

CONFIDENTIAL

The Manager
Company Announcement Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

14 October 2016

Care of the Manager

Salmat Limited (ASX:SLM) (Salmat): Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (Act)

This notice is given by Salmat under section 708AA(2)(f) of the Act as notionally modified by the Australian Securities and Investments Commission (**ASIC**) Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**ASIC Instrument**).

Salmat has announced a pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) of 1 fully paid ordinary share in Salmat (**New Shares**) for every 4.7 shares held in Salmat as at 7.00pm (Sydney time) on the Record Date of 18 October 2016 by shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**).

Salmat confirms that:

1. The New Shares will be offered by Salmat without disclosure under Part 6D.2 of the Act.
2. This notice is being given under section 708AA(2)(f) of the Act as modified by the ASIC Instrument.
3. As at the date of this notice, Salmat has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to Salmat; and
 - (b) section 674 of the Act.
4. As at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) or 708AA(9) of the Act that is required to be set out in this notice under section 708AA(7) of the Act.
5. The potential effect that the issue of New Shares will have on the control of Salmat and the consequences of that effect, will depend on a number of factors including investor demand. At this time, the issue of New Shares under the Offer is not expected to have a material effect or consequence on the control of Salmat:

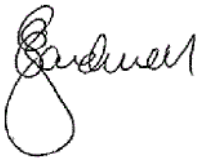
As the Offer is structured as a non-renounceable pro-rata offer, if all Salmat's Eligible Shareholders take up their entitlement to New Shares, Eligible Shareholders will continue to hold the same percentage interest in Salmat.

If some Eligible Shareholders do not take up their full entitlement, such shareholders interest will be diluted relative to those who did take up their full entitlement and those shareholders who have agreed to sub-underwrite a portion of the Offer may increase their interest in Salmat through that sub-underwriting.

Mr Peter Mattick has agreed with the underwriter to the Entitlement Offer to sub-underwrite up to 3,500,000 New Shares. New Shares not taken up by Eligible Shareholders will be allocated to sub-underwriters in the proportions which each sub-underwriter's sub-underwriting commitment bears to the total commitments of all sub-underwriters. Mr Mattick's proportionate holding in Salmat would increase by approximately 1.75% (from 22.45%) if required to subscribe for all his sub-underwritten securities.

No shareholder will become a controller of Salmat as a result of the Entitlement Offer.

Yours sincerely



Stephen Bardwell
COMPANY SECRETARY