

7 June 2016

Dear Option holder,

Velpic Limited (**ASX: VPC** or the **Company**) is proposing a renounceable pro rata entitlement offer to raise up to approximately \$5.85M before issue costs. The offer entitles eligible shareholders to subscribe for 2 new shares for every 5 existing shares held at 5.00pm (WST) on 14 June 2016 (**Record Date**) at an issue price of \$0.03 per new share (**Offer**).

Net proceeds from the Offer will be used for:

Description	Full Subscription
Sales and Marketing	\$2,400,000
Digital product development	\$1,200,000
New premises	\$300,000
General working capital	\$1,764,208
Costs of the Offer	\$191,195
<b>Total</b>	<b>\$5,855,403.</b>

The Offer will be made under a prospectus to be lodged with ASIC on or around 7 June 2016. The prospectus will be available on the ASX website and the Company's website. The prospectus and personalised entitlement and acceptance form will be dispatched to eligible shareholders shortly after the Record Date.

The purpose of this letter is to give you notice that if you wish to participate in the Offer with respect to your options, you must exercise your options before the Record Date. Accordingly, you will need to exercise the portion of your options for which you wish to participate and pay the exercise price for them so that those shares are issued to you prior to the Record Date. Please contact our share registry or the Company should you wish to exercise your options.

If you do not wish to exercise your options you do not need to take any action.

If you choose to participate in the Offer by exercising some or all of your options prior to the Record Date, you will be sent a prospectus and personalised entitlement and acceptance form.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Offer carefully and consult with your professional adviser if necessary.

Should you have any queries in relation to this letter, please do not hesitate to contact the Company Secretary on +61 8 6555 2950 or our share registry on +61 1300 554 474.

Yours sincerely

Piers Lewis  
Company Secretary