

ASX Release: 9th May 2017

ASX: WSG

Update on FEI Acquisition and Conversion of Convertible Notes and Loans

Technology rentals company, WolfStrike Rentals Group Limited (the **Company**) (ASX: WSG) is pleased to provide an update on the status of the Company's proposed acquisition of 100% of the issued shares in FE Investments Limited (**FEI**) (**Acquisition**), and advise that in light of the anticipated completion of the Acquisition, the Board has approved the conversion of various convertible notes, as approved by shareholders at the EGM held on 8 March 2017 (**Meeting**). The Company is also pleased to announce a number of debtholders in the Company have agreed to convert their debt into equity.

Indicative Timetable

On 18 April 2017, the Company announced that it was continuing to work with the FEI Vendors towards satisfaction of the remaining outstanding condition precedent to the Acquisition, being approval from the Reserve Bank of New Zealand (**RBNZ**) under the New Zealand Non-bank Deposit Takers Act 2013, and that completion of the Acquisition was anticipated to be by late April or early May 2017.

As noted in the 18 April 2017 announcement, there are no strict guidelines as to how long RBNZ will take to consider an application for approval of a transaction. As RBNZ is still considering the application, the Company and the FEI Vendors have agreed to extend the completion date further, which is anticipated to be by late May or early June 2017.

The Company and the FEI Vendors continue to liaise with RBNZ, and based on discussions to date and professional advice received, are not aware of any reason why RBNZ approval of the Acquisition will not be given. The Company will release details of the completion of the Acquisition and the 30 to 1 consolidation of the Company's capital (as detailed in the Notice of Meeting) once timing for the RBNZ's approval of the Acquisition is known.

Conversion of Convertible Notes

At the Meeting held on 8 March 2017, shareholders approved the conversion rights of convertible notes issued by the Company in August 2016 raising A\$1.56 million (**August Facility**), and the conversion rights of convertible notes issued by the Company in December 2016 raising \$NZ430,000 (**December Facility**). The approval of the conversion rights of the December Facility extended to additional amounts which may be raised up to a maximum of A\$500,000 (in aggregate) which additional amount has now been raised.

Full details of the terms of the August Facility and December Facility are set out in the Notice of Meeting released on ASX on 7 February 2017. As detailed in the Notice of Meeting, the terms of the August Facility and December Facility provide that the Company may elect to convert the convertible notes into fully paid ordinary shares in WSG (**Shares**) where a "Major Transaction" occurs (broadly, being any acquisition or agreement by the Company to acquire an asset whose enterprise value or consideration payable would be equal to or more than 20% of the market capitalisation of the Company prior to completion). The conversion price of the facilities is the lower of a 20% discount to the 30 day volume weighted average price of Shares as at the date of conversion, and 2 cents.

In light of the Company's entry into the share purchase agreement with the FEI Vendors and anticipated completion of the Acquisition, the Board has resolved that a "Major Transaction" has occurred under the terms of the August Facility and December Facility, and that the Company will exercise its discretion to convert these facilities. Accordingly, the Company will convert the





aggregate of \$2,069,000 outstanding under the August Facility and the December Facility into a total of 321,557,042 Shares at a deemed issue price of \$0.00568c per share, being a 20% discount to the 30 day VWAP of Shares prior to today.

As detailed in the Notice of Meeting, holders of the August Facility and December Facility are entitled to be issued 1 free attaching option (each with an exercise price of \$0.02 and an expiry date of 24 months from the date of issue) for every \$2 loaned. Full terms of the options were attached to the Notice of Meeting. The issue of these attaching options was approved by shareholders at the Meeting. The Company confirms the issue of 898,222 options.

Conversion of Debt

The Company is also pleased to advise that existing debtholders holding unsecured loans totalling A\$457,954 in the Company have agreed to convert their debt into equity at a price of \$0.00568c per Share.

Additionally the company has further loans of \$182,671 which will be converted to equity at a price of \$0.008c per share.

The Shares for conversion of debt will be issued under the Company's 15% placement capacity under ASX Listing Rule 7.1. The Shares will be issued to the debtholders, all of whom are sophisticated and professional investors and are not related parties of the Company. No funds will be raised from the debt to equity conversion. It is expected that the debt to equity conversion will complete immediately after the conversion of the note holders.

The Board is pleased to take this opportunity to strengthen the Company's balance sheet, which will result in a positive NTA (net tangible asset) on a pro forma basis based on 31 March 2017 management accounts.

The Company wishes to thank the Company's convertible noteholders and debtholders for their continued support, and looks forward to completing the Acquisition and embarking on the Company's strategy for the merged group as detailed in the Notice of Meeting (and subsequent announcements).

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About WolfStrike Rentals

WolfStrike Rentals Group is an Australasian Company with a core focus on the financing and management of rental contracts for technology solutions. With operations in Australia and New Zealand, WolfStrike provides a range of financial and operational services to SMEs.

In addition to providing rental facilities, WolfStrike also obtains sales from an increasing number of third party resellers and Originators providing a consistent deal flow to the rental Company.

