



Techniche

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ABN 83 010 506 162

9 August 2011

Manager
Australian Stock Exchange Limited
Company Announcements Platform
PO Box H224
AUSTRALIA SQUARE NSW 1215

Re: **TECHNICHE LIMITED (TCN) ABN 83 010 506 162 (Techniche)**

Implementation of Sale Facility for Unmarketable Parcels

Techniche Limited (**Techniche**) has decided to initiate a share sale facility for shareholders who hold an unmarketable parcel of Techniche's shares on Monday 8 August 2011.

An unmarketable parcel is a parcel of shares with a value of less than \$500 based on the closing price of Techniche ordinary shares on the Australian Securities Exchange of 3.6 cents on Monday 8 August 2011.

Attached is the documentation now being sent to relevant shareholders of Techniche in relation to the Sale Facility.

Yours faithfully,

Kevin J Sheppard
COMPANY SECRETARY



11 August 2011

Dear Shareholder,

Important Notice – sale of your unmarketable parcel of Techniche shares

I am writing to inform you that Techniche Limited (**Techniche**) is implementing a Share Sale Facility (the **Sale Facility**) for holders of parcels of Techniche ordinary shares valued at less than \$500 (**unmarketable parcels**).

Techniche has an abnormally large percentage of shareholders holding non marketable parcels compared to some of its peers. Techniche appreciates that transaction costs may represent an impediment to such shareholders selling their Techniche shares. The Sale Facility will provide a convenient and cost effective way for such shareholders to sell their Techniche shares. By reducing the number of shareholders with unmarketable parcels, Techniche also reduces administration and share registry costs such as printing and mailing of notices of meeting, annual reports and other correspondence associated with the large number of shareholders holding non marketable parcels.

Techniche has determined that your holding of Techniche shares is valued at less than \$500 and is therefore an unmarketable parcel (based on your shareholding at 7 p.m. on Monday 8 August 2011 and the closing price of Techniche shares of 3.6 cents on the Australian Securities Exchange (**ASX**) on 8 August 2011).

The Sale Facility is being implemented in accordance with Techniche's constitution and the ASX Listing Rules. A copy of the text of Article 73 of the Company's Constitution is attached to this notice.

Timetable

The timetable for the Sale Facility is as follows:

Record date to determine non marketable parcels	Monday 8 August 2011
Continuing Member Notice mailing date	Thursday 11 August 2011
Final date for return of Continuing Member Notice	Tuesday 27 September 2011
Selling of non marketable parcels commences	Friday 30 September 2011
Last date for sale of non marketable parcels	Friday 14 October 2011
Remittance of proceeds of sales to participants	As soon as practical after the earlier of 14 October 2011 and completion of the sale of all shares able to be sold under the Sale Facility.

What do you need to do now?

If you wish to sell your Techniche shares under the Sale Facility you do not need to do anything. Your Techniche shares will be sold on your behalf after Friday 30 September 2011 and the proceeds of the sale will be paid to you in Australian dollars as soon as practical after completion of the sale of all shares able to be sold under the Share Facility or 14 October 2011. If you are an overseas shareholder, you will be responsible for any costs associated with converting your sale proceeds into your local currency.

If you wish to retain your Techniche shares, you must before 5pm AEST on Tuesday 27 September 2011 either:

- Complete and return the enclosed Share Retention Form; or
- Purchase additional Techniche shares so that your shareholding becomes a marketable parcel. For your additional purchase of shares to be an effective notice to Techniche that you wish to retain your shares, the additional shares purchased must:

- be held in the same holding as your current shares (in particular under the same name and address as shown on the Share Retention Form);
- together with your existing shares, have a market value of more than \$500 (based on the closing price of Techniche shares of 3.6 cents on ASX on Monday 8 August 2011; and
- be registered by 7pm AEST on Tuesday 27 September 2011.

If you have a number of shareholdings that you would like to consolidate, please contact the registry on 1300 554 474 (within Australia) or +61 2 8280 7454 (outside Australia).

What happens next?

Unless you inform Techniche that you wish to retain your shares, your shares will be sold on your behalf by Techniche after Tuesday 27 September 2011. You will not need to appoint a broker and will not pay any brokerage or broker handling costs associated with the sale of your shares under the Sale Facility. Techniche will take any action required to sell your shares. Any tax consequences from the sale of your Techniche shares will be your responsibility.

Techniche has appointed RBS Morgans Corporate Limited of Level 29, Riverside Centre, 123 Eagle Street, Brisbane 4000 ("Broker") to sell the non marketable parcels on the ASX by placing one or more orders to sell shares on the ASX in the ordinary course of business (including, at the Broker's sole discretion, by crossings). The price you receive for the sale of the shares will be equal to the volume weighted average for all shares sold under this Facility. That price will be calculated by the Broker and may not be challenged in the absence of manifest error. Our share registry Link Market Services will send you a transaction confirmation statement notifying you of the number of your Techniche shares sold under the Facility, the sale price of those shares and the total sale proceeds you have received.

While all reasonable efforts will be made to sell all the shares able to be sold under the Sale Facility, no guarantee is given that all your shares will be sold. If not all the shares able to be sold under the Sale Facility are in fact sold, Techniche reserves the right to allocate the shares sold amongst the holders of unmarketable parcels in its absolute discretion.

Questions?

If you are in any doubt about whether you should participate in the Sale Facility, or if you require information regarding possible taxation implications from participating in the Sale Facility, please consult your legal, financial or taxation adviser.

Further information regarding the Sale Facility is set out in the Share Retention Form that accompanies this letter. If you have any further questions regarding the information set out in this letter or the attachment, please contact Techniche Limited on 1300 556673 or the Registered Office on 07 3390 7356 during business hours.

Techniche Limited and RBS Morgans Corporate Limited do not make any recommendation to you regarding whether to participate in the Sale Facility or whether to buy, sell or hold Techniche shares and do not provide any financial, taxation or investment advice in relation to the Sale Facility. If you are unsure or require further information regarding the possible implications from participating in the Sale Facility, please consult your legal, financial or taxation adviser.

Yours sincerely,



Kevin J Sheppard
COMPANY SECRETARY

Further information regarding the Techniche Sale Facility

1. What is an unmarketable parcel of shares?

An unmarketable parcel is a parcel of Techniche ordinary shares valued at less than \$500, based on the closing price of Techniche shares on ASX of 3.6 cents on Monday 8 August 2011.

2. If I wish to sell my shares, what should I do?

If you wish to take advantage of the Sale Facility, you do not need to take any action – steps will be taken to sell your shares under the Sale Facility as soon as practicable after Friday 30 September 2011.

3. If I do not want my shares sold, what should I do?

If you wish to retain your shares you must either:

- complete and return the enclosed Share Retention Form before 5pm AEST on Tuesday 27 September 2011; or
- purchase additional Techniche shares so that your shareholding becomes a marketable parcel. For your additional purchase of shares to be an effective notice to Techniche that you wish to retain your shares, the additional shares purchased must:
 - be held in the same holding as your current shares (in particular under the same name and address as shown on the Share Retention Form);
 - together with your existing shares, have a market value of more than \$500 (based on the closing price of Techniche shares of 3.6 cents on ASX on Monday 8 August 2011); and
 - be registered by 7 pm AEST on Tuesday 27 September 2011.

If you have a number of shareholdings that you would like to consolidate, please contact the registry on 1300 554 474 (within Australia) or +61 2 8280 7454 (outside Australia).

4. What happens if I do nothing?

If you do nothing, steps will be taken to sell your shares under the Sale Facility.

5. How will my shares be sold?

For the purposes of the Sale Facility, Techniche has appointed a stockbroker to sell unmarketable parcels of Techniche shares on ASX. Steps will be taken to sell your shares under the Sale Facility as soon as reasonably practicable after Friday 30 September 2011.

6. How much will I receive for my shares under the Sale Facility?

The price you receive for your shares will be calculated as the volume weighted average price of all Techniche shares sold by the broker appointed by Techniche under the Sale Facility. The sale price will depend on a number of factors, including the prevailing market conditions and the demand for Techniche shares at the time of sale.

The closing price of Techniche shares on Monday 8 August 2011, being the date set by the Board for determining unmarketable parcels, was 3.6 cents. Information on the latest price for Techniche shares can be found on the ASX website (www.asx.com.au) under the ASX code "TCN". The market price of Techniche shares is subject to change from time to time. The proceeds received by a shareholder from the sale of their shares may be more or less than the actual price that is received by the broker for those shares.

While the Broker appointed by Techniche will use its reasonable endeavours to obtain the best price for Techniche shares at the time of the sale, no assurance is given as to the price which will be achieved for the sale of your shares.

7. Will I have to pay brokerage or broker handling costs?

No, you will not have to pay brokerage or broker handling costs if your Techniche shares are sold under the Sale Facility. Techniche will pay these costs on your behalf.

If you are an overseas shareholder, you will be responsible for any costs associated with converting your sale proceeds, which will be in Australian dollars, into your local currency.

8. When will I receive the proceeds of the sale?

The sale of Techniche shares under the Sale Facility will occur as soon as reasonably practicable after Tuesday 27 September 2011. You will receive the proceeds from the sale of your shares as soon as practicable after the earlier of 14 October 2011 and all shares being sold under the Sale Facility.

9. Will I be entitled to the dividend referred to in the Techniche announcement of 4 August 2011?

You will only be entitled to any dividend if you remain the registered holder of shares in Techniche on the record date for the dividend. This date has not yet been fixed and the amount of the dividend is yet to be determined. However, the present intention is that the record date will be after the completion of the sale of all shares sold under the Sale Facility.

10. What happens if a takeover of Techniche is announced?

The sale of shares under the Sale Facility will end if a takeover is announced.

11. Other matters relating to the Sale Facility to note

The Sale Facility has been established in accordance with the provisions of Techniche' constitution and the ASX Listing Rules.

Constitution

73. Sale of less than minimum holding

73.1 This Rule has effect notwithstanding any other provision of this Constitution to the contrary and shall override the same to the extent of any inconsistency.

73.2 In this Rule:

Continuation Election Notice means a notice by a Small Holder in the form contained on or enclosed with a Continuing Member Notice and completed and signed in accordance with the instructions on the Continuing Member Notice, notifying the Company that this Rule is not to apply to that Small Holder so that that Small Holder may remain as the holder of the securities registered in its name;

Continuing Member Notice means a notice issued pursuant to Rule 0 below;

Election Deadline means 5.00pm (Australian Eastern Standard Time) on a date specified in a Continuing Member Notice, being a date not less than six (6) weeks after the date of dispatch of that Continuing Member Notice;

Sale Consideration means the consideration received for the sale of any securities (less any unpaid calls instalments or interest (if any) accrued on those instalments) pursuant to this Rule;

Small Holders means persons registered, either alone or jointly with any other persons, as the holders of less than a Marketable Parcel of a class of securities in the Company.

73.3 Subject to the provisions of this Rule, the Board may determine no more than once in any twelve (12) month period, to require all (and not merely some) of the Small Holders of any class of securities in the Company to elect whether they wish to remain as the holders of the securities of that class in the Company registered in their name by forwarding to each such Small Holder (including all persons registered jointly) a Continuing Member Notice containing or enclosing:

- (a) details of the securities of that class in the company held by the Small Holder;
- (b) statements to the effect that:
 - (1) the Company intends to invoke the provisions of this Rule which allows for the sale of securities of that particular class held by all Small Holders in that class;
 - (2) if the Company does not receive from any such Small Holder a Continuation Election Notice by the Election Deadline, the Company will be, subject to this Rule, entitled to sell the securities of that particular class held by those particular Small Holders in its absolute discretion; and
 - (3) in the case of a Member whose securities are in a CHESS holding, that the Company may, without further notice, after the Election Deadline, move the securities from the CHESS holding to an Issuer Sponsored or certificated holding for the purpose of sale.
- (c) a Continuation Election Notice;
- (d) a copy of the text of this Rule; and
- (e) any other information which the Directors may desire to include.

73.4 If a Small Holder on whom a Continuing Member Notice has been served wants to keep the securities referred to in the Continuing Member Notice, the Small Holder must give the Company a Continuation Election Notice which must be received by the Company before the Election Deadline, in which event the Company will not sell the securities referred to in the Continuing Member Notice.

- 73.5 If a Small Holder on whom a Continuing Member Notice has been served does not give a Continuing Election Notice which is received by the Company before the Election Deadline, the Company shall be entitled to, subject to this Rule:
- (a) if the Small Holder holds those securities in a CHESSE Holding, move those securities from the CHESSE Holding to an Issuer Sponsored or a certificated holding for the purpose of the sale; and
 - (b) in any case, sell those securities in accordance with this Rule,
- but only if the securities held by the Small Holder in the class of securities the subject of the Continuing Member Notice on the Election Date is less than a Marketable Parcel.
- 73.6 Any securities to be sold pursuant to this Rule may be sold on such terms and conditions, in such manner, at such prices and to such persons (including the Company itself where authorised by law) as the Board may in its absolute discretion think fit and, for the purposes of such sale, each such Small Holder shall be deemed to have:
- (a) appointed the Company as its agent for sale;
 - (b) authorised the Company to effect on its behalf a transfer of the securities sold and to deal with the proceeds of the sale of the securities in accordance with this Rule;
 - (c) appointed the Company, its Directors and the Secretary at the relevant time jointly and severally as its attorney to execute any instrument or take such steps in its name and on its behalf as they or any of them may consider appropriate to transfer the securities so sold; and
 - (d) authorised each of the attorneys appointed under clause 73.60 to appoint an agent to do a thing referred to in clause 73.60.
- 73.7 Any transferee of any securities sold pursuant to this Rule shall not be bound to see to the regularity of any procedure or to the application of the purchase consideration in respect of such sale nor shall any transferee be required to produce the certificates in respect of such securities to enable registration. Once the transferee has been registered as the holder of such securities her/his title shall not be affected by any irregularity or invalidity in any procedure and the only remedy of any Small Holder aggrieved by the sale of its securities pursuant to this Rule shall be in damages only and against the Company exclusively and shall be limited to the amount of the relevant Sale Consideration.
- 73.8 The costs and expenses of any sale of securities pursuant to this Rule (including legal costs and disbursements, brokerage and stamp duty) shall be borne and paid by the Company.
- 73.9 The Sale Consideration shall be held by the Company in trust for the Small Holder whose securities have been so sold.
- 73.10 Upon receipt of the Sale Consideration, the Company shall forthwith notify such Small Holder in writing that the relevant class of securities held by it have been sold and that the relevant Sale Consideration is being held by the Company pending the receipt by the Company of written instructions as to how such moneys are to be dealt with. If the Small Holder has been issued with a share certificate or certificates, the Small Holder's instructions to be effective, must be accompanied by the share certificate or certificates in respect of such securities sold or, if the certificate or certificates have been lost or destroyed, by a statement and undertaking under section 1070D(5) of the *Corporations Act*.
- 73.11 Despite any provision of this Rule, either express or implied, to the contrary:
- (a) the Board shall not be bound to exercise the powers conferred by this Rule and shall be entitled, at any time prior to a sale of securities being effected, to suspend or terminate its use by written notice to the Small Holders affected;
 - (b) the accidental omission by the Company to give any notice required under this Rule or the non-receipt of any such notice by any Small Holder shall not invalidate any action undertaken in good faith pursuant to this Rule;

- (c) the Board may in its absolute discretion settle any ambiguity, difficulty, anomaly or dispute which may arise in relation to the operation of this Rule; and
- (d) no sale of any securities pursuant to this Rule shall be undertaken if prior to such sale a takeover bid (within the meaning of Section 9 of the *Corporations Act*) to acquire securities of the same class as the securities which are to be sold pursuant to this Rule has either been announced as being intended to be made or has been made and is still open for acceptance.

73.12 In the event that the Company is Listed, this Rule shall be subject to the potential operation of the Listing Rules or the ASTC Settlement Rules (as the case may be) to the securities intended to be sold under this Rule.

[See LR 15.13]