



13 September 2018

The Manager
Market Announcements Office
ASX Limited

Dear Sir/Madam

ASX Announcement

Letters to Eligible and Ineligible Shareholders

Funtastic will despatch the attached two notices on Friday, 14 September 2018 in accordance with the ASX Listing Rules.

- Appendix 1 – Letter to Eligible Shareholders
- Appendix 2 – Letter to Ineligible Shareholders

For more information, please contact:

Howard Abbey
Company Secretary
Funtastic Limited

+61 3 9081 9100
howard.abbey@funtastic.com.au



Appendix 1 – Letter to Eligible Shareholders

14 September 2018

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder

FUNTASTIC LIMITED \$7 MILLION NON-RENOUNCEABLE ENTITLEMENT OFFER - NOTIFICATION TO ELIGIBLE SHAREHOLDERS

On Thursday, 13 September 2018, Funtastic Limited ACN 063 886 119 (**Funtastic**) announced that it was conducting a 1 for 1 pro rata non-renounceable entitlement offer of new shares in Funtastic (**New Shares**) at an offer price of A\$0.06 per New Share (**Offer Price**) to raise approximately A\$7.0 million (**Entitlement Offer**).

The Entitlement Offer is underwritten by Bell Potter Securities Limited to \$2.1 million and by JASZAC Investments Pty Ltd to \$4.9 million.

Funtastic has also announced a placement of New Shares to institutional investors to raise a further approximately \$1.23 million (**Placement**). 20,562,620 New Shares were issued under the Placement (each of which will carry an entitlement to participate in the Entitlement Offer).

This letter is to inform you that you are an eligible shareholder (as described below, **Eligible Shareholder**) for the purposes of the Entitlement Offer.

The Entitlement Offer

The Entitlement Offer comprises an offer to Eligible Shareholders to acquire New Shares at the Offer Price. The Entitlement Offer is being made by Funtastic without a disclosure document in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Rationale for the Entitlement Offer

The proceeds of the Placement and Entitlement Offer are being used to settle Funtastic's outstanding indebtedness with its financier, to provide Funtastic with additional working capital and to pay the costs of the Placement and Entitlement Offer. For further detail in relation to the proposed use of the proceeds, as well as the expected impact of the Placement and Entitlement Offer on the Company, please see Funtastic's announcement and investor presentation given to ASX Limited (**ASX**) on Thursday, 13 September 2018.

Further details regarding Entitlement Offer

As an Eligible Shareholder, you are eligible to subscribe for 1 New Share for every existing Funtastic ordinary share held on the record date (**Entitlement**), being 7.00pm (Melbourne time) on Tuesday, 18 September 2018 (**Record Date**). New Shares issued under the Entitlement Offer will rank equally with existing Funtastic ordinary shares in all respects. As the Entitlement Offer is being conducted on the ratio of 1 for 1, it is not expected that there will be any rounding of Entitlements.

It is expected that on completion of the Entitlement Offer (ie after the issue of 116,588,447 New Shares), the Company will have 233,176,894 shares on issue.

Eligible Shareholders

Eligible Shareholders are those persons who:

- are registered as a holder of shares in Funtastic as at the Record Date;
- have a registered address on the Funtastic share register in Australia or New Zealand;



- are not in the United States and are not acting for the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

Offer Booklet

This letter is not an offer document but rather advanced notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in an offer booklet (**Offer Booklet**), copies of which will be available on the ASX website www.asx.com.au and Funtastic's website at www.funastic.com.au from Friday, 21 September 2018.

Eligible Shareholders will be mailed an Offer Booklet, together with a personalised Entitlement and Acceptance Form which contains details of your Entitlement, on or around Friday, 21 September 2018. You should read the Offer Booklet carefully before deciding whether to participate in the Entitlement Offer.

Action required by Eligible Shareholders

Entitlements may have value and it is important that Eligible Shareholders determine whether to take up in whole or part, or do nothing, in respect of their Entitlement. If you do not wish to take up your Entitlement, you are not required to take any further action.

If you choose to do nothing in respect of all or a part of your Entitlement, part or all (as applicable) of your Entitlement will lapse and you will receive no benefit.

The tax consequences from taking up your Entitlement or from doing nothing may be different. Before taking up your Entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice (and you may wish to refer to the tax disclosures contained in the Offer Booklet which will provide information on potential implications for Australian shareholders).

Further information in relation to the Entitlement Offer has been disclosed on ASX.

Key Dates for Eligible Shareholders

Announcement of the Entitlement Offer	Thursday, 13 September 2018
"Ex" date	Monday, 17 September 2018
Record Date (7.00pm Melbourne time)	Tuesday, 18 September 2018
Offer Booklet despatched	Friday, 21 September 2018
Entitlement Offer opens	Monday, 24 September 2018
Entitlement Offer closes (5:00pm Melbourne time)	Tuesday, 02 October 2018
Issue of New Shares under the Entitlement Offer	Tuesday, 09 October 2018
New Shares under the Entitlement Offer commence trading on ASX on a normal ("T+2") settlement basis	Wednesday, 10 October 2018

The timetable above is indicative only and may be subject to change without notice. Funtastic, with the consent of the underwriters of the Entitlement Offer in certain situations, reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws to amend or vary any or all of the dates and times without notice. In particular, Funtastic reserves the right to extend the closing date of the Entitlement Offer, accept late applications (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.



Shareholder enquiries

If you have any questions, please call Funtastic on 03 9081 9100 (within Australia) or +61 3 9081 9100 (from outside Australia) between 8:30am and 5:30pm (Melbourne time) Monday to Friday during the Entitlement Offer period, or consult your stockbroker, lawyer, accountant, financial adviser or other independent professional adviser.

The board of Funtastic is pleased to offer this opportunity to you.

Yours faithfully

Shane Tanner
Chairman
Funtastic Limited

Important Information

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States, or in any other jurisdiction in which such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit an offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered, sold or resold to, persons in the United States or to persons who are acting for the account or benefit of a person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, lawyer, tax adviser, stockbroker, financial adviser or other professional adviser.



Appendix 2 – Letter to Ineligible Shareholders

14 September 2018

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder

FUNTASTIC LIMITED \$7 MILLION NON-RENOUNCEABLE ENTITLEMENT OFFER - NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On Thursday, 13 September 2018, Funtastic Limited ACN 063 886 119 (**Funtastic**) announced that it was conducting a 1 for 1 pro rata non-renounceable entitlement offer of new shares in Funtastic (**New Shares**) at an offer price of A\$0.06 per New Share (**Offer Price**) to raise approximately A\$7.0 million (**Entitlement Offer**).

The Entitlement Offer is underwritten by Bell Potter Securities Limited to \$2.1 million and by JASZAC Investments Pty Ltd to \$4.9 million.

Funtastic has also announced a placement of New Shares to institutional investors to raise a further approximately \$1.23 million (**Placement**). 20,562,620 New Shares were issued under the Placement (each of which will carry an entitlement to participate in the Entitlement Offer).

This is a letter to inform you that you are not an Eligible Shareholder for the purposes of the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. You are not required to do anything in response to this letter.

Eligible Shareholders

Eligible Shareholders are those persons who:

- are registered as a holder of shares in Funtastic as at the record date of 7.00pm (Melbourne time) on 18 September 2018;
- have a registered address on the Funtastic share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

Funtastic has determined, pursuant to section 9A of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders in all countries outside Australia or New Zealand in connection with the Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to Funtastic of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing Funtastic ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled to subscribe for.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, Funtastic wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer or be able to subscribe for New Shares under the Entitlement Offer.

Treatment of ineligible shareholders' entitlements

Shareholders who are not Eligible Shareholders are not entitled participate in the Entitlement Offer, or to trade or exercise their entitlement to be issued New Shares (**Entitlements**).



You are not required to do anything in response to this letter.

If you have any questions in relation to any of the above matters, please call Funtastic on 03 9081 9100 (within Australia) or +61 3 9081 9100 (from outside Australia) between 8:30am and 8:30pm (Melbourne time) Monday to Friday during the Entitlement Offer period, or consult your stockbroker, lawyer, accountant, financial adviser or other independent professional adviser.

On behalf of Funtastic, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

Yours faithfully

Shane Tanner
Chairman
Funtastic Limited

Important Information

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States, or in any other jurisdiction in which such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit an offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered, sold or resold to, persons in the United States or to persons who are acting for the account or benefit of a person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, lawyer, tax adviser, stockbroker, financial adviser or other professional adviser.