



11 June 2014

Dear Option Holder

NON-RENOUNCEABLE ENTITLEMENT ISSUE OF SHARES AND OPTIONS

The Directors of Qanda Technology Ltd (**Qanda** or the **Company**) announced on 11 June 2014 a 2 for 11 entitlement issue to shareholders of 411,199,927 new fully paid ordinary shares (**New Shares**) at an issue price of \$0.002 each to raise up to approximately \$822,400, before costs (**Entitlement Issue**). DJ Carmichael is Lead Manager and Underwriter to the Entitlement Issue, having underwritten up to the first \$704,218.

The Entitlement Issue will be offered to shareholders registered at the Entitlement Record Date (as defined below) with a registered address in Australia or New Zealand (**Eligible Shareholders**) on the basis of two (2) New Shares for every eleven (11) Shares held. For every New Share issued there will be granted for no additional consideration one (1) new option, exercisable at \$0.002 each with an expiry date of 30 April 2017 (**New Option**). Based on the Company's current issued capital the Entitlement Issue will result in 411,199,927 New Shares and 411,199,927 New Options being issued.

Qanda announced the record date of 5:00pm (WST) on 18 June 2014 for the purposes of determining shareholders entitled to participate in the Entitlement Issue (**Entitlement Record Date**). A prospectus containing full details of the Entitlement Issue was lodged with ASIC on 11 June 2014 and will be despatched to all Eligible Shareholders on 19 June 2014. The Prospectus will be available on the ASX website (company announcements section, ASX code: QNA).

Under the terms of the options you currently hold, there is no entitlement to participate in the Entitlement Issue, unless you exercise your options and are entered onto the register as an Eligible Shareholder on or before the Entitlement Record Date. Under the terms of your options you are entitled to receive notice of the record date set for the purposes of determining entitlements to any new issue of capital. The purpose of this letter is to give you that notice in order to permit you to participate in the Entitlement Issue, should you wish to do so.

If you are not a shareholder and wish to participate in the Entitlement Issue, or if you are already a shareholder but also wish to participate in the Entitlement Issue in respect of your option holdings, it will be necessary for you to exercise all or part of your options, and the shares in respect of those options must have been issued to you before the Entitlement Record Date. If you wish to do so, you should complete a Notice of Exercise of Options and lodge it with the Company, together with your payment for the number of options you wish to exercise. If the Notice of Exercise of Options together with payment in full for the relevant number of options being exercised is not received by 18 June 2014, you will not be able to participate in the Entitlement Issue in respect of the shares to be issued upon exercise of those options.

If you do not wish to participate in the Entitlement Issue (in respect of your options), you do not need to take any action.

Before deciding whether to exercise any or all of your options, you should read the prospectus in its entirety and, if in any doubt, consult with your professional adviser. This letter is only intended to inform you of your rights in relation to your options. This letter is not an offer or an invitation to acquire shares in Qanda or to participate in the Entitlement Issue.

If you require further information, please contact the Company +61 2 8456 0555 between 8:30 am and 5:00 pm EST.

Yours faithfully

A handwritten signature in black ink, appearing to read "Nathan", followed by a horizontal line.

Nathan Gyaneshwar
CEO