



Update Summary

Entity name

DRAGONTAIL SYSTEMS LIMITED

Announcement Type

Update to previous announcement

Date of this announcement

Thursday May 28, 2020

Reason for update to a previous announcement

Approval obtained at General Meeting

Refer to next page for full details of the announcement

Part 1 - Entity and announcement details

1.1 Name of +Entity

DRAGONTAIL SYSTEMS LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

1.2 Registered Number Type

ACN

Registration Number

614800136

1.3 ASX issuer code

DTS

1.4 The announcement is☒ Update/amendment to previous announcement**1.4a Reason for update to a previous announcement**

Approval obtained at General Meeting

1.4b Date of previous announcement(s) to this update

Friday April 3, 2020

1.5 Date of this announcement

Thursday May 28, 2020

1.6 The Proposed issue is:☒ A placement or other type of issue

Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 - Are any of the following approvals required for the placement or other type of issue?

- +Security holder approval
- Court approval
- Lodgement of court order with +ASIC
- ACCC approval
- FIRB approval
- Another approval/condition external to the entity

☒ Yes

7A.1a Conditions

Approval/Condition	Date for determination	Is the date estimated or actual?	** Approval received/condition met?
+Security holder approval	Thursday May 28, 2020	<input checked="" type="checkbox"/> Actual	Yes

CommentsPart 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

☒ New class

Will the proposed issue of this +security include an offer of attaching +securities?

☒ NoDetails of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

☒ Yes

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

☒ No

ASX +Security Code

New class-code to be confirmed

+Security Description

Preference Shares



+Security Type

Other

Maximum Number of +securities proposed to be issued

148,076,926

Reason for the update of 'Maximum Number of +securities proposed to be issued'

Correction to Maximum Number of Securities to be issued

Purpose of the issue

The funds from the issue of the Preference Shares will be used by the Company to repay in full its existing A\$4.3m corporate loan with Alceon and the US\$2m bridge loan provided to the Company by Eldridge, thus discharging all third-party borrowings. The remaining funds will enable Dragontail to accelerate its entry into the US and other global territories, to explore significant business opportunities, and to build a dedicated Sales and Marketing department.

Offer price details for retail security holders

In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.13000

Will all the +securities issued in this class rank equally in all respects from their issue date?

☒ Yes

Oversubscription & Scale back details

May a scale back be applied to this event?

☒ No

Please provide any further information relating to the principal terms of the +securities

Part 7C - Timetable

7C.1 Proposed +issue date

Friday May 29, 2020

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1?

☒ Yes



7D.1a Date of meeting or proposed meeting to approve the issue under listing rule 7.1

Thursday May 28, 2020

7D.2 Is a party referred to in listing rule 10.11.1 participating in the proposed issue?

☒ No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

☒ No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

☒ No

Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?

☒ No

7E.2 Is the proposed issue to be underwritten?

☒ No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

Part 7F - Further Information

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

☒ No

7F.2 Any other information the entity wishes to provide about the proposed issue