

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

FUNTASTIC LIMITED

ABN

94 063 886 199

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,670,998,391 Shares (Entitlement Offer Shares) pursuant to a pro rata renounceable entitlement offer with entitlements trading (Entitlement Offer) |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Only Shares will be issued. |

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>From their issue date, the Entitlement Offer Shares will rank equally with the existing Shares.</p>
<p>5 Issue price or consideration</p>	<p>AU\$0.005 per Share (Issue Price).</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The net proceeds of the Entitlement Offer will be used for:</p> <ol style="list-style-type: none"> 1. The reduction of short term interim debt funding from NAB and other lenders which was advanced to the Company whilst it completed the Entitlement Offer and a restructure of its existing debt facilities. 2. Additional working capital for the Company
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	1,670,998,391	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	The issue date under the Entitlement Offer is scheduled for Monday 18 September 2017	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		2,430,543,114	Shares

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	N/A
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The same dividend entitlements apply to all existing Shares.

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Renounceable
13	Ratio in which the +securities will be offered	11 Entitlement Offer Shares for every 5 Shares held
14	+Class of +securities to which the offer relates	Fully paid ordinary shares
15	+Record date to determine entitlements	7.00pm (Melbourne time) on Tuesday 29 August 2017
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of an entitlement, they will be rounded up to the nearest whole number of new Shares.
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	For the Entitlement Offer, all countries other than Australia or New Zealand.
19	Closing date for receipt of acceptances or renunciations	The Entitlement Offer is scheduled to close at 5,00pm (Melbourne time) on Tuesday 12 September 2017

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20	Names of any underwriters	<p>Each of the following parties (Underwriters) has agreed to underwrite a proportion of the total underwritten amount of \$8 million (Respective Proportion):</p> <ol style="list-style-type: none"> 1. Regal Funds Management Pty Ltd as trustee for the Regal Emerging Companies Fund ABN 30 107 576 821 2. Wilson Asset Management (International) Pty Ltd ACN 081 047 118 3. Arrow Financial Group Pty Ltd ACN 138 545 696 4. G Harvey Nominees Pty Ltd as trustee for the Harvey 1995 Discretionary Trust ACN 001 021 236 5. Shane Tanner and Lisa Wheeler as trustees for the Tanner Superannuation Fund 6. Heath Nominees (Aust) Pty Ltd ACN 083 018 491 7. Northern Star Nominees Pty Ltd ACN 086 208 951 8. Ashaw Pty Ltd as trustee for the Whitehead Superfund ABN 59 797 806 048 9. James Newell Gordon as trustee for the JSG Nominees Family Trust ABN 56 343 835 907 10. Jason Sourasis 11. Liverpool Holding Pty Ltd as trustee for the Lim Family Trust ACN 161 421 923 12. Professional & Sophisticated Investors Pty Ltd ACN 138 753 947 13. Bodie Investments Pty Ltd ACN 007 264 477 14. Grant Mackenzie
21	Amount of any underwriting fee or commission	Each Underwriter receives its Respective Proportion the total underwriting fee of 3% of the gross proceeds of the Offer.
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A

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24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	An Offer Booklet and Entitlement and Acceptance Form will be sent to eligible shareholders on or around Friday 1 September 2017
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	Monday 28 August 2017
29	Date rights trading will end (if applicable)	4.00pm on Tuesday 5 September 2017
30	How do security holders sell their entitlements <i>in full</i> through a broker?	<p>Eligible shareholders who want to sell their entitlements in full on the ASX through a broker are able to do so by instructing their broker personally and providing the details requested in the entitlement and acceptance form.</p> <p>All ASX sales of entitlements must be made by the close of the entitlement trading period on Tuesday 5 September 2017.</p>
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	<p>Eligible shareholders who want to sell part of their entitlements through a broker and accept for the balance are required to:</p> <ul style="list-style-type: none"> • in respect of the part of their entitlement being taken up, complete and return their entitlement and acceptance form to the Funtastic share registry listed in the offer booklet, together with the required application monies (being the Issue Price multiplied by the number of new Shares applied for - Application Monies) or via BPAY by following the instructions set out in

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the entitlement and acceptance form; and

- in respect of the entitlements to be sold, instruct their broker personally and provide details as requested from the entitlement and acceptance form.

All ASX sales of entitlements must be made by the close of the entitlement trading period on Tuesday 5 September 2017.

32 How do security holders dispose of their entitlements (except by sale through a broker)?

Eligible shareholders who wish to transfer all or part of their entitlement to another person other than on the ASX (provided that the purchaser has an address in Australia or New Zealand (or is otherwise an 'eligible person' as described in the offer booklet) and is not in the United States or acting for the account or benefit of a person in the United States) must send a completed Renunciation and Acceptance Form to the Funtastic share registry. If the transferee wishes to take up all or part of the entitlement transferred to them they must send their Application Monies together with the entitlement and acceptance form related to the entitlement transferred to them to the Funtastic share registry.

Renunciation and Acceptance Forms can be obtained through the Funtastic shareholder information line or from a stockbroker.

The Renunciation and Acceptance Form as well as the transferee's application monies and the entitlement and acceptance form related to the entitlement transferred must be received by the Funtastic share registry no later than 5.00pm (Melbourne time) on Tuesday, 12 September 2017

33 +Issue date

The issue date under the Entitlement Offer is scheduled for Tuesday, 19 September 2017

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

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34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

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39 +Class of +securities for which quotation is sought

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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Grant Mackenzie)

Date: 23 August 2017

Print name:

Grant Mackenzie
Company Secretary

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	

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Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
"C"	
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
<p>"A" x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract "C"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p>Total ["A" x 0.15] – "C"</p>	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
<p>“A”</p> <p><i>Note: number must be same as shown in Step 1 of Part 1</i></p>	
Step 2: Calculate 10% of “A”	
<p>“D”</p>	<p>0.10</p> <p><i>Note: this value cannot be changed</i></p>
<p>Multiply “A” by 0.10</p>	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p>Notes:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
<p>“E”</p>	

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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	
Total ["A" x 0.10] – "E"	 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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