24 August 2018

ASX Announcement

Notice under section 708AA of the Corporations Act

This notice is provided by Cirralto Limited ACN 099 084 143 (**Cirralto** or **Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

On 16 August 2018, Cirralto announced a one for eight non-renounceable pro rata rights issue (**Rights Issue** or **the Offer**) to holders of shares in the Company with a registered address in Australia or New Zealand as at 7:00 pm AEST on 29 August 2018 (**Eligible Shareholders**).

Pursuant to the Rights Issue, the Company will issue up to approximately 48,480,528 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of $0.031 (3.1 cents) per New Share. The Offer Document for the Rights Issue was released to ASX on 24 August 2018 and will be dispatched to Eligible Shareholders on 3 September 2018.

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional shares in excess of their entitlements at the same price as under the Offer.

In accordance with section 708AA(2)(f) of the Corporations Act, the Company hereby gives notice that:

1. Cirralto will offer the New Shares without disclosure to investors under part 6D.2 of the Corporations Act as modified by ASIC Instrument 2016/84;

2. Cirralto is giving the notice under section 708AA(2)(f) of the Corporations Act as modified by ASIC Instrument 2016/84;

3. as a disclosing entity the Company is subject to regular reporting and disclosure obligations;

4. as at the date of this notice, Cirralto has complied with:

a. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and

b. section 674 of the Corporations Act;

5. as at the date of this notice, there is no information (other than as set out below in paragraph 6):

   a. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and

   b. that investors and their professional advisors would reasonably require, and would reasonably expect to find in a disclosure document, for the purposes of making an informed assessment of:

      i. the assets and liabilities, financial position and performance, profit and losses and prospects of Cirralto; or

      ii. the rights and liabilities attaching to the New Shares.

6. The acquisition of Cirralto Business Services Pty Ltd (CBS) by the Company in September 2017 included a contract whereby CBS formed a partner alliance to become accredited resellers and enablement partners within Telstra Limited. As announced on 27 July 2018, the Company received notice that it would no longer be participating in the Telstra Digital Commerce programme. Given the expiry of the contract relationship an impairment of up to $2.5 million to the carrying amount of the asset at 30 June 2018 is expected, subject to audit review.

7. The potential effect the issue of New Shares will have on the control of Cirralto is as follows:

   a. if all Eligible Shareholders take up their entitlements under the Rights Issue, then the Offer will have no significant effect or consequence on the control of Cirralto;

   b. if an Eligible Shareholder does not take up entitlements under the Rights Issue, then the shareholding interest of that shareholder in Cirralto will be diluted;

   c. the shareholding interest of shareholders with a registered address outside of Australia and New Zealand will be diluted as such shareholders are not entitled to participate in the Offer; and

d. no shareholder will increase their voting power in the Company from below 20% to above 20% as a result of the Offer.

The table below sets out the impact of the Rights Issue (assuming fully subscribed) on the capital structure of the Company:

Number of Shares currently on issue	387,844,223
Number of New Shares to be issued under the Offer	Up to 48,480,528
Total Shares on issue on completion of the Offer	Up to 436,324,751

Justyn Stedwell
Company Secretary
On behalf of the Board of Directors
Cirralto Limited