

TO CREDITORS AND SHAREHOLDERS

25 June 2015

Dear Sir / Madam

**Re: ALPHATISE LIMITED (ADMINISTRATORS APPOINTED)
ACN 158 717 796
("the Company")**

As you are aware, David John Frank Lombe and I were appointed Joint and Several Administrators of the Company on 5 March 2015 pursuant to Section 436A of the *Corporations Act 2001* ("the Act").

1. Sale of Business

The business and assets of the Company were sold to Alphatise Australia Pty Ltd ACN 605 789 599 ("the Purchaser") on 23 June 2015 and control of the business will be assumed by the Purchaser immediately from this date.

On our appointment, we commenced a sale and marketing campaign, calling for Expressions of Interest for the recapitalisation or sale of the business and assets of the Company. A data room was established with a number of interested parties provided access.

The Administrators had been in discussions with various parties throughout the course of the Administration in an attempt to maximise the return to creditors.

(i) Recapitalisation

Mr Paul Pearson, a director of Alphatise Ltd (Administrators Appointed), approached the Administrators in April 2015 providing a proposal to recapitalise the Company, by raising additional capital from existing shareholders of up to \$1,999,999.

Mr Pearson engaged the services of KBK Equities Pty Ltd to assist with the proposed recapitalisation.

However, no shareholders participated in subscribing to the recapitalisation proposal put forward by Mr Pearson. As a result, the proposed recapitalisation was unsuccessful.

(ii) Sale of Business as a Going Concern

Whilst the Administrators had advertised the business for sale since March 2015, only 1 offer had been received for the business as a going concern. Accordingly, in the absence of any other offers, the Administrators completed a sale to the Purchaser on 23 June 2015. Mr Paul Pearson is a director and shareholder of Alphatise Australia Pty Ltd.

2. Current Outstanding Invoices during the Administration Period

Due to the sale being completed, the Administrators are now in a position to finalise all authorised liabilities incurred during the convening period, from 5 March 2015 to 23 June 2015 inclusive. Please forward copies of outstanding invoices for the referred period to:

Attention: Will Hanrahan
Alphatise Ltd (Administrators Appointed)
c/- Deloitte
PO Box N250 Grosvenor Place
Sydney NSW 1220
Australia
Email: whanrahan@deloitte.com.au

Please note that if you supply goods or services over a monthly or quarterly period, you should provide a pro-rata invoice for the unbilled period to 23 June 2015.

We request that a statement be prepared for the Administrators account as at 23 June 2015.

The Administrators accept no liability for any new purchase orders raised or ongoing supplies after the date of sale.

3. Creditor Claims

The Administrators are not in a position to determine whether there will be any funds available for distribution to unsecured creditors until such time all assets of the Company have been realised. The remaining asset to be realised is a claim for a Research and Development Rebate ("Rebate"). We are progressing the collation of the information to enable a claim to be made.

4. Shareholder Update

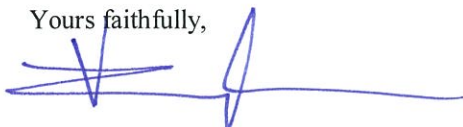
Shareholders are advised that due to the recapitalisation being unsuccessful and there being insufficient assets (including the receipt of any Rebate) to finance all known liabilities of the Company, the Administrators declare that they have reasonable grounds to believe there is no likelihood that shareholders will receive any further distribution for their shares.

5. Report to Creditors pursuant to Section 439A of the Act

The Administrators' investigations are continuing and our preliminary findings when complete will be provided in our Report to Creditors pursuant to Section 439A of the Act. This report is scheduled to be issued in July 2015, prior to the Second Meeting of Creditors.

Should you have any queries, please contact Will Hanrahan of this office on +61 2 9322 3397 or by email whanrahan@deloitte.com.au.

Yours faithfully,



Vaughan Strawbridge
Joint and Several Administrator