

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OF AMERICA (“USA”)

17 October 2016

Salmat (ASX:SLM) successful completion of institutional entitlement offer

Salmat Limited (“Salmat”) is pleased to announce the successful completion of the \$9.8m institutional component of the 1 for 4.7 pro-rata accelerated non-renounceable entitlement offer (“Institutional Entitlement Offer”).

Highlights

- Institutional Entitlement Offer successfully completed at an offer price of \$0.43 per share, representing a 10.4% discount to the last close price on 13 October 2016 and a 8.4% discount to TERP¹ as at 13 October 2016.
- Institutional Entitlement Offer raised approximately \$9.8 million and received strong support from eligible institutional shareholders with a take-up rate of approximately 94%.
- Retail Entitlement Offer will open on Friday 21st October 2016 and is expected to raise an additional \$5.3 million.

Institutional Entitlement Offer

The Institutional Entitlement Offer was well supported by major institutional shareholders, including Mr Peter Mattick and those who had pre-committed to take up their entitlements, reflecting their support for the acquisition of the remaining 50% of MicroSourcing.

Craig Dower, Chief Executive Officer of Salmat said:

“I would like to extend our thanks to both our existing and new investors for their support as we continue to execute upon our transformation program which began in January 2015. We are well on our way to delivering on that program and the acquisition of the remaining 50% of MicroSourcing was another significant milestone for the company and its future growth prospects.”

New shares subscribed for under the Institutional Entitlement Offer (“New Shares”) are expected to be settled on Monday, 24 October 2016, with issue and normal trading of New Shares expected to commence on Tuesday, 25 October 2016. Salmat expects that its trading halt will be lifted and its shares will recommence trading today.

¹ The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Salmat securities should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Salmat securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated exclusive of the Institutional Placement, and by reference to Salmat’s last closing price on Thursday 13 October 2016.

Retail Entitlement Offer

Eligible Retail Shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Friday, 21 October 2016 and close at 5.00pm (Sydney time) on Monday, 7 November 2016.

Under the Retail Entitlement Offer, Eligible Retail Shareholders may also apply for additional shares in excess of their entitlement up to a maximum of 50% of their entitlement. The allocation of additional shares and any scale back will be at the Board's absolute discretion.

Further details about the Retail Entitlement Offer will be set out in a booklet (Retail Offer Booklet), which Salmat expects to lodge with the ASX on Tuesday, 18 October 2016, in advance of the despatch date (as detailed further below). For Eligible Retail Shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY® or by cheque by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney time) on Monday, 7 November 2016. The Retail Offer Booklet and accompanying Entitlement and Acceptance Form are expected to be despatched on Friday, 21 October 2016.

Key Dates*

<i>Key event</i>	<i>Date</i>
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Monday, 17 October 2016
Record date for determining entitlement to subscribe for New Shares	7:00pm Tuesday, 18 October 2016
Retail Entitlement Offer opens	Friday, 21 October 2016
Retail Offer Booklet despatched	Friday, 21 October 2016
Settlement of Institutional Entitlement Offer	Monday, 24 October 2016
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Tuesday, 25 October 2016
Retail Entitlement Offer closes	5.00pm Monday, 7 November 2016
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 15 November 2016
Despatch of holding statements and normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 16 November 2016

* All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Salmat reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Salmat reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date for New Shares under the Retail Entitlement Offer.

Salmat also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares under the Retail Entitlement Offer. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Additional Information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making any investment decision. If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Salmat's Offer Information Line on 1300 365 969 (from within Australia) or +61 1300 365 969 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period.

-ENDS-

For further information, please contact:

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States.

The entitlements may not be taken up by, and the New Shares may not be offered or sold to, directly or indirectly, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Forward looking statements

Certain statements contained in this announcement are “forward-looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “anticipate”, “expect”, “likely”, “intend”, “should”, “could”, “may”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the acquisition of the MicroSourcing International, the future performance of Salmat and the outcome and effects of the Entitlement Offer and use of proceeds. Forward-looking statements, opinions and estimates provided in this announcement are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, Salmat and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.