

6 June, 2017

ASX ANNOUNCEMENT

NETLINKZ FUNDRAISING

Netlinkz Limited (ASX:NET) (**Company** or **NetLinkz**) has entered into a conditional Subscription Agreement with QMAC Capital International Partners LP (**QMAC**) pursuant to which QMAC has agreed to subscribe for the issue of 315,000,000 new fully paid ordinary shares in the Company (**Shares**) at an issue price of A\$0.02 per Share to raise A\$6,300,000 (**Placement**).

The Company will also issue one free option for every two shares (with each option being exercisable into one Share) (**Options**) to QMAC. Each Option will have an exercise price of A\$0.01 and an expiry date of 12 months from the date of issue of the Options.

The Shares and Options to be issued under the Placement will be issued in two tranches. The first tranche will comprise the issue of 155,800,000 Shares (A\$3,116,000) which will be issued without the approval of NetLinkz's shareholders in reliance on the Company's available placement capacity under ASX Listing Rules 7.1 (74,160,000 shares) and 7.1A (81,640,000 shares) (**Tranche 1**). QMAC has entered into a voluntary 3-month escrow agreement for Tranche 1.

The remaining 159,200,000 Shares and 157,500,000 Options to be issued under the Placement will be subject to shareholder approval (**Tranche 2 Securities**). The funds received by the Company for the 159,200,000 Shares will be held in trust until shareholder approval is received for the issue of these shares.

A Notice of General Meeting seeking shareholder approval for, among other things, the issue of the Tranche 2 Securities is being prepared (**General Meeting**) and the Company, in due course, will provide shareholders with further details. Netlinkz has engaged Grant Thornton to prepare an independent expert's report on QMAC's participation in the Placement.

The Directors unanimously support the Placement and will be recommending to shareholders that they vote in favor of the resolution to approve the issue of the Tranche 2 Securities.

Netlinkz remains in discussions with other interested parties seeking to invest. Netlinkz anticipates concluding these discussions within the next 48 hours.

The following unaudited pro-forma balance sheet is provided to show the effect of the fundraising on Netlinkz's financial position following completion of the Placement as at 31 March 2017.

The Shares to be issued under the Placement will rank equally with existing Shares as at the date of their issue. The funds raised under the Placement will be used to continue NetLinkz's future operations and business objectives, to pay outstanding creditors and borrowings and for general working capital purposes.

Netlinkz will be making further announcements in the coming days and will be requesting the lifting of the ASX voluntary suspension as soon as possible.

Pro-Forma Statement of Financial Position (unaudited)

	Note	31 March 2017	Tranche 1	Tranche 2	Pro-forma
Current assets					
Cash and cash equivalents	1	21,865	1,061,772	1,514,893	2,598,530
Trade and other receivables		4,461			4,461
Total current assets		<u>26,327</u>			<u>2,602,991</u>
Non-current assets					
Property, plant and equipment		10,584			10,584
Other		49,209			49,209
Total non-current assets		<u>59,793</u>			<u>59,793</u>
Total assets		86,119			2,662,784
Current liabilities					
Trade and other payables	1	1,905,278	(1,905,278)		-
Borrowings	1	643,656	(148,950)	(494,706)	-
Total current liabilities		<u>2,548,934</u>			<u>-</u>
Non-current liabilities					
Borrowings	1	1,174,401		(1,174,401)	-
Total non-current liabilities		<u>1,174,401</u>			<u>-</u>
Total liabilities		3,723,335			-
Net assets		<u>(3,637,216)</u>			<u>2,662,784</u>
Equity					
Issued capital		24,516,962	3,116,000	3,184,000	30,816,962
Reserves		1,320,075			1,320,075
Retained profits		(29,474,254)			(29,474,254)
Total equity		<u>(3,637,216)</u>			<u>2,662,784</u>

1. Funds received under the Placement total A\$6,300,000 (comprising; Tranche 1; A\$3,116,000 and Tranche 2 Securities shares; \$3,184,000, before costs.

Capital raising funds	3,116,000	3,184,000
Application of funds	(2,054,228)	(1,669,106)
	<u>1,061,772</u>	<u>1,514,894</u>

*****ENDS*****

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About NetLinkz Limited

Netlinkz provides secure and efficient cloud network solutions and is the world's only fully meshed peer-to-peer network provider. The company's technology makes Fortune-500 security commercially available for organizations of all sizes. Netlinkz has received numerous industry awards for its technology, including being a worldwide winner of the Global Security Challenge.