

## ASX AND MEDIA RELEASE

16 August 2017

Helmsman Funds Management Limited (ACN 100 489 763) as trustee for the Helmsman Capital Fund Trust IIA (**Helmsman**) and Mr Edmond Tern advanced unsecured loan funds to Q Technology Group Limited ("**QTG**") for working capital purposes through the course of 2016 and 2017.

QTG has taken significant further steps to strengthen its balance sheet and provide a solid level of positive net assets by negotiating with both Mr Tern and Helmsman to amend the terms of their respective existing debt to extend the maturity date and allow for, subject to shareholder approval and compliance with the *Corporations Act 2001* (Cth), the conversion of the existing debt into equity.

QTG is pleased to announce that terms have now been agreed with Helmsman and Mr Tern which have been formally documented by each party in Convertible Note Deeds which are summarised as follows:

### **Convertible Note Facility with Mr Edmond Tern**

QTG has entered into a \$300,674 Convertible Note Facility with Mr Tern (**Tern Convertible Note Facility**) on the following principal terms:

Facility Amount: \$300,674.00.

Conversion Price: \$0.005 per fully paid ordinary share.

Conversion Period: The period commencing on the date on which QTG obtains shareholder approval for the conversion in accordance with ASX Listing Rules 7.2 and 10.11 and ending one month later.

Maturity Date: 30 November 2018.

Interest: 8% per annum payable in arrears on 3 months from the draw down date and the last day of each month thereafter.

Conversion Terms: Conversion of the Tern Convertible Note Facility is subject to QTG obtaining shareholder approval in accordance with ASX Listing Rules 7.2 and 10.11. If shareholder approval is provided pursuant to ASX Listing Rules 7.2 and 10.11 then Mr Tern must convert all the entire Tern Convertible Note Facility into ordinary shares.

**Convertible Note Facility with Helmsman**

QTG has entered into a \$500,000 Convertible Note Facility with Helmsman (**Helmsman Convertible Note Facility**), of which only \$300,000 of the Helmsman Convertible Note Facility has been drawn down by QTG as at the date of this announcement. The Helmsman Convertible Note Facility contains the following principal terms:

Facility Amount: \$500,000.00.

Conversion Price: \$0.003 per fully paid ordinary share.

Maturity Date: 30 November 2018.

Interest: 8% per annum payable in quarterly in arrears.

Conversion Period: The period commencing on the date on which QTG obtains shareholder approval for the conversion in accordance with ASX Listing Rules 7.2 and ending one month later.

Conversion Terms: Conversion is subject to:

- (a) QTG obtaining shareholder approval in accordance with ASX Listing rule 7.2 for the conversion of the Helmsman Convertible Note Facility;
- (b) the Capital Raising (discussed below) being completed; and
- (c) Mr Tern converting the Tern Convertible Note Facility into securities in QTG.

In any event, the Helmsman Convertible Note Facility is not capable of being converted by Helmsman if such conversion would result in an increase of Helmsman's current relevant interest in securities of QTG. It is anticipated that following completion of the Capital Raising and full conversion of the Tern Convertible Note Facility, Helmsman will be able to convert Helmsman Convertible Note Facility without increasing its relevant interest in securities of QTG beyond its existing relevant interest as at the date of this announcement.

QTG advises that it intends to seek the necessary approvals from shareholders for the purposes of ASX Listing Rules 7.1, 7.1A, 7.2 and 10.11 at the next Annual General Meeting ("**AGM**"). QTG will provide an Appendix 3B in respect of the Convertible Note Facilities once shareholder approval is given.



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## Capital Raising

QTG also advises that it is currently seeking to appoint a sponsor broker to assist with capital raising via a placement of up to 25% of ordinary shares in line with the shareholder approval from the last AGM, the proceeds from which will be used to provide additional working capital to support future growth in Q Technology's existing businesses (**Capital Raising**) consistent with the existing turnaround plan and previous announcements.

Further details of the Capital Raising (including an indicative timetable, the record date and amount to be raised) will be announced by the Company in due course.

Warren Sainsbury  
Managing Director and CEO

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### About Q Technology Group Limited

*Q Technology Group Limited is based in Melbourne, Victoria. The Group has annualised revenues of approximately \$17 million as a leader in the supply and support of high quality CCTV, video switching, networking, alarm and access control products.*

*For more information on the Company please visit*

<http://www.qtechnologygroup.com.au>

<http://www.qsecuritysystems.com.au>