

30 November 2017

Dear Shareholder

**Non-renounceable Rights Issue – notice to ineligible shareholders**

Velpic Limited (**Company**) has announced a non-renounceable pro rata entitlement offer to eligible shareholders of 2 new shares for every 5 existing shares held at the record date of 7:00pm (AEST) on 6 December 2017, with 2 free attaching options (exercisable at \$0.02 on or before 30 November 2019) for every 7 new shares issued ("Offer"). The issue price for the new shares is \$0.008.

The Offer seeks to raise up to approximately \$2.17 million before issue costs and is partially underwritten by Merchant Corporate Advisory Pty Ltd to \$1 million.

Further details of the Offer, including the rights issue timetable and effect on the Company's capital structure are set out in the Company's announcement on ASX and the Prospectus lodged with ASX on or 30 November 2017.

The Prospectus will be dispatched to eligible shareholders on 11 December 2017.

The Company has decided that it is unreasonable to extend the Offer to shareholders with a registered address outside Australia or New Zealand as at the record date ("Ineligible Shareholders"), having regard to the number of such shareholders, their holdings and the compliance costs required to extend Offer to those shareholders.

The purpose of this letter is to inform you that no offer is being made to you and the Prospectus will not be sent to you as you are an Ineligible Shareholder.

This letter is neither an offer to issue securities to you nor an invitation for you to apply for the new securities under the Offer.

You do not have to take any action in relation to the Offer.

Yours sincerely

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

Catherine Anderson  
Company Secretary