

30 November 2017

Dear Velpic Option Holder

Velpic Limited (**ASX: VPC** or the **Company**) is proposing a non-renounceable pro rata entitlement offer to raise up to approximately \$2,171,114.16 before issue costs. The offer entitles eligible shareholders to subscribe for 2 new shares for every 5 existing shares held at 7.00pm (AEST) on 6 December 2017 (**Record Date**) at an issue price of \$0.008 per new share (**Offer**), along with 2 free attaching options for every 7 shares subscribed for. The options will have an exercise price of 2 cents, and will expire on 30 November 2019. Application will be made to list the options on ASX.

The Offer will be made under a Prospectus lodged with ASIC on 30 November 2017. The Prospectus will be available on the ASX website and the Company's website. The Prospectus and personalised entitlement and acceptance form will be dispatched to eligible shareholders shortly after the Record Date.

The purpose of this letter is to give you notice that if you wish to participate in the Offer with respect to the options you currently hold, you must exercise your options before the Record Date. Accordingly, you will need to exercise the portion of your options for which you wish to participate and pay the exercise price for them so that those shares are issued to you prior to the Record Date. Please contact our share registry or the Company should you wish to exercise your options. If you choose to participate in the Offer by exercising some or all of your options prior to the Record Date, you will be sent a prospectus and personalised entitlement and acceptance form.

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

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

Should you have any queries in relation to this letter, please do not hesitate to contact myself on +61 41158940 or our share registry on +61 1300 554 474.

Yours sincerely

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

Catherine Anderson
Company Secretary