



Redflow Limited

ACN 130 227 271

14 July 2017

Capital Raising

Redflow Limited (**Redflow**) is pleased to announce an equity raising of up to \$14.5 million in multiple tranches.

Overview

The equity raising comprises:

- **Placement Shares** – a placement to sophisticated and professional investors to raise up to a total of \$10.5 million in two tranches, with the second tranche being subject to shareholder approval.
- **Conversion Shares** – subject to shareholder approval, the issue of \$4 million worth of shares to Hackett CP Nominees Pty Ltd, an entity associated with Redflow Executive Chairman, Mr Simon Hackett, by way of conversion of notes already issued.

The issue price is 10 cents per share, representing a 35.48% discount to the closing price of shares traded on 12 July 2017.

Investor Presentation

An Investor Presentation providing details on the outcome of the Redflow Strategic Review and consequent activities being undertaken by Redflow has been released to the market today.

Cash raised via the issue of the Placement Shares will be used to support the working capital requirements of the company and the implementation of key and critical projects that flow from the review process, as described in the Investor Presentation.

Redflow Executive Chairman, Mr Simon Hackett, said “This equity raising process follows a detailed and in-depth strategic review to determine the best forward operating stance for the company. The issue price for shares under this placement was chosen to support a successful capital raising process during a challenging and transitional period in the life of the company. The raising supports the activities noted in the the Investor Presentation. “

Redflow Chief Operating Officer, Mr Richard Aird, said “The activities that Redflow is undertaking to transition manufacturing and to implement key product cost-down projects are critical to the future success of the company. The process of disengagement from our former manufacturing location is substantially complete. Product deliveries will continue from built-up stock-on-hand and stock in transit ahead of the planned resumption of manufacturing in South-East Asia toward the end of this calendar year. Redflow staff are keen and committed to achieving the steps needed to maximise our prospects of future success. “

Placement details

Up to 105 million fully paid ordinary shares will be issued in two tranches as follows:

- **Tranche 1** – approximately 58.2 million shares to raise \$5.82 million. These shares are within the Company's existing placement capacity and accordingly shareholder approval will not be required or sought for the issue of these shares.
- **Tranche 2** – approximately 46.8 million shares to raise \$4.68 million. Shareholder approval for the issue of these shares will be sought for the purposes of Listing Rules 7.1 and 10.11 (in relation to approximately 3 million shares to be issued to Redflow directors).

Conversion of notes

Hackett CP Nominees Pty Ltd has advanced a total of of \$4 million under the convertible note facility advised in announcements dated 29 March 2017 and 16 June 2017 to support the operations of the company during the Strategic Review period.

Under the terms of the convertible note agreement, cash already contributed to Redflow in this manner will be converted to equity on an interest-free basis and on equal terms to the issue of Placement Shares.

These notes will, subject to shareholder approval under Listing Rule 10.11, be converted into 40 million shares. This conversion will extinguish the Company's liabilities under the convertible note facility.

If all shareholder approvals are obtained and all of the Placement and Conversion Shares are issued, Mr Hackett's interest in Redflow is expected to increase from approximately 13.08% to approximately 16.98%.

Shareholder approval

A notice of meeting will be despatched shortly to shareholders to convene an extraordinary general meeting to seek shareholder approval of the issue of the second tranche of the Placement Shares and the Conversion Shares.

Timetable

An indicative timetable for the capital raising is set out below.

Event	Expected Date
Tranche 1 Placement – issue and allotment	Thursday 20 July 2017
Despatch of notice of meeting	Wednesday, 26 July 2017
Extraordinary General Meeting	Friday, 25 August 2017
Tranche 2 Placement and Conversion Shares – issue and allotment	Wednesday 30 August 2017

Morgans Corporate Limited is the sole lead manager and book runner to the Placement.

Ends