

22 October 2015

Companies Announcements Office  
ASX Limited  
Level 4 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir or Madam

**NOTICE GIVEN UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001**

On 1 October 2015, Stargroup Limited (the **Company**) announced a non-renounceable pro-rata rights issue to shareholders. Details are as follows.

The shares are being offered to those shareholders whose registered addresses are in Australia and New Zealand and who are registered as such at 5.00pm (Melbourne time) on Wednesday, 28 October 2015 (the **Eligible Shareholders**), on the basis of two (2) fully paid ordinary shares (the **New Shares**) for every five (5) fully paid ordinary shares held (an **Entitlement**), at an issue price of \$0.035 per share. Attached to this offer is a one (1) for two (2) option to acquire one further fully paid ordinary share for every two (2) shares held at the record date, issued at a nil issue price and exercisable at a price of \$0.05 per option within a period of three years from the date of the issue of the option. If fully subscribed, then this rights issue will raise a total of \$3,367,814 before issue costs (the **Rights Issue**).

In accordance with section 708AA(2)(f) of the *Corporations Act 2001* as modified by ASIC Class Order [CO 08/35], the Company gives notice that:

1. the Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the *Corporations Act 2001*;
2. the Company is giving this notice under section 708AA(2)(f) of the *Corporations Act 2001*, as modified by ASIC Class Order [CO 08/35];
3. as at the date of this notice, the Company has complied with:
  - (a) the provisions of Chapter 2M of the *Corporations Act 2001* as they apply to the Company; and
  - (b) section 674 of the *Corporations Act 2001*;
4. as at the date of this Notice, there is no information:

- (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
  - (b) that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
    - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
    - (ii) the rights and liabilities attaching to the New Shares; and
5. the issue of the New Shares may affect the control of the Company. The potential effect the Rights Issue will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Rights Issue as a pro rata issue and the absence of any existing holders with voting power of greater than 20%, the Rights Issue is not expected to have any material effect or consequences on the control of the Company.

The potential effect the issue of the New Shares under the Rights Issue will have on the control of the Company is as follows:

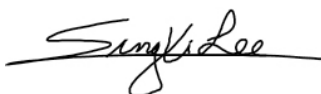
- (a) if all Eligible Shareholders take up their Entitlement under the Rights Issue, then the Rights Issue will have no significant effect on the control of the Company;
- (b) if some Eligible Shareholders do not take up all of their Entitlement under the Rights Issue, then the interests of those Eligible Shareholders will be diluted;
- (c) the proportional interests of shareholders with registered addresses outside of Australian and New Zealand will be diluted because such ineligible foreign shareholders are not entitled to participate in the Rights Issue;
- (d) Eligible Shareholders that apply for additional shares under the Top-up Facility may increase their interests beyond their Entitlement. This could result in the dilution of holdings of those shareholders who failed to accept their Entitlements in full and those shareholders who failed to apply for additional New Shares. Eligible Shareholders who intend to participate in the Top-up facility are reminded to be mindful of their obligations under Chapter 6 (the takeover provisions) of the *Corporations Act 2001*;
- (e) all directors of the Company intend to fully take up their Entitlements under the Rights Issue and may increase their interests beyond their Entitlements if no other Eligible Shareholders participate in the Rights Issue and the Directors of the Company do not issue any of the shortfall under the Rights Issue; and

- (f) if no Eligible Shareholders other than the directors of the Company takes up their Entitlements under the Rights Issue and the Company issues the shortfall under the Rights Issue to only a limited number of new investors, then this may result in a new investor having a substantial interest in the Company.

The table below sets out the potential impact of the Rights Issue on the capital structure of the Company:

<b>Stargroup Shares / 2018 Options</b>	<b>Number</b>	<b>% interest (where applicable)</b>
Shares currently on issue	240,534,745	57.55%
Shares issued to Cash+ as part of the Acquisition\	81,250,000	19.44%
Shares issued under the Rights Issue if fully subscribed	96,213,896	23.01%
Total Shares post-Acquisition and Rights Issue	417,998,641	100%
Total Shares on issue in 2018 should all 2018 Options be exercised in full	466,105,589	
Total Shares on issue in 2020 <sup>1</sup> should all Performance Shares conversion conditions be met	476,105,589	

Yours faithfully



Sungki Lee  
Company Secretary

<sup>1</sup> The 2020 figure assumes that all Performance Share conversion conditions in each of 2016, 2017, 2018 and 2019 are met and no other Shares are issued. This may or may not eventuate.