

30 November 2017

Dear Shareholder

Non-renounceable Rights Issue

On 30 November 2017 Velpic Limited (**Company** or **Velpic**) issued a Prospectus for a non-renounceable pro rata entitlement offer to raise up to approximately \$2.17 million.

The offer will be made on the basis of 2 new shares for every 5 existing shares held, to shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**) as at 7:00pm (AEST) on 6 December 2017 (**Record Date**), at an offer price of \$0.008 per share with 2 free attaching listed options (exercisable at \$0.02 on or before 30 November 2019) for every 7 new shares issued (**Offer**).

Proceeds of the Offer will be used to help fund the strategic acquisition of up to 5% of NowForce for US\$1m, launch Velpic Security as the exclusive reseller of NowForce in Australia and New Zealand, and to integrate the two platforms to promote sales growth both nationally and internationally. Please see the Company's announcement on ASX on 27 November 2017 for further details about NowForce (www.asx.com.au).

Jindalee Partners Pty Ltd (AFSL: 488739) together with Merchant Corporate Advisory Pty Ltd (AFSL:303566) ("Merchant") have been appointed joint managers, with Merchant to partially underwrite the Offer to \$1 million.

New shares to be issued under the Offer will rank equally with existing shares. The Company has applied to ASX for the new shares and new options to be listed. Fractional entitlements will be rounded up to the nearest whole number.

A prospectus for the Offer has been lodged with ASIC on 30 November 2017 and is available on both the ASX website (www.asx.com.au) and the Company's website (www.velpic.com/investor.html).

Full details of the Offer will be contained in the Prospectus to be sent to you along with an accompanying personalised entitlement and application form (**Entitlement and Acceptance Form**).

The indicative timetable for the Offer is set out below:

Prospectus lodged with ASIC and ASX	30 November 2017
Ex date – shares trade ex entitlement	5 December 2017
Record date to determine entitlement (Record Date)	6 December 2017
Prospectus with Entitlement and Acceptance Form dispatched	11 December 2017
Offer opens for receipt of applications	11 December 2017
Closing date for acceptances (Closing Date)	20 December 2017
Notify ASX of shortfall	27 December 2017

Issue of new shares	29 December 2017
Dispatch of shareholding statements	29 December 2017
Normal trading of new shares expected to commence	2 January 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 the Prospectus. As such the date the new shares and new options are expected to commence trading on ASX may vary.

Shareholders should consider the prospectus in deciding whether to acquire new shares under the Offer and will need to complete the Entitlement and Acceptance Form to take up their entitlement. As an Eligible Shareholder, you may at your option take up all or part of your entitlement; take up all of your entitlement and apply for additional shares; or allow all or part of your entitlement to lapse.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Catherine Anderson".

Catherine Anderson
Company Secretary