



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.

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.

### **Ineligible shareholders**

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you have any queries concerning the Rights Issue, please contact your financial adviser or the Company.

Yours faithfully,

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