



27 May 2014

Company Announcements Office
Australian Securities Exchange Limited

Redflow announces intention to undertake fully underwritten capital raising of approximately \$6.06 million

Redflow Limited (**Company**) is pleased to announce that it intends to raise approximately A\$6.06 million before costs via a fully underwritten pro-rata non-renounceable entitlement offer.

The entitlement offer consists of a fully-underwritten pro-rata non-renounceable entitlement offer of two new shares for every seven shares held at an issue price of \$0.11 per new share (**Entitlement Offer**). Under the Entitlement Offer, the Company will issue up to 55,073,534 new shares.

The Entitlement Offer is fully underwritten by Morgans Corporate Limited (**Underwriter**) and partially sub-underwritten by Mr Stuart Smith, the Company's Managing Director, Mr Howard Stack, the Company's Chairman and Mr Bruce Brown, a non-executive director of the Company.

Eligible shareholders may also apply for new shares in excess of their entitlement, although any application for additional new shares may be scaled back at the Company's discretion.

Entitlements are non renounceable and will not be tradeable on ASX or otherwise transferable.

Participation in the Entitlement Offer will be open to shareholders on the record date of 7.00pm on Monday, 2 June 2014 with a registered address in Australia, New Zealand, United Kingdom, Hong Kong or Singapore (**Eligible Shareholders**).

The non-executive directors of the Company intend taking up their entitlements in full.

The proceeds of this capital raising will be applied to working capital, new machinery, inventory and specific product improvements and, combined with placement proceeds, is expected to see the company get to a cash flow positive position under the current business plan.

The Company has made significant progress over the past 18 months. Having a product with all DC componentry, the imminent completion of the Cleantech funded prototype, the commencement of outsourcing manufacturing and 3 current system integration partners, places the Company in a good position to focus on completing the transition to Flextronics and converting the sales pipeline to firm orders.

The indicative timetable of the Entitlement Offer is outlined below.

Indicative Timetable*

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| Record Date to determine Entitlements | 7pm (Sydney time) Monday 2 June 2014 |
| Entitlement Offer Booklet and Entitlement and Acceptance Forms despatched | 5 June 2014 |
| Opening date of the Entitlement Offer | 5 June 2014 |
| Closing Date – last date for lodgement of Entitlement and Acceptance Forms and payment of Application Money | 5pm (Sydney time) Thursday 19 June 2014 |
| Securities quoted on a deferred settlement basis | 20 June 2014 |
| Issue of New Shares | Thursday 26 June 2014 |
| Holding Statements for New Shares expected to be despatched | 27 June 2014 |
| Normal trading of New Shares expected to commence on ASX | 27 June 2014 |

**The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Entitlement offer or accepting late applications, without notice.*

The Entitlement Offer will be conducted in accordance with section 708AA of the Corporations Act 2001 (*Cth*) and Eligible Shareholders will be sent an entitlement offer booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer on Thursday, 5 June 2014.

Howard Stack Chairman

For further information contact:

Howard Stack
Chairman
Phone : +61 7 3376 0008
Email: howard.stack@redflow.com

Stuart Smith
CEO
Phone: +61 7 3376 0008
Email: stuart.smith@redflow.com