

ASX ANNOUNCEMENT

COMPLETION OF PLACEMENT

31 October 2017 (Melbourne): Dragontail Systems Limited (ASX: DTS) is pleased to announce that the Company's placement to raise \$8.8 million (before costs) announced on 24 October 2017 has settled today and the Company has issued 40,000,000 Shares.

The Placement of 40,000,000 new shares was within the Company's ASX Listing Rule 7.1 and 7.1A capacity available for issue with 24,525,000 Shares to be issued under LR7.1 and 15,475,000 Shares under LR7.1A.

Canaccord Genuity (Australia) Limited was the Sole Lead Manager to the Placement, and the Company was advised by Market Eye.

INFORMATION REQUIRED UNDER LISTING RULE 3.10.5A

In relation to the issue of 15,475,000 shares by the Company on 31 October 2017 pursuant to ASX Listing Rule 7.1A, the Company provides the following information in accordance with ASX Listing Rule 3.10.5A.

- a) The dilution to existing shareholders as a result of the shares issued pursuant to the placement under Listing Rule 7.1A (15,475,000) was 8.92%.
- b) The securities were issued by the Company under LR7.1A and not as a pro rata issue or other type of issue in which existing ordinary security holders would have been eligible to participate as it was considered to be the most efficient and expedient method of raising the funds required.
- c) The placement was not underwritten.
- d) The Company paid a fee of 4.5% (plus GST) to Canaccord Genuity (Australia) Limited as Lead Manager to the Offer, on the funds raised from securities issued under LR7.1A.

NOTICE UNDER SECTION 708A

The Company gives notice pursuant to Section 708A(5)(e) of the Corporations Act that the shares issued on 31 October 2017 were issued without disclosure under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act. The Company, as at the date of this notice, has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company and Section 674 of the Corporations Act. There is no excluded information to be disclosed for the purposes of Sections 708A(7) and (8) of the Corporations Act.

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About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) industry with its Algo System and computer-vision QT quality system that uses artificial intelligence (AI) machine learning.

The Algo System uses a sophisticated patented algorithm to optimise and manage the entire food preparation process from order to delivery. It is the first system in the world to fully automate and streamline the kitchen flow to deliver an immediate and significant return on investment to fast food and quick service restaurants.

The QT system's sensor and camera automatically monitor the preparation and cooking process in the kitchen to improve the quality and consistency of meals. Using proprietary advanced AI machine-learning technology, the system keeps improving its diagnostics, becoming even more efficient.

For more information, visit www.dragontailsystems.com.