

9 June 2016

Dear Shareholder

### Renounceable Rights Issue

On 7 June 2016 Velpic Limited (**Company** or **Velpic**) announced a renounceable pro rata entitlement offer to raise up to approximately \$5.85 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 as at 7:00pm (AEST) (**Eligible Shareholders**) on 14 June 2016 (**Record Date**), at an offer price of \$0.03 per share with 1 free attaching listed option (exercisable at \$0.06 on or before 30 June 2018) for every 2 new shares issued (**Offer**). Shareholders will be given the opportunity to apply for additional shares in excess of their entitlement.

Proceeds of the Offer will be used to accelerate Velpic's international growth plans through digital marketing and partnerships and continue developing and implementing innovative features within Velpic's cloud-based video eLearning platform.

CPS Capital Group will partially underwrite the Offer to \$2 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 7 June 2016 and is available on both the ASX website ([www.asx.com.au](http://www.asx.com.au)) and the Company's website ([www.velpiclimited.com](http://www.velpiclimited.com)). Full details of the Offer will be contained in the prospectus and accompanying personalised entitlement and application form (**Entitlement and Acceptance Form**) to Eligible Shareholders following the Record Date.

The indicative timetable for the Offer is set out below:

Prospectus lodged with ASIC and ASX	7 June 2016
Ex date – shares trade ex entitlement	10 June 2016
Rights trading commences	10 June 2016
Record date to determine entitlement ( <b>Record Date</b> )	14 June 2016
Prospectus with entitlement and acceptance form dispatched	15 June 2016
Offer opens for receipt of applications	15 June 2016
Rights trading ends	17 June 2016
Closing date for acceptances ( <b>Closing Date</b> )	24 June 2016
Notify ASX of shortfall	28 June 2016
Issue of new shares	30 June 2016
Dispatch of shareholding statements	1 July 2016
Normal trading of new shares expected to commence	1 July 2016

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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:

- a) take up all or part of your entitlement;
- b) take up all of your entitlement and apply for additional shares;
- c) sell all of your entitlement;
- d) take up part of your entitlement and sell the balance of your entitlement;
- e) allow all or part of your entitlement to lapse.

Assuming that no further shares are issued prior to the Record Date (including by way of exercise of options), at the close of the Offer, the capital structure of the Company following the Offer will be:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Shares	487,950,245	87.98	487,950,245	71.43
New Shares offered under the Prospectus	66,666,667	12.02	195,180,098	28.57
<b>Total Shares</b>	<b>554,616,912</b>	<b>100.0</b>	<b>683,130,343</b>	<b>100.0</b>

Options	Underwritten Amount	Full Subscription
Unlisted Options (exercise price \$0.35 expiry 12 January 2017)	3,200,000	3,200,000
Unlisted Options (exercise price \$0.06 expiry 31 January 2018)	4,000,000	4,000,000
Unlisted Options (exercise price \$0.06 expiry 31 January 2018)	4,000,000	4,000,000
Unlisted Options (exercise price \$0.20 expiry 10 October 2018)	2,750,000	2,750,000
Unlisted Options (exercise price \$0.05 expiry 3 December 2018)	9,780,000	9,780,000
Unlisted Options (exercise price \$0.20 expiry 18 June 2019)	7,250,000	7,250,000
<b>Total existing Options</b>	<b>30,980,000</b>	<b>30,980,000</b>
New Options offered under the Prospectus (exercise price \$0.06 on or before 30 June 2018)	33,333,334	97,590,049

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**Total Options following the Offer**

64,313,334

128,570,049

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Yours sincerely

Piers Lewis  
Company Secretary

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