



13 June 2014

Dear Shareholder

#### NON-RENOUNCEABLE ENTITLEMENT ISSUE OF SHARES AND OPTIONS

Qanda Technology Ltd (**Qanda** or the **Company**) is undertaking a pro-rata non-renounceable 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 up to approximately 411,199,927 New Shares and 411,199,927 New Options being issued.

The Prospectus relating to this issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website (company announcements section, ASX code: QNA). The timetable for the Entitlement Issue is set out below:

Lodgement of this Prospectus with ASIC	11 June 2014
Lodgement of Prospectus & Appendix 3B with ASX	11 June 2014
Notice of Entitlement Issue sent to Shareholders	13 June 2014
Securities under Entitlement Issue quoted on 'Ex' basis	16 June 2014
Entitlement Record Date to determine entitlements under Entitlement Issue	18 June 2014 at 5:00pm WST
Prospectus despatched to Shareholders and Company announces despatch has been completed	19 June 2014
Opening Date of Entitlement Issue	19 June 2014
Closing Date of Entitlement Issue	30 June 2014 at 5:00pm WST
Securities quoted on deferred settlement basis	1 July 2014
ASX notified of any under subscriptions	3 July 2014
Issue date of Entitlement Issue	7 July 2014
Despatch of holding statements	7 July 2014
Normal trading of New Shares and New Options expected to commence	8 July 2014

All dates, other than the date of lodgement of the Prospectus with ASIC, are indicative only. The Company reserves the right to amend any of the important dates, in consultation with the Underwriter, without prior notice but subject to the Corporations Act and the ASX Listing Rules.

The capital structure of the Company on completion of the Entitlement Issue will be as follows (assuming the Entitlement Issue is fully subscribed and no Options are exercised or Convertible Notes converted prior to the Entitlement Record Date):

<b>Shares</b>	<b>Number</b>
Shares on issue at date of Prospectus	2,261,599,600
Shares offered pursuant to the Entitlement Issue	411,199,927
<b>Total Shares after completion of the Entitlement Issue</b>	<b>2,672,799,527</b>

<b>Options<sup>1</sup></b>	<b>Number</b>
Options on issue at date of Prospectus	401,160,041
Options offered pursuant to the Entitlement Issue	411,199,927
Options to be issued pursuant to Underwriting Agreement	137,500,000
<b>Total Options after completion of the Entitlement Issue</b>	<b>949,859,968</b>

<b>Convertible Notes</b>	<b>Number</b>
Convertible Notes on issue at date of Prospectus <sup>2</sup>	43,750,000
Convertible Notes offered pursuant to the Entitlement Issue	NIL
<b>Total Convertible Notes after completion of the Entitlement Issue</b>	<b>43,750,000</b>

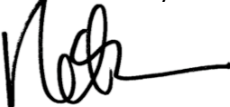
1. All Options are exercisable at \$0.002 each with an expiry date of 30 April 2017.
2. These Convertible Notes of \$75,000 and \$100,000 mature on 12 September 2014 and 16 September 2014, respectively. If all Convertible Notes were converted as at the date of this Prospectus a total of 175,000,000 Shares would be issued. Terms and conditions of these Convertible Notes were set out in the ASX announcement dated 9 March 2012 and the notice of meeting announced on 31 October 2012 in which Shareholders ratified the issue.

In calculating entitlements under the Entitlement Issue fractions will be rounded up to the nearest whole number.

Full details of the Entitlement Issue, including the underwriting, the rights attaching to New Shares, the full terms and conditions of the New Options and the use of funds are contained in the Prospectus that will be mailed to all Eligible Shareholders who are registered on the Entitlement Record Date. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus. Instructions on how and when to apply under the Offer are set out in the Prospectus. Eligible Shareholders should read the Prospectus carefully.

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

Yours faithfully



**Nathan Gyaneshwar**  
CEO