comprised of 93,292,459 Class A performance shares, 93,292,407 Class B performance shares and 93,292,407 Class C performance shares. Full terms and conditions of the performance shares are set out in the Company's prospectus lodged with ASX on 14 September 2016.*
3. *Comprised of:*
    a. *6,077,375 options exercisable at $0.029 each on or before 3 November 2021 issued to employees. Note the Company intends to make a further issue of approximately 6,765,363 unquoted options to Flamingo employees at exercise prices of between $0.04 and $0.08 prior to completion of the Entitlement Offer. This further intended issue is not included in the total unquoted options figure quoted in the table. Should these further employee options be issued, total unquoted options will increase will increase to 88,131,486;*
    b. *25,000,000 options exercisable at $0.02 each on or before 4 November 2019 (escrowed until 5 February 2018);*
    c. *50,000,000 options exercisable at $0.03 each on or before 5 February 2019 (escrowed until 5 February 2018); and*
    d. *288,748 legacy options exercisable between $3.00 and $6.00 each on or before 5 February 2018.*
4. *Comprised of 9,999,999 Class A performance rights, 9,999,999 Class B performance rights and 10,000,002 Class C performance rights. Full terms and conditions of the performance rights are set out in the Company's prospectus lodged with ASX on 8 December 2015. All performance rights escrowed until 5 February 2018.*
5. *The Company also shortly expects to issue approximately 940,540 shares to the Clarion Group in accordance with the Clarion referral agreement disclosed in section 9.2(c) of the Company's prospectus lodged with ASX on 14 September 2016. Should these shares be issued prior to completion of the Entitlement Offer, total issued share capital will increase to 734,096,766 fully paid ordinary shares.*
6. *Note the Company has received shareholder approval to issue 3,000,000 Class D, 3,000,000 Class E and 3,000,000 Class F performance rights equally as between non-executive directors Ms Cathie Reid, Mr Bryn Hardcastle and Mr Faldi Ismail. The Class D, E and F performance rights have the same milestones and the Class A, B C performance shares in Note 2 above. The Class D, E and F performance rights must be issued by 30 November 2017.*

The shares and options in the Placement will be utilising the Company's placement capacity under Listing Rule 7.1 and 7.1A.

The Company requests ASX lift the Company's voluntary suspension following the release of this announcement.

[ENDS]

ABOUT CRE8TEK

Cre8tek (ASX: CR8) is a listed company that invests in pioneering technology solutions, with a particular focus on software marketing solutions, application software, communication software, SaaS, online social networking services, and security and encryption. Cre8tek acquired Global Agenda Technologies Pty Ltd (Agenda) in January 2016 and recently acquired high profile Australian Fintech business Flamingo Customer Experience Inc. in November 2016.

Based in NYC and Sydney, in the high-tech Artificial Intelligence (AI) field in the emerging category of Conversational Commerce field. Flamingo is an Enterprise SaaS company, which provides a Cognitive Virtual Sales Assistant (AI) (called 'Rosie') and Intelligent Guided Selling platform, JourneyAssist™, designed for selling complex financial products online. Flamingo is one of Gartner's 'Cool Vendors' and clients include large financial services firms, globally. www.flamingo.ai

ABOUT IRONSIDE CAPITAL

Ironside is a privately owned investment and corporate advisory group specialising in the provision of corporate advice, generally for companies below A$150m market capitalisation. In particular, Ironside's expertise and experience covers the provision of corporate advice and the leading of transactions in the areas of capital raising (debt and equity), mergers and acquisitions, takeovers, management buyouts, reverse takeovers, trade sales and investor relations.

For more information on Ironside Capital refer to www.ironsidecapital.com.au

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ANNEXURE A – SUMMARY OF PLACEMENT AGREEMENT

Pursuant to a placement agreement between the Company and Otsana Capital (**Placement Agreement**), Otsana Capital has agreed to lead manage the Placement and has provided a firm commitment to place the Placement Shares on the following material terms.

(a) Payment of a:

 (i) lead manager fee of 2% (excluding GST) of the total funds raised under the Placement; and

 (ii) commission equal to 4% (excluding GST) of the total funds raised under the Placement

(b) Otsana may terminate the Placement Agreement upon the occurrence of any of the following events:

 (i) (**material adverse change**): any adverse change occurs which materially impacts or could reasonably be expected to impact the assets, operational or financial position of the Company or a related corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a related corporation);

 (ii) (**ASX listing**): ASX does not give approval for the Placement Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

 (iii) (**default**): the Company is in default of any of and the terms conditions of the Placement Agreement or breaches any warranty or covenant given or made by it under this Placement Agreement;

 (iv) (**event of Insolvency**): an event of insolvency occurs in respect of the Company or a related corporation;

 (v) (**extended force majeure**): a force majeure, which prevents or delays the performance of an obligation under the Placement Agreement, lasting in excess of 2 weeks, occurs;

 (vi) (**judgment against a related corporation**): a judgment in an amount exceeding $50,000 is obtained against the Company or a related corporation and is not set aside or satisfied within 7 days;

 (vii) (**prescribed occurrence**): a prescribed occurrence occurs, without the prior approval of Otsana. This includes events such as altering the share capital of the Company, agreeing to dispose of or disposing of a whole or substantial part of the Company's business, and agreeing to provide security over a whole or substantial part of the Company's business.

The Placement Agreement is otherwise considered to be on terms standard for agreements of this nature.

ANNEXURE B – SUMMARY OF IRONSIDE AGREEMENT

Ironside Capital (**Ironside**) has entered into an agreement with the Company pursuant to which it has conditionally agreed to take up $2 million of shortfall from the Entitlement Offer (**Ironside Agreement**), on the material terms and conditions set out below.

Pursuant to the Ironside Agreement, the Company has agreed to pay Ironside:

(a) a fee of 6% of the funds it has committed to take up (i.e. 6% of $2m); and

(b) subject to Shareholder approval, 60 million Ironside Options, to be issued to Ironside or its nominees (none of whom are related parties of the Company).

The obligation of Ironside to take up any Entitlement Offer shortfall is conditional on Ironside obtaining binding commitments in respect of up to $2m of shortfall. Ironside has confirmed to the Company this condition has been met. Ironside may nominate and determine the allottees of Entitlement Offer shortfall securities.

Ironside's obligation to take up any Entitlement Offer shortfall is subject to certain events of termination. A summary of the key events pursuant to which Ironside may terminate its obligations under the Ironside Agreement prior to the issue of the shortfall shares is set out below.

(a) **binding third party commitments**: any party who has provided Ironside with a binding commitment to take up shortfall defaults on its commitment;

(b) **prospectus**: any of the following occurs in relation to the Prospectus:

   (i) Ironside reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;

   (ii) Ironside reasonably forms the view that any projection or forecast in the Prospectus becomes, to a material extent, incapable of being met or unlikely to be met in the projected time;

   (iii) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or

   (iv) any person other than Ironside who consented to being named in the Prospectus withdraws that consent;

(c) **supplementary prospectus:** Ironside reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required;

(d) **ASX listing:** ASX does not give approval for the shortfall shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

(e) **index change:** the ASX All Ordinaries Index as determined at close of trading falls at least 15% below its level at the close of trading on the date of the Ironside Agreement for any three consecutive trading days during the period from the date of execution of the Ironside Agreement and concluding at the time of the issue of the shortfall securities;

(f) **indictable offence:** a director of the Company or any related corporation is charged with an indictable offence;

(g) **change in laws:** there is a change in law or policy which does or is likely to prohibit, restrict or regulate the principal business of the Company, or the operation of stock markets generally;

(h) **failure to comply:** the Company or any related corporation fails to comply with, for example, its constitution, any statute, material agreement or order from ASIC which is likely to prohibit or materially restrict the business of the Company or the Entitlement Offer;

(i) **extended force majeure:** a force majeure, which prevents or delays an obligation under the Ironside Agreement, lasting in excess of two (2) weeks occurs;

(j) **default:** the Company is in default of any material term and condition of the Ironside Agreement or breaches any warranty or covenant given or made by it under it;

(k) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a related corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a related corporation);

(l) (**prescribed occurrence**): a prescribed occurrence occurs, without the prior approval of Ironside. This includes events such as altering the share capital of the Company, agreeing to dispose of or disposing of a whole or substantial part of the Company's business, and agreeing to provide security over a whole or substantial part of the Company's business;

(m) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Entitlement Offer or the results of the investigation or the verification material are false or misleading;

(n) **event of insolvency:** an event of insolvency occurs in respect of the Company or a related corporation;

(o) **calamity:** the occurrence of any calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia or any restriction or limitation on the nature/basis of trading of equities on ASX; or

(p) **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets or any material adverse change occurs in national or international political, financial, economic conditions, in each case the effect of which is that, in the reasonable opinion of Ironside, reached in good faith, it is impracticable to market the Entitlement Offer or to enforce contracts to issue and allot the securities pursuant to the Prospectus or that the success of the Entitlement Offer is likely to be adversely affected.

The Ironside Agreement is otherwise considered to be on terms standard for agreements of this nature.