

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Velpic Limited

ABN

65 149 197 651

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | <ol style="list-style-type: none">1. Ordinary Shares2. Listed Option3. Listed Option |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <ol style="list-style-type: none">1. 190,104,1812. 95,052,1173. 2,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ol style="list-style-type: none">1. Ordinary Shares2. \$0.06 listed options with an expiry date of 30 June 20183. \$0.06 listed options with an expiry date of 30 June 2018 |

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Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>1. Yes 2 & 3. No, upon exercise of the options into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with the existing class of quoted securities.</p> <p>The option does not entitle the holder to participate in the next interest or dividend payment.</p>
<p>5 Issue price or consideration</p>	<p>1. 3.0 cents 2. Free 1 for 2 attaching option 3. Broker options</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>1. Rights Issue 2. Free attaching 1 for 2 option to rights issue. 3. Issued to Broker for services rendered</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>24/11/2015</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>2,000,000</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil								
6f	Number of +securities issued under an exception in rule 7.2	1. 190,104,181 2. 95,052,117								
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	NA								
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	NA								
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 91,083,163 7.1A – 67,055,442								
7	+Issue dates <small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small> <small>Cross reference: item 33 of Appendix 3B.</small>	7 July 2016								
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">552,013,926</td> <td style="text-align: left;">Fully paid ordinary Shares</td> </tr> <tr> <td style="text-align: left;">97,052,117</td> <td style="text-align: left;">Listed \$0.06 options with an expiry of 30/06/2018</td> </tr> </tbody> </table>	Number	+Class	552,013,926	Fully paid ordinary Shares	97,052,117	Listed \$0.06 options with an expiry of 30/06/2018		
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552,013,926	Fully paid ordinary Shares									
97,052,117	Listed \$0.06 options with an expiry of 30/06/2018									

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	126,040,500	Fully paid ordinary shares (restricted)
	30,980,000	Options to acquire fully paid ordinary shares

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Pro rata issue

11 Is security holder approval required?	No
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12 Is the issue renounceable or non-renounceable?	Renounceable
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13 Ratio in which the +securities will be offered	2 new shares for every 5 shares held, and one free attaching option for every 2 new shares issued
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14 +Class of +securities to which the offer relates	Ordinary Shares
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15 +Record date to determine entitlements	14 June 2016
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16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
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17 Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the nearest whole number
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18 Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Australia and New Zealand
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19 Closing date for receipt of acceptances or renunciations	1 July 2016
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+ See chapter 19 for defined terms.

20	Names of any underwriters	CPS Capital Group
21	Amount of any underwriting fee or commission	5% of underwritten amount of \$2,000,000 and 2,000,000 new options
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	No
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	15 June 2016
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	8 June 2016
28	Date rights trading will begin (if applicable)	10 June 2016
29	Date rights trading will end (if applicable)	17 June 2016
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Through CPS Capital Group
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Through CPS Capital Group
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	7 July 2016

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Items 35 – 42 are not applicable.

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 08/07/2016

(Company secretary)

Print name:

Piers Lewis

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	159,730,003
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	285,500,000 190,104,181 (Ordinary shares subject to this Appendix 3B) 35,220,242
<i>Subtract</i> the number of fully paid +ordinary securities cancelled during that 12 month period	-
“A”	670,554,426

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	100,583,163
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	7,500,000 2,000,000 (unlisted options the subject of this Appendix 3B)
“C”	9,500,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	101,344,551
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	9,500,000
Total [“A” x 0.15] – “C”	91,083,163 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	670,554,426
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	67,055,442
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<p>67,055,442</p>
<p>Subtract “E”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	<p>Nil</p>
<p>Total [“A” x 0.10] – “E”</p>	<p style="text-align: center;">67,055,442</p> <p style="text-align: center;"><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.