



15 February 2019

Dear Shareholder

### **Axxis Technology Group Ltd – Non-Renounceable Rights Issue**

As announced on 15 February 2019, Axxis Technology Group (**AYG** or **Company**), is undertaking a pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) on the basis of 2 New Shares for every 9 existing shares held.

Shares under the Rights Issue will be offered at \$0.032 per New Share. The maximum number of New Shares which may be issued under the Rights Issue is 8,652,810 to raise approximately \$276,890 (before expenses).

The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 15 February 2019.

As announced on 15 February 2019, AYG has entered into a binding term sheet (**Term Sheet**) for the acquisition of 100% of the issued capital of agribusiness and hemp food company ECS Botanics Pty Ltd (**ECS**) (**Acquisition**). To effect the Acquisition, AYG will be required to comply with Chapters 1 & 2 of the Listing Rules (**Recompliance**).

The Company intends that the funds raised from the Rights Issue to cover interim working capital and costs of the Acquisition and Recompliance and otherwise for working capital purposes, as follows:

<b>Use of Funds</b>	<b>\$</b>
Initial Costs of Recompliance and due diligence	\$100,000
Administrative and Corporate Costs	\$30,000
Costs of the Offer	\$60,000
General working capital requirements	\$86,890
<b>Total</b>	<b>\$276,890</b>

*The above table is a statement of current intentions as at the date of this letter. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied.*

*The Board reserves the right to alter the way the funds are applied on this basis.*

The Offer is being made to all shareholders of the Company named on its register of members at 5.00pm WST on Thursday 21 February 2019 (**Record Date**), whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue. Following completion of the Offer, the Company will have issued up to approximately 8,652,810 New Shares, resulting in total Shares on issue of approximately 47,590,456.

Xcel Capital Pty Ltd has been appointed as Lead Manager to the Rights Issue, and will be paid fees for its services, pursuant to the terms and conditions set out in section 5.4 of the Prospectus.

A copy of the Prospectus is available at [www.axxis.com](http://www.axxis.com). Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 5.00pm WST on Wednesday 6 March 2019. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement to New Shares (**Entitlement**), fractions of entitlements have been rounded up to the nearest whole number of New Shares.

### **Actions required of Eligible Shareholders**

There are a number of actions Eligible Shareholders may take, further details of which are set out in the Prospectus:



- If you wish to take up **all** of your entitlement to new shares under the Prospectus, you must complete the Entitlement and Acceptance Form (attached to the Prospectus) in accordance with the instructions set out on the reverse of that form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or by making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to take up only part of your Entitlement (by completing the Entitlement and Acceptance form for only the number of Shares you wish to take up).
- You may wish to apply for shares in excess of your Entitlement (by completing the Entitlement and Acceptance form for your Entitlement and for any Shortfall Shares). The Directors reserve the right to place any available Shortfall Shares at their discretion (further details are set out in the Prospectus).
- If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement

The indicative timetable for the Rights Issue is as follows:

EVENT	DATE*
Prospectus lodged with ASIC Announcement of Rights Issue, Prospectus and Appendix 3B lodged with ASX	Friday 15 February 2019
Notice of Rights Issue sent to Shareholders	Friday 15 February 2019
Ex Date	Wednesday 20 February 2019
Record Date for determining Entitlements (date for determining Shareholder entitlements to participate in the Rights Issue)	Thursday 21 February 2019
Opening Date of Offer Prospectus sent to Shareholders	Monday 25 February 2019
Closing Date of Offer**	Wednesday 6 March 2019
Notification of under-subscriptions to ASX	Monday 11 March 2019
Issue date/New Shares entered into Shareholders' security holdings	Wednesday 13 March 2019
Quotation of New Shares and Dispatch of Holding Statements***	Thursday 14 March 2019

*\* Dates are indicative only*

*\*\*Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the Securities.*

*\*\*\* The Company's securities have been suspended since 22 September 2016 and the Company securities will remain suspended until all necessary shareholder and regulatory approvals are obtained, completion of the proposed Acquisition and until the Company satisfies any re-admission conditions imposed by ASX (which will include the Company convening a shareholder meeting and conducting a further capital raising under a separate prospectus). Due to the Company's long term suspension, and the change in nature and scale of activities which will result from completion of the proposed Acquisition of ECS Botanics Pty Ltd, ASX requires the Company to conduct the Reconciliation. Refer to the Company's announcement of 15 February 2019 for the key terms of the Acquisition and Reconciliation.*

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or the Company.

Yours faithfully,

**Mauro Piccini**  
**Company Secretary**  
**AXXIS TECHNOLOGY GROUP LTD**