

11 October 2018

ASX Announcement

COMPLETION OF PLACEMENT

11 October 2018 (Melbourne): Dragontail Systems Limited (ASX: DTS) is pleased to announce that the \$6,077,500 investment in the Company by Tiger Global Management (see ASX announcement 10 October 2018) has settled today and the Company has issued 32,500,000 Shares.

The investment of 32,500,000 new shares at an issue price of \$0.187 per share was within the Company's ASX Listing Rule 7.1 and 7.1A capacity available for issue with 25,025,000 Shares to be issued under LR7.1 and 7,475,000 Shares under LR7.1A.

INFORMATION REQUIRED UNDER LISTING RULE 3.10.5A

In relation to the issue of 7,475,000 shares by the Company on 11 October 2018 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 (7,475,000) was 3.35%.
- 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 did not pay a fee 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 11 October 2018 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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For further information please contact:

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About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) and foodservice 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.