

Velpic Limited
ACN 149 197 651

PROSPECTUS
IN RELATION TO:

**NON-RENOUNCEABLE ENTITLEMENT ISSUE
OF SHARES AND FREE ATTACHING OPTIONS**

A pro-rata non-renounceable Entitlement Issue of up to 271,389,270 New Shares at an issue price of \$0.008 each on the basis of 2 New Shares for every 5 Existing Shares held, together with New Options on the basis of 2 New Options for every 7 New Share subscribed for, to raise \$2,171,114 before costs.

Application will be made to list both the New Shares and the New Options.

The last date for applications and payment under the Entitlement Issue to be received is 5:00pm AEST on 20 December 2017 (unless extended)

Important Notice

This document is important and requires your immediate attention.

Applicants should read this Prospectus in its entirety. The securities offered by this Prospectus should be considered speculative.

Important Notice

This Prospectus is dated 30 November 2017 and was lodged with ASIC on that date. Application has been made to ASX for quotation of the New Shares and New Options offered under this Prospectus.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The New Shares offered under this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of offer on the company and the rights attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus at any time prior to the Closing Date on the Company's website at www.velpiclimited.com or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders and others will only be able to accept the Offer, or apply under the Shortfall (as the case may be), by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.5 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by

law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Please read the privacy information located in section 8.17 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in section 12.

Enquiries

If you have any questions please call the Company Secretary on +61 411558940 at any time between 9.00am and 5.00pm (AWST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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Corporate Directory

Directors

Leanne Graham (Non-Executive Chairperson)
Russell Francis (CEO and Executive Director)
Harry Karelis (Non-Executive Director)
Daniel Rohr (Non-Executive Director)

Company Secretary

Catherine Anderson

Registered Office

243 Hay Street
Subiaco WA 6008

Telephone: 1800 463 828

Joint Managers

Jindalee Partners Pty Ltd
Level 5, 235 St Georges Terrace, Perth, WA 6000
AFSL 488739
ABN 68 609 851 587

Merchant Corporate Advisory Pty Ltd
Level 25, 360 Collins Street
Melbourne VIC 3000, Australia
AFSL 303566
ACN 617 902 646

Share Registry

Link Market Services
Level 15, 324 Queen Street
Brisbane QLD 4000

Telephone: 1300 554 474

Facsimile: (02) 9287 0303

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Website

www.velpic.com

Underwriter

Merchant Corporate Advisory Pty Ltd
Level 25, 360 Collins Street
Melbourne VIC 3000, Australia
AFSL 303566
ACN 617 902 646

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

1 TIMETABLE TO THE OFFER

Lodgement of the Prospectus with ASIC and ASX	30 November 2017
Ex-date	5 December 2017
Record date to determine Entitlement (Record Date)	6 December 2017
Closing date for acceptances (Closing Date)	20 December 2017
Issue of New Shares and New Options	29 December 2017
Normal trading of New Shares and New Options expected to commence	2 January 2018

See section 8.7 for full details of the timetable.

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Shares currently on issue ¹	678,473,176
Options currently on issue ^{1 and 2}	138,382,117
New Shares offered under this Prospectus at \$0.008 per New Share (approx.) ¹	271,389,270
New Options offered under the Prospectus exercisable at \$0.02 on or before 30 November 2019. ³	77,539,791
Maximum amount raised under this Prospectus (before costs) ¹	\$2,171,114.16

¹ This assumes no further Shares are issued (including by way of exercise of Options), and that no further options are issued prior to the Record Date and does not take account of any shares or options that may be issued by way of placement as announced to ASX on 27 and 29 November 2017 as that placement had not been finalised by the date of this Prospectus – see Sections 5.5 and 10.1. Investors taking up shares and options under the Placement are not entitled to participate in this Offer for that reason.

² See section 5.5 for a list of the Company's Options currently on issue.

³ See section 9.2 for full terms and conditions of the New Options.

3 CHAIRPERSON'S LETTER

On behalf of the Board of Velpic Limited, I am pleased to present this opportunity for Shareholders to participate in the Rights Issue Offer, to raise up to \$2,171,114 (before costs). Eligible Shareholders will be able to subscribe for 2 new Shares for every existing 5 Shares they hold at an issue price of \$0.008 per Share, with 2 free attaching Options for every 7 new Shares issued with an exercise price of \$0.02 and expiring on 30 November 2019.

Jindalee Partners Pty Ltd and Merchant Corporate Advisory Pty Ltd are acting in the role of lead managers and advisors and Merchant are partially underwriting the Offer for \$1,000,000.

Net proceeds from the rights issue will be primarily used to:

- Fund the strategic acquisition of approximately 5% of NowForce for US\$1 million;
- Launch Velpic Security as the exclusive reseller of NowForce in Australia & New Zealand; and
- Integrate the two platforms to promote sales growth both nationally and internationally.

It is extremely pleasing to be able to find a single partnership that addresses so many of the ambitions of the Velpic Board:

- revenue growth;
- international expansion;
- greater market sector coverage; and
- continuing innovation.

This is a strategic and sensible, transformational partnership for Velpic and NowForce that will add two new SaaS recurring revenue streams to Velpic:

1. Velpic direct sales (existing);
2. NowForce direct sales in Australia and New Zealand (new); and
3. International sales of an integrated NowForce Velpic platform via NowForce and its Partners (new).

Please see the announcement made to ASX on 27 November 2017 and Section 5.2 for further information on the NowForce deal (www.asx.com.au).

My fellow Directors and I are pleased to offer Shareholders the opportunity to participate in this capital raising. Shareholders are urged to read the risks set out in section 6, and to seek their own advice if appropriate. I would like to thank all Shareholders for their support to date. I am hopeful that you will continue to support us and take this opportunity to participate in the Offer.

Yours Sincerely

Leanne Graham
Non-Executive Chairperson
Velpic Limited

4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information
What is the Offer?	<p>2 New Shares for every 5 Existing Shares held on the Record Date at an issue price of \$0.008 per New Share, with 2 free attaching New Options (exercisable at \$0.02 on or before 30 November 2019) for every 7 New Shares issued.</p> <p>Application has been made for the New Shares and the New Options to be quoted on ASX.</p> <p>The Offer will raise up to \$2,171,114 (before costs) if fully subscribed (not including any capital raised by the future exercise of any of the New Options).</p>	Section 5.1
Am I an Eligible Shareholder?	<p>The Offer is only made to Eligible Shareholders, who:</p> <ul style="list-style-type: none">(a) are the registered holders of Shares as at 7.00pm (AEST) on the Record Date; and(b) have a registered address in Australia or New Zealand.	Section 8.4
How will the proceeds of the Offer be used?	Details are set out in Section 5.3	Section 5.3
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none">● Customer uptake risk - there is a risk that the Company may not be able to commercialise its products to the extent required to drive customer uptake.● Customer service risk – if customers have poor experiences with the Company, this may result in the	Section 6

loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of products or services.

- New market entrants and technology risk - the emergence of new competitors in the market, or any technological developments providing an alternative to Velpic's product offerings could impact the market share and the Company's margins and revenue.
- Sovereign Risk - Velpic is investing in NowForce an Israeli based SaaS Company.
- Technology Risk - to realise the potential revenue stream of Velpic being sold embedded within NowForce, Velpic must first be integrated with NowForce.

Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.

Is the Offer underwritten?	The Offer is partially underwritten by Merchant Corporate Advisory Pty Ltd for \$1,000,000 (being 125,000,000 New Shares, with 35,714,286 free attaching Options).	Section 8.5
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Is the Offer subject to any conditions?	The Offer is not subject to any minimum subscription.	Section 8.2
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What will be the effect of the Offer on control of the Company?	<p>The effect of the Offer on control of the Company will vary with the level of Entitlements taken up by Eligible Shareholders and the number of Shortfall Securities placed in the Shortfall Offer.</p> <p>No shareholder will increase their voting power in the Company to 20% or more under the Offer or Shortfall Offer.</p>	Section 5.6
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What are Shortfall Securities?	Any New Shares under the Offer that are not applied for by the Closing Date will become Shortfall Securities. The Shortfall Offer is an offer to issue Shortfall Securities and	Section 8.8
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is a separate offer under this Prospectus.

How do I apply for New Shares and Shortfall Securities under the Offer?	Applications for New Shares and Shortfall Securities can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque or BPAY in the amount of Entitlement and Shortfall Securities applied for.	Section 7
Can I sell my Entitlements?	No, the Offer is non-renounceable meaning Entitlements may not be transferred.	Section 8.6
How will the Shortfall Securities be allocated?	<p>The Underwriter has the sole right to nominate and determine who is to receive the Underwritten Shortfall Securities, following reasonable consultation with and due consideration of any comments provided by the Company.</p> <p>The Directors have absolute discretion to allocate Shortfall Securities that are not Underwritten Shortfall Securities.</p>	Section 8.8
How can I obtain further advice?	Contact the Company Secretary on +61 (0)411 558 940 at any time during business hours until the Closing Date. Alternatively, consult your broker or other professional adviser.	

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The Company is seeking to raise up to approximately \$2,171,114 before issue costs by offering Eligible Shareholders 2 New Shares for every 5 Existing Shares held as at the Record Date at a price of \$0.008 per New Share, with 2 free attaching New Options for every 7 New Shares issued (exercisable at \$0.02 on or before 30 November 2019).

A maximum of 77,539,791 New Options may be issued under the Offer. In the event that these are exercised before their expiry date of 30 November 2019, this would raise a further \$1,550,795 of capital. The effect of this additional capital is not taken account of in this Prospectus however, as it is uncertain if this will occur.

The Offer is partially underwritten to \$1,000,000 or 125,000,000 New Shares. The underwriter is Merchant Corporate Advisory, who is also joint manager with Jindalee.

5.2 The NowForce Deal

As referred to in the Company's announcement to ASX on 27 November 2017, the Company has entered into a strategic partnership with NowForce whereby Velpic is taking part in NowForce's current fund-raising initiative by acquiring up to 5% of NowForce for US\$1m. Of this sum, USD\$250,000 will be paid on or about 30 November 2017. NowForce has developed an affordable, user-friendly SaaS solution for the global Security Industry, a growing market currently worth \$220bn.

In addition to Velpic acquiring an interest in NowForce:

1. Velpic and NowForce will integrate their platforms to provide a seamless value-added solution to new and existing clients of both platforms. The integration will create a solution for the global Security Industry that is unique. Solutions in the Security Industry typically focus on incident management, whereas the integration of Velpic and NowForce will create a product that has a global first-mover-advantage, in that it will be able to better train the people responding to incidents but also educate the people potentially affected by incidents with the ultimate goal of proactively reducing the number of incidents in the first place; and
2. The Velpic NowForce global partnership will extend beyond platform integration with Velpic appointed as NowForce's sole distributor in Australia & New Zealand to service the growing \$8b Australasian security industry. Under its exclusive reseller agreement with NowForce, Velpic will launch Velpic Security, a new specialised service in Australia and New Zealand that will sell the integrated Velpic NowForce industry-leading platform. Velpic Security will specifically target local industries including education, mining, oil & gas, venues and the public sector.

The table in Section 5.3 below sets out the proposed use of funds raised by the Offer with respect to these arrangements with NowForce. It is a term of the agreement with NowForce that the USD\$750,000 that remains unpaid ("Remaining Investment Amount"), shall be paid to NowForce by the Company in one or more instalments each of which shall be made within 3 business days of the completion by the Company of any portion of the combined capital raising of approximately AUD\$3,000,000 through the Placement and Offer. In the event, however, that the Company raises less than AUD\$3,000,000, then the Remaining Investment Amount will reduce proportionately. For example, if the Company only raises,

say, AUD\$1,000,000 (ie 1/3 of the AUD\$3,000,000 target capital raising over the Placement and the Offer) then the Remaining Investment Amount will reduce proportionately (ie in this example, from USD\$750,000 to USD\$250,000).

The Placement involves the issue of up to 121,155,925 Shares to sophisticated investors (along with 34,615,978 options on the same terms as the New Options) to raise \$969,247, as announced to ASX on 27 November 2017, but under which no securities have been issued as at the date of this Prospectus and which securities carry no entitlement to participate in the Offer. It is relevant with respect to NowForce as the Company will be using existing capital and proceeds from the Placement and Offer towards the acquisition of the NowForce investment.

5.3 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (approximately) ¹	Underwritten Amount	Full Subscription
Acquisition of investment in NowForce ²	675,000	1,350,000
Cost associated with NowForce acquisition	115,070	115,070
Launch NowForce in Australia & NZ	-	394,705
Integrate NowForce and Velpic	38,858	70,000
Costs of the Offer	171,072	241,339
Total use of funds	1,000,000	2,171,114

Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 The maximum cost of the acquisition of the investment in NowForce is USD\$1,000,000 and is conditional of the combined Rights Issue and Placement being fully subscribed. In the event that this does not occur, the investment in NowForce will be as set out in Section 5.2 and the figures in this table should be read subject to those comments. Until paid in full, the USD amounts are subject to USD:AUD fluctuations. For the purpose of this document an exchange rate of USD\$1:AUD\$1.35 has been applied. The Company will be using existing capital and proceeds from the Placement and Offer towards the acquisition of the NowForce investment.

In the event that the amount raised under this Prospectus is more than the Underwritten Amount but less than the Full Subscription, it is intended that the additional amount raised

will be applied firstly towards the costs of the Offer and then broadly proportionately to the table in 5.3.

5.4 Statement of financial position

Set out in section 13 is the un-audited Consolidated Statement of Financial Position of the Company and the Consolidated Pro-Forma Statement of Financial Position, as at 30 September 2017 and prepared on the basis of the following assumptions:

- (a) the Offer was effective on 30 September 2017;
- (b) the Placement announced on 27 November is fully subscribed and raises \$969,000; and that the Placement securities carry no right to participate in the Offer;
- (c) no further Shares are issued (including by way of exercise of Options) other than all Shares offered under this Prospectus;
- (d) take up of the Offer is:
 - (i) Underwritten Amount; and
 - (ii) Full Subscription; and
- (e) costs of the Offer are:
 - (i) \$171,072 based on Underwritten Amount
 - (ii) \$241,339 based on Full Subscription Amount

The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are contained in the annual financial report for the year ended June 2017.

Whilst the Company is comfortable with the financial information in the pro-forma balance sheet, the pro-forma balance sheet is based on management accounts that have not been reviewed or audited.

5.5 Effect of the Offer on the Company's securities

Assuming that no existing Options are exercised prior to the Record Date, at the close of the Offer and based purely on the Offer, the capital structure of the Company will be:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Shares	678,473,176	84.44	678,473,176	71.43
New Shares offered under this Prospectus	125,000,000	15.56	271,389,270	28.57
Total Shares	803,473,176	100	949,862,446	100

Options Currently on Issue	
Listed Options (exercise price \$0.06 expiry 30/06/2018)	97,052,117
Unlisted Options (exercise price \$0.06 expiry 31/01/18)	8,000,000
Unlisted Options (exercise price \$0.20 expiry 10/10/2018)	2,750,000
Unlisted Options (exercise price \$0.05 expiry 03/12/2018)	6,280,000
Unlisted Options (exercise price \$0.20 expiry 18/06/2019)	7,250,000
Unlisted Options (exercise price \$0.06 expiry 23/12/2019)	15,000,000
Unlisted Options (exercise price \$0.06 expiry 21/06/2021)	2,050,000
Total existing Options	138,382,117
Maximum New Options offered under this Prospectus (exercise price \$0.02 on or before 30 November 2019, to be listed)	77,539,791
Maximum Total Options following the Offer	215,921,908

The terms of certain Options on issue may allow for the exercise price to change following a rights issue. The new exercise price for those Options will be announced following the ex date of the Offer.

As referred to in Section 5.4(b) above, as at the date of preparing this Prospectus the outcome of the Placement is not known as all funds will not have been received and no securities will have been issued. Assuming the full Placement does occur, then the first of the tables immediately above would change to the following:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Shares	678,473,176	73.38	678,473,176	63.40
Placement Shares	121,155,925	13.10	121,155,925	11.31
New Shares offered under this Prospectus	125,000,000	13.52	271,389,270	25.29
Total Shares	924,629,101	100	1,071,018,371	100

Shares issued under the Placement are not entitled to participate in the Offer hence why this table adds only the Placement shares to the Offer and existing shares (and not Placement shares with an attaching entitlement, as there is not one).

In the table of options on issue, if the Placement occurs, there will be a further 34,615,978 options on issue of the same class as the New Options, meaning the total options on issue in the Company assuming Full Subscription under the Prospectus will be 250,537,886.

5.6 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

(a) Underwriter

Merchant Corporate Advisory has agreed to underwrite the Offer for up to \$1,000,000 or 125,000,000 New Shares (with free attaching options on a 2 for 7 basis).

In the event that no Eligible Shareholders took up their rights under the Offer and no Shortfall is placed to sub-underwriters, Merchant Corporate Advisory may have a voting power of up to 15.56% in the Company. In the event that the Placement occurs, this percentage will reduce to 13.52%.

(b) Others

No shareholder will increase their voting power in the Company to 20% or more under the Offer or Shortfall Offer.

(c) Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect assuming the Full Subscription is raised and no further Shares are issued or options exercised. These percentages will be slightly less if the Placement occurs and an individual Shareholder did not participate in that as well:

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	60,000,000	8.84	20,000,000	60,000,000	6.63
2	30,000,000	4.42	10,000,000	30,000,000	3.31
3	10,000,000	1.47	3,333,333	10,000,000	1.10
4	5,000,000	.7	1,666,667	5,000,000	.5

6 RISK FACTORS

The New Shares offered under this Prospectus are considered speculative due to the inherent risks associated with the Company's activities. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below and together with information contained elsewhere in this Prospectus and all information about the Company and its activities (including financial information) that the Company has released on ASX to date. Shareholders should consult with their professional advisers before deciding whether to apply for the New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business and circumstances. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Prospectus and in particular note that the Company has not yet made a profit, has a history of operating losses and has not yet paid a dividend (nor anticipates doing so in the near future).

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 Risk specific to the Offer

(a) Future funding

The funds raised by the Offer will be primarily used to fund the strategic acquisition of up to 5% of NowForce for US\$1 million; launch Velpic Security as the exclusive reseller of NowForce in Australia & New Zealand; and integrate the two platforms to promote sales growth both nationally and internationally.

The Company may seek to raise further funds in the future. There is a risk that further raisings may not be on terms favourable to, or dilute, existing Shareholders.

(b) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.6(c) above.

(c) Control

The Directors have taken reasonable steps to ensure a reasonable distribution of voting power under the Offer, including the appointment of an underwriter. However, assuming some shareholders take up their Entitlement and others do not, there is a risk that voting power may be consolidated among fewer shareholders and the interests of these Shareholders may not align with other Shareholders' interests.

6.2 Company and industry risks

The risks outlined below are specific to the Company's operations.

(a) Customer Uptake Risk

The global marketplace for SaaS products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of sales and marketing strategies, market research, promotion and sales and licensing campaigns.

Accordingly, there is a risk that the Company may not be able to commercialise its products to the extent required to drive customer uptake, which could adversely impact the Company's operations.

(b) Customer Service Risk

The Company's business model is based on recurring revenue arising from usage. Poor customer service experiences may result if the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of products or services. If any of these occur, it may adversely impact the Company's revenues.

(c) New Market Entrants and Technology Risk

The emergence of new competitors in the market, or any technological developments providing an alternative to Velpic's product offerings could impact the market share that the Company is able to acquire and cause downward price pressure on consumer software and services platforms, thus reducing the Company's margins and revenue. Further, existing providers of similar consumer services may also respond aggressively to Velpic's market growth to retain or regain market share, which could also impact the Company's margins and revenue.

(d) Security Breaches and Hacker Attacks

A malicious attack on the Company's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation, and brand damage resulting in reduced or failing revenues. The Company follows best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise this risk.

(e) Maintaining First Mover Advantage risk

In lieu of patents and more traditional forms of protection of intellectual property, SaaS firms employ a strategy of constant innovation to stay ahead of the competition especially when entering existing markets where the solution is novel

but the problem being solved is not. This is called First Mover Advantage. If innovation is stifled through lack of creativity or funds then this may adversely affect the Company.

(f) Intellectual Property

Securing rights to intellectual property, and in particular patents, is not an integral part of securing overall potential product value with SaaS products entering traditional markets. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although the Company is not aware of any third party interests in relation to the intellectual property rights of the intellectual property, and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its intellectual property, including applications for patents where appropriate, there can be no assurance that these measures have been, or will be sufficient.

(g) Key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(h) Sovereign Risk

Velpic is investing in NowForce an Israeli based SaaS Company. NowForce's activities are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange control, exploration licensing, export duties, repatriation of income or return of capital, labour relations as well as government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The risk of terrorism activities in Israel and the resulting impact upon any future projects is also a relevant risk factor.

(i) Technology Risk

To realise the potential revenue stream of Velpic being sold embedded within NowForce, Velpic must first be integrated with NowForce. Software development projects are subject to risks from technology changes from third parties, time estimation, not being able to source the most appropriately skilled developers, project management between two disparate development teams and budget considerations are also relevant risk factors.

6.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings. The Company's possible revenues and price of its securities can be affected by these factors which are beyond the control of the Company and its Directors.

7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see section 7.3);
- (c) allow all or part of your Entitlement to lapse (see section 7.4).

7.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

7.3 Subscribe for all of your Entitlement and apply for Shortfall Securities

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Securities regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.8 for details of the manner in which Shortfall Securities will be allocated.

Surplus application monies will be returned to Applicants as soon as practicable following the close of the Offer.

7.4 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Securities.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.5 Payment methods

BPAY

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5.00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5.00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

Cheque, bank draft or money order

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Velpic Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.008 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New

Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at either of the following addresses by no later than 5.00pm (AEST) on the Closing Date:

By Post To:	By Delivery To:
Velpic Limited C/- Link Market Services GPO Box 3560 Sydney NSW 2001	Velpic Limited C/- Link Market Services 1A Homebush Bay Drive Rhodes NSW 2138 (not to be used for mailing purposes)

7.6 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares

are suitable for you given your investment objectives, financial situation or particular needs; and

- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

8 DETAILS OF THE OFFER

8.1 Shares offered for subscription

By this Prospectus the Company makes a non-renounceable pro rata offer to Eligible Shareholders of 2 New Shares for every 5 Existing Shares held as at the Record Date at a price of \$0.008 per New Share with 2 free attaching New Options (exercisable at \$0.02 on or before 30 November 2019) for every 7 New Shares issued, to raise up to approximately \$2,171,114.16 before issue costs. Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares are summarised in section 9.

8.2 Minimum subscription

The Offer is not subject to a minimum subscription.

8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.4 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7.00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

8.5 Managers and Underwriter

Jindalee Partners Pty Ltd and Merchant Corporate Advisory Pty Ltd acting the role of lead managers and advisors. Merchant Corporate Advisory is underwriting the issue of up to 125,000,000 Shortfall Securities or \$1,000,000 (**Underwritten Amount**), for which it will paid a fee of AUD\$20,000 (+GST), details of which are set out in Sections 10.3 and 10.5.

Subject to certain conditions, Merchant Corporate Advisory (as “Underwriter”) may terminate the underwriting by notice to Velpic (defined as “Group” or “Issuer” below) without cost or liability to it, at any time after it becomes aware of the happening of any of the following events:

- (a) any adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Issuer and the Group (in so far as the position in relation to an entity in the Group will or may affect the overall position of the Issuer) including any material adverse change in the assets, liabilities, financial position and performance, profits, losses or prospects of the Group from those respectively disclosed publicly;
- (b) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia in which the Issuer offers products or services a new law or any authority of the Commonwealth or any State in which the Issuer offers products or services adopts or announces a proposal to adopt a new policy, any of which does or is likely to materially adversely affect the successful promotion of those products or services or the industry in which the Issuer conducts its business;
- (c) the Issuer withdraws the Offer;
- (d) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the Commonwealth of Independent States or any of its

constituent republics, Canada, Japan, Thailand, Singapore, Malaysia, Hong Kong, North Korea or the Peoples' Republic of China;

(e) the S&P/ASX All Ordinaries Index decreases to a level that is at least 15% below the level of that Index as at the close of trading on the date of Underwriter's appointment as underwriter and remains at or below that level for 3 consecutive Business Days;

(f) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia a new law or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate, in a materially adverse way, the principal business of the Issuer, the Offer, capital issues generally or stock markets generally;

(g) a director of the Issuer is charged with an indictable offence;

(h) there occurs a contravention by the Issuer or any entity in the Group of the Corporations Act or its constitution which materially adversely affects the principal business of the issuer or the Offer;

(i) any litigation, arbitration or other legal proceeding is commenced against any entity in the Group which materially adversely affects the principal business of the issuer or the Offer,

and the Underwriter believes on reasonable grounds acting bona fide that any such event has or is likely to have a materially adverse effect on the Issuer or the Group or on the outcome of the Offer or could give rise to a material liability of the Underwriter.

8.6 No Rights trading

The Rights to Shares are non-renounceable and so no transfer of your entitlement or trading in rights is possible.

8.7 Timetable

The timetable for the Offer is as follows:

Lodgement of the Prospectus with ASIC and ASX	30 November 2017
Ex-date	5 December 2017
Record date to determine Entitlement (Record Date)	6 December 2017
Prospectus with Entitlement and Acceptance Form dispatched	11 December 2017
Closing date for acceptances (Closing Date)	20 December 2017
Deferred settlement trading commences	21 December 2017

Notify ASX of Shortfall	27 December 2017
Issue of New Shares	29 December 2017
Deferred settlement trading ends	29 December 2017
Dispatch of holding statements	29 December 2017
Normal trading of New Shares expected to commence	2 January 2017
Last date to issue Shortfall Securities (see section 8.8)	19 March 2018

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

8.8 Shortfall

Any New Shares not applied for under the Offer will become Shortfall Securities. The Directors reserve the right to issue any Shortfall Securities within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities by completing the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in circumstances which do not require the offer for Shortfall Securities or this Prospectus to be registered.

It is possible that there may be no Shortfall Securities available for issue. The Underwriter has the sole right to nominate and determine who is to receive the Underwritten Shortfall Securities, following reasonable consultation with, and due consideration of any comments provided by the Company. The Directors have absolute discretion to allocate Shortfall Securities that are not Underwritten Shortfall Securities.

The Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities or to issue a lesser number of Shortfall Securities than that applied for, and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If

a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

8.9 Offer outside Australia and New Zealand

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia and New Zealand.

8.10 Treatment of Ineligible Shareholders

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

(a) New Zealand

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

8.11 Beneficial holders, nominees, trustees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

8.12 Issue of New Shares and application money

New Shares will be issued only after ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 29 December 2017 and normal trading of the New Shares on ASX is expected to commence on 2 January 2018.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.13 Quotation

The Company will apply for quotation of the New Shares offered by this Prospectus on ASX within 7 days from the date of the Prospectus. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

8.14 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price (cents)	1.4 cents	0.9 cents	1.1 cents
Date	27/10/17	16/11/17	28/11/17

8.15 CHES

The Company participates in the Clearing House Electronic Subregister System (**CHES**). CHES is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHES, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHES statement.

The CHES statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.16 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

8.17 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.18 Enquiries

Any queries regarding the Offer should be directed to Catherine Anderson, Company Secretary on +61 411558940.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on 1300 554 474.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

9.1 Rights and liability attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company every member has one vote on a

show of hands and one vote upon a poll. Voting may be in person or by proxy, attorney or representative.

(b) **Dividends**

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve.

The Directors may determine the method and time for payment of the dividend.

(c) **Winding up**

Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, any surplus must be divided among the Shareholders in the proportion to the shares held by them. Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) distribute among Shareholders the whole or any part of the property of the Company; and
- (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.

(d) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of, or failure to observe, the provisions of a law of Australia.

(e) **Issue of further Shares**

The Directors may, subject to any restrictions imposed by the Constitution, Listing Rules and the Corporations Act, allot, issue and grant options over further Shares, on such terms and conditions as they see fit.

(f) **Directors**

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election without submitting himself or herself for re-election.

(g) **Variation of Shares and rights attaching to Shares**

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

(h) **Changes to the Constitution**

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) **Listing Rules**

Provided the Company remains admitted to the official list of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. If as a result of an amendment to the Listing Rules, there is an inconsistency between the Constitution and the Listing Rules, the Company shall, subject to the Corporations Act, do all things necessary to change the Constitution to remove the inconsistency as soon as possible and in any event, at the first general meeting of the Company held after the date on which the relevant amendment the Listing Rules comes into operation.

9.2 **New Options**

The free attaching Options to be issued pursuant to the Offer entitles the holder to subscribe for Shares on the following terms and conditions:

The terms and conditions of the Options are as follows:

- (a) Each New Option entitles the holder to acquire one fully paid Share in the Company.
- (b) The New Options are exercisable at any time on or prior to 5:00pm AWST on 30 November 2019 by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the New Options are exercised to the registered office of the Company or to the Company's Share Registry.
- (c) The New Option exercise price is \$0.02 per New Option.
- (d) A New Option does not confer the right to a change in exercise price or a change in the number of underlying Shares over which the New Option can be exercised.
- (e) Shares issued on the exercise of the New Options will be issued no more than fourteen (14) days after receipt of a properly executed exercise notice and application monies. Shares allotted pursuant to the exercise of a New Option will rank equally with the then issued ordinary shares of the Company in all respects.
- (f) New Option holders shall be permitted to participate in new issues of securities on the prior exercise price of options in which case the New Option holders shall be afforded the period of notice as required by the Listing Rules.
- (g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the New Option holder

will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.

- (h) If there is a bonus issue to shareholders, the number of shares over which the New Option is exercisable may be increased by the number of shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
- (i) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the New Option may be reduced in accordance with Listing Rule 6.22.
- (j) Application will be made to list the New Options on ASX.

10 ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as

applicable from time to time throughout the period from lodgement of the Company's annual financial report of the Company for the financial year ended 30 June 2017 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2017 being the last financial report for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since its 2017 annual financial report:

Date	Description of Announcement
29/11/17	Clarification
29/11/17	Reinstatement to Official Quotation
29/11/17	Oversubscribed Placement
29/11/17	Voluntary Suspension from Official Quotation
27/11/17	NowForce Partnership and Capital Raising

27/11/17	Trading halt
21/11/17	App 3B unlisted options cancellation
13/11/2017	App 3B - End of escrow share quotation/cancel options
31/10/2017	App 3B - Issue of staff options
26/10/2017	Quarterly Report and App 4C
19/10/2017	AGM Results
19/10/2017	Investor Update
06/10/2017	App 3B - cancellation of staff options
04/10/2017	Record Growth Achieved for September Quarter
15/09/2017	Notice of AGM and Proxy Form
14/09/2017	Dispatch of Annual Report
31/08/2017	Appendix 4G - Corporate Governance
25/08/2017	Strong Sales Momentum Continues

Publicly available information about the Company is available at www.asx.com.au

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Current holdings		Entitlement	
	Shares	Options	New Shares (1 for 3)	Options (2 options for every 7 shares subscribed for)
Leanne Graham	666,667	7,333,334	222,223	63,492
Russell Francis	40,833,333	11,666,667	13,611,111	3,888,888
Harry Karelis	1,666,667	2,833,334	555,556	158,730
Dan Rohr	5,000,000	736,667	1,666,667	476,190

Remuneration paid to Directors in the two years prior to the date of this Prospectus			
Director	2017/2018 (as at 30 September 2017)	2016/2017	2016/2015
Leanne Graham ¹	10,500	58,296	72,300
Russell Francis ²	79,117	315,240	202,227
Harry Karelis ³	10,500	44,500	126,800
Dan Rohr ⁴	11,308	44,694	52,895

1. Leanne Graham was appointed on 22 October 2015 and is entitled to annual director's fees of \$42,000.

2. Russell Francis was appointed on 22 October 2015, and is entitled to an annual base salary of \$200,000 (excluding superannuation). Remuneration stated above includes any outstanding annual and long service leave liability accrued as at balance date. A probability of 70% has been applied to long service leave to take into account the service period of the director.

3. Harry Karelis is entitled to annual director's fees of \$42,000. Mr Karelis is also a Director of Jindalee and has abstained from all discussions and negotiations with the respect to the subject matter of Jindalee's engagement by the Company, and has not received any benefit from the Company in relation to this, other than his regular director's fees of \$42,000.

4. Daniel Rohr was appointed on 1 March 2016 and is entitled to annual director's fees of \$42,000. Prior to his appointment as a Director, Mr Rohr was consulting to the Company for which he was paid \$87,083, of which \$83,333 was paid in Shares for his services.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors as they from time to time agree and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2-year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Jindalee Partners Pty Ltd will act as a joint manager and corporate advisor to the Company on the Offer; and Merchant Corporate Advisory Pty Ltd will act as a joint manager and also as an underwriter to the Offer.

In respect of this work, the Company entered into a mandate with Jindalee on 30 October 2017 ("Mandate") whereby in relation to capital raising, it receives a monthly retainer of \$7,500 (+GST) for a minimum of 3 months, a capital raising fee of 6% (+GST) (of which up to 4% may be payable to third parties) payable upon successful completion of the Offer; and a fixed capital raising management fee of \$20,000 (+GST) also payable on completion of the

Offer. Merchant Corporate Advisory will be paid an underwriting fee of \$20,000 (+GST). Further information about the underwriting terms is set out in Section 8.5.

Merchant Corporate Advisory has not received any other payments or benefits from the Company in the 2 years prior to the date of this Prospectus.

The Company has paid the sum of USD\$80,000 to Jindalee under the Mandate for its role in assisting the Company in identifying and securing the NowForce opportunity advised to ASX on 27 November 2017. Other than this, Jindalee has not received any other payments or benefits from the Company in the 2 years prior to the date of this Prospectus. Mr Harry Karelis is both a Director of both Velpic Limited and Jindalee and has abstained from all discussions and negotiations with the respect to the subject matter of Jindalee's engagement by the Company, and has not received any benefit from the Company in relation to this, other than his regular director's fees as disclosed in Section 10.2.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Statement/Role
Merchant Corporate Advisory Pty Ltd	Underwriter and Joint Manager
Jindalee Partners Pty Ltd	Joint Manager

10.5 Expenses of the Offer

Assuming Full Subscription, the total estimated expenses of the Offer are as set out below:

Cost¹	(approximately) (\$)
Fundraising expenses	202,767
Legal fees (internal)	10,000
ASX fees	8,982
ASIC and other expenses	2,400
Printing, postage and other (Registry)	17,190
Total	241,339

1 These costs have or will be paid by the Company.

10.6 Litigation

Other than as disclosed elsewhere in this Prospectus, as at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 30 November 2017

Signed for and on behalf of

Velpic Limited by

Russell Francis

12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australia Eastern Summer Time
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Ltd.
AWST	Australian Western Standard Time
Board	the board of Directors.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day.
Closing Date	the date set out in section 1.
Company or Velpic	Velpic Limited (ACN 149 197 651).
Consolidated Entity	means the Company and its subsidiaries.
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Deeds	the indemnity, insurance and access deeds between the Company and each of the Directors.
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form accompanying this Prospectus.
Entitlement or Rights	a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
Existing Share	a Share issued as at 7.00pm (AEST) on the Record Date.
Full Subscription	\$2,171,114.16 before costs.

Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Jindalee	Jindalee Partners Pty Ltd ACN 609 851 587, the joint manager of the Offer
Listing Rules	the listing rules of the ASX.
Manager/s	Jindalee and Merchant Corporate Advisory
Merchant Corporate Advisory	Merchant Corporate Advisory Pty Ltd ACN 617 902 646, the Underwriter and joint manager
New Options	Options offered under this Prospectus.
New Shares	Shares offered under this Prospectus.
Offer	an Offer made under this Prospectus to subscribe for New Shares.
Official List	the official list of the ASX.
Option	an option to purchase a Share.
Optionholder	the registered holder of options in the Company.
Placement	The issue of up to 121,155,925 Shares by way of placement to sophisticated investors (along with 34,615,978 options on the same terms as the New Options) to raise \$969,247, as announced to ASX on 27 November 2017, but under which no securities have been issued as at the date of this Prospectus and which securities carry no entitlement to participate in the Offer.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	a fully paid ordinary share in the Company.
Share Registry	Link Market Services (ABN 54 083 214 537).
Shareholder	the registered holder of Shares in the Company.
Shortfall Offer	the offer of Shortfall Securities under this Prospectus.
Shortfall Securities	New Shares for which valid Applications have not been received by the Closing Date under the Offer.
Underwriter	Merchant Corporate Advisory Pty Ltd.
Underwriting Agreement	the underwriting agreement pursuant to which Merchant Corporate Advisory agreed to underwrite the Offer up to \$1,000,000.
Underwritten Amount	\$1,000,000.
Underwritten Securities	means 125,000,000 New Shares.
Underwritten Shortfall Securities	means Underwritten Securities for which valid Applications have not been received by the Closing Date under the Offer.

US Person

has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act

the United States Securities Act of 1933, as amended.

13 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Capital Raising Fees			Funds Received			Purchase of interest in NowForce		Pro-Forma			
	Unaudited 30 September 2017	Underwritten amount	Full Subscription	Placement	Underwritten amount	Full Subscription	Placement	Underwritten amount - approx 2.5% of NowForce	Fully Subscribed Rights issue & Placement - approx 5% of NowForce	Underwritten amount	Full Subscription	Full Subscription and Placement
Current Assets												
Cash and cash equivalents	2,373,479	(171,072)	(241,339)	(63,509)	1,000,000	2,171,114	969,247	(790,070)	(1,465,070)	2,412,337	2,838,184	3,743,922
Trade and other receivables	504,990									504,990	504,990	504,990
Other current assets	73,713									73,713	73,713	73,713
Total Current Assets	2,952,182	(171,072)	(241,339)	(63,509)	1,000,000	2,171,114	969,247	(790,070)	(1,465,070)	2,991,040	3,416,887	4,322,625
Non-Current Assets												
Plant & Equipment	66,747									66,747	66,747	66,747
Investments (refer Note 1)								675,000	1,350,000	675,000	1,350,000	1,350,000
Intangible Assets	23,662									23,662	23,662	23,662
Goodwill	4,940,017									4,940,017	4,940,017	4,940,017
Total Non-Current Assets	5,030,426	0	0	0	0	0	0	675,000	1,350,000	5,705,426	6,380,426	6,380,426

Total Assets	7,982,608	(171,072)	(241,339)	(63,509)	1,000,000	2,171,114	969,247	(115,070)	(115,070)	8,696,466	9,797,313	10,703,051
Liabilities												
Current Liabilities												
Trade and other payables	712,392									712,392	712,392	712,392
Provisions	19,490									19,490	19,490	19,490
Total Current Liabilities	731,882	0	0	0	0	0	0	0	0	731,882	731,882	731,882
Non-Current Liabilities												
Provisions	60,350									60,350	60,350	60,350
Total Current Liabilities	60,350	0	0	0	0	0	0	0	0	60,350	60,350	60,350
Total Liabilities	792,232	0	0	0	0	0	0	0	0	792,232	792,232	792,232
Net Assets	7,190,376	(171,072)	(241,339)	(63,509)	1,000,000	2,171,114	969,247	(115,070)	(115,070)	7,904,234	9,005,081	9,910,819
Equity												
Issued capital	29,068,461	(171,072)	(241,339)	(63,509)	1,000,000	2,171,114	969,247			29,897,389	30,998,236	31,903,974
Reserves	3,662,041									3,662,041	3,662,041	3,662,041
Accumulated losses	(25,540,126)							(115,070)	(115,070)	(25,655,196)	(25,655,196)	(25,655,196)
Total Equity	7,190,376	(171,072)	(241,339)	(63,509)	1,000,000	2,171,114	969,247	(115,070)	(115,070)	7,904,234	9,005,081	9,910,819

NOTES

- The maximum cost of the investment in NowForce is USD\$1,000,000. This amount is conditional on a successful combined Rights Issue and Placement raising \$3m.
- The amounts stated above for the investment in NowForce is subject to AUD:USD fluctuations.
- The Company will also be using existing capital and proceeds from the Offer and Placement towards the acquisition of the NowForce interest.
- As referred to in the Company's announcement to ASX on 27 November 2017, the Company has entered into a strategic partnership with NowForce whereby Velpic is taking part in NowForce's current fund-raising initiative by acquiring up to 5% of NowForce for US\$1m. Of this sum, USD\$250,000 will be paid on or about 30 November 2017.

- The table in Section 5.3 sets out the proposed use of funds raised by the Offer with respect to these arrangements with NowForce. It is a term of the agreement with NowForce that the USD\$750,000 that remains unpaid (“Remaining Investment Amount”), shall be paid to NowForce by the Company in one or more instalments each of which shall be made within 3 business days of the completion by the Company of any portion of the combined capital raising of approximately AUD\$3,000,000 through the Placement and Offer. In the event, however, that the Company raises less than AUD\$3,000,000, then the Remaining Investment Amount will reduce proportionately. For example, if the Company only raises, say, AUD\$1,000,000 (ie 1/3 of the AUD\$3,000,000 target capital raising over the Placement and the Offer) then the Remaining Investment Amount will reduce proportionately (ie in this example, from USD\$750,000 to USD\$250,000).



Inspired learning.

Velpic Limited

ACN 149 197 651

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 554 474
From outside Australia: +61 1300 554 474
ASX Code: VPC
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Number of Eligible New Shares held as at the Record Date, 7:00pm (AEST) on Tuesday, 6 December 2017:

Entitlement to New Shares (on a 2 New Shares for 5 basis):

Amount payable on full acceptance at A\$0.008 per New Share:

**Offer Closes
5:00pm (AEST): Wednesday, 20 December 2017**

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible New Shareholder you are entitled to acquire 2 New Shares for every 5 Existing New Shares that you hold on the Record Date, together with New Options on the basis of 2 New Options for every 7 New Share subscribed for at an Offer Price of A\$0.008 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Prospectus dated 30 November 2017. The Prospectus contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus.

If you do not have a paper copy of the Prospectus, you can obtain a paper copy at no charge, by calling the Velpic Limited Offer Information Line on 1300 554 474 (within Australia) or +61 1300 554 474 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your entitlement, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on Wednesday, 20 December 2017. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of New Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on Wednesday, 20 December 2017.



Biller Code: [XXXXXXX]
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED



Inspired learning.

ACN 149 197 651

Please detach and enclose with payment

SRN/HIN:

Entitlement Number:



A Number of New Shares accepted (being not more than your Entitlement shown above)

B Payment amount (Multiply the number in section A by A\$0.008)

A\$

C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Velpic Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

D CONTACT DETAILS – Telephone number

Telephone number – after hours

Contact name

VELPIC LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire New Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Velpic Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO NEW SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.008.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$0.008.

C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Velpic Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Velpic Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Prospectus electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Velpic Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Velpic Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on Wednesday, 20 December 2017. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Velpic Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Velpic Limited Offer Information Line on 1300 554 474 (within Australia) or +61 1300 554 474 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.