

8 August 2018

Dear Shareholder

Notice to shareholders of Entitlement Offer

We write to you as the registered holder of Advanced Braking Technology (ASX Code: ABV) (**Company**) shares as at today's date.

As advised in an ASX announcement on 2 August 2018, the Company is undertaking an accelerated non-renounceable entitlement offer of shares to its eligible shareholders.

The pro rata offer is on the basis of 1 new share for every 3 shares held at 5pm (WST) on 7 August 2018 (**Record Date**), each at an issue price of 0.2 cents (\$0.002) per share (**Retail Entitlement Offer**) to raise approximately \$1,043,306 (before costs) in addition to the \$439,441 raised in the Accelerated Institutional Entitlement Offer under the same terms of the Retail Entitlement Offer (**Entitlement Offer**).

Institutional Entitlement Offer

The Institutional Entitlement Offer raised approximately \$0.44 million in total at \$0.002 per new share ("New Shares"). It was strongly supported by existing eligible institutional shareholders.

Commencement of the Retail Entitlement Offer

The Retail Entitlement Offer seeks to raise approximately \$1.04 million through a 1 for 3 pro rata non-renounceable entitlement offer at \$0.002 per New Share. The Retail Entitlement Offer will open on Friday, 10 August 2018.

The Entitlement Offer

The Entitlement Offer is not underwritten but is being lead managed by Baker Young Stockbrokers Limited.

The Company intends to apply the net proceeds raised under the Entitlement Offer towards the following:

- a) providing working capital to assist in the rollout of the Company's "Terra Dura" product (following successful trials) across Australia and entry into the European market;
- b) providing working capital to assist in continued product development and deployment into high potential global markets including Canada and Chile; and
- c) providing working capital for general corporate purposes.

New shares issued pursuant to the Entitlement Offer will rank equally with all fully paid ordinary shares in the capital of the Company already on issue. Based on shares currently on issue, following completion of the Institutional Entitlement Offer and Retail Entitlement Offer, and if fully taken up, the Company will have issued 741,373,646 new shares resulting in 2,965,494,582 total shares.

The Retail Entitlement Offer

The Retail Entitlement Offer is being offered without a prospectus and pursuant to an Offer Document dated 7 August 2018, in accordance with section 708AA of the *Corporations Act 2001 (Cth)*. Only shareholders who hold shares on the Record Date and have a registered address in Australia, New Zealand or Singapore are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**).

The Retail Entitlement Offer is available to all Eligible Retail Shareholders. An Offer Document in relation to the Retail Entitlement Offer will be sent out to all Eligible Retail Shareholders on 10 August 2018.

For the purposes of calculating each Eligible Shareholder's entitlement, fractions of entitlements have been rounded up to the nearest whole number of new shares. Eligible Retail Shareholders who choose not to take up their entitlement will receive no value in respect of their entitlement and their shareholding in the Company will be diluted.

The Offer Document for the Retail Entitlement Offer has been lodged with the ASX and is available on ASX's website and a copy is also available on our website: www.advancedbraking.com.

The indicative timetable for the Entitlement Offer is below:

Event	Date
Announcement of Results of Institutional Entitlement Offer, Normal trading commences, Record Date for Retail Entitlement Offer (5.00pm WST)	7 August 2018
Issue of New Shares under Institutional Entitlement Offer, Retail Entitlement Offer opens, despatch of offer document to eligible shareholders	10 August 2018
Quotation of New Shares under Institutional Entitlement Offer	13 August 2018
Last day to extend Retail Entitlement Offer	17 August 2018
Retail Entitlement Offer closes (5.00pm WST)	22 August 2018
Announcement of Results of Retail Entitlement Offer	27 August 2018
Issue of New Shares under Retail Entitlement Offer	29 August 2018
Quotation of New Shares under Retail Entitlement Offer	30 August 2018
Despatch of holding statements for New Shares under the Retail Entitlement Offer	31 August 2018

**The timetable is indicative only and subject to change. The Company reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend the above dates.*

Eligible Retail Shareholders will receive a copy of the Offer Document and a personalised Entitlement and Acceptance Form shortly. You must follow the instructions in this form to take up your entitlements.

For and on behalf of the Board.

Ms Dagmar Parsons
Chairman