

8 April 2014

Dear Shareholder

### Notice to shareholders of Entitlements Offer

We write to you as the registered holder of Advanced Braking Technology Limited (ASX:ABV) (**Company**) shares as at today's date.

As advised in an ASX announcement on 8 April 2014, the Company is undertaking a non-renounceable pro rata offer of shares to its shareholders.

The pro rata offer is on the basis of 1 new share for every 3 shares held at the Record Date each at an issue price of 0.7 cents per Share (**Entitlements Offer**) to raise approximately \$2,583,157 (before costs).

The Entitlements Offer is not underwritten but is being lead managed by PAC Partners Pty Ltd.

### Background to the Offer

At the last Annual General Meeting, I announced that the Company had commenced work on a three year plan to address the following:

- (a) a detailed assessment of the Australian market in the mining and truck segments. This assessment will determine the total potential market in selected segments such as waste collection and the likely growth opportunities over the next five years;
- (b) a further assessment of the global market opportunities in the same fields;
- (c) completion of a technology road map to determine opportunities in adjacent fields in the mining, truck and automotive markets. This will include areas such as the bus market and specific segments within such markets;
- (d) identification of further product and manufacturing process intellectual property opportunities arising out of the above assessment work;
- (e) a detailed review of the engineering management process including upgrading of R&D and design software and staff capabilities; and
- (f) supply chain analysis to ensure that we have the correct approach to manufacture of current and future products.

This three year plan will lay down the path to break even and then to an acceptable return on investment and growth in total shareholder return.

We also announced on 18 March 2014 that Advanced Braking Technology sees significant opportunity in the market to grow its international business through the development of new channels to market. With our R&D spend having produced a number of innovations in wet brake technology; it is time to shift the emphasis toward the successful commercialisation and exploitation of these efforts.

In doing so the Company, led by our new CEO Mr Graeme Sumner and our revitalised Board, will focus its efforts on generating earnings from its existing well established business lines;

Your Company also recently reported half-year results for the period ended 31 December 2014 which highlighted the success of our core mining products and parts business, but which also identified the narrow focus of the company in its products and geographies.

This capital raising is designed to address and expand our reach into new product markets and geographical territories, as well as for general corporate purposes.

Advanced Braking Technology intends to use the net proceeds from the Entitlements Offer to provide working capital to assist in the expansion of distribution arrangements, increased product production as well as for general corporate purposes.

### **The Entitlements Offer**

The Entitlements Offer is being offered without a prospectus. Only shareholders with a registered address in Australia or New Zealand are eligible to participate in the Entitlements Offer.

The Entitlements Offer is available to all shareholders of the Company registered on the Record Date of 17 April 2014 with a registered address in Australia or New Zealand. If you remain as a shareholder on the Record Date, the Information Booklet in relation to the Entitlements Offer will be sent out to you on the 10 April 2014.

New shares issued pursuant to the Entitlements Offer will rank equally with all fully paid ordinary shares in the capital of the Company already on issue. Following completion of the Entitlements Offer, the Company will have issued approximately 369,022,463 new shares resulting in total shares on issue of approximately 1,476,089,852.

For the purposes of calculating each eligible shareholder's entitlement, fractions of entitlements have been rounded up to the nearest whole number of new shares.

The Entitlements Offer Information Booklet has been lodged with the ASX and is available on ASX's website and a copy is also available on our website [www.advancedbraking.com](http://www.advancedbraking.com).

The indicative timetable for the Entitlements Offer is below:

Announcement of Entitlement Offer and Information Booklet lodged with ASX	8 April 2014 (pre-market open)
Notice of Entitlement Offer sent to Shareholders	10 April 2014
Shares commence trading on an ex basis	11 April 2014
Record Date for the Entitlement Offer (5:00pm WST)	17 April 2014
Opening Date of Entitlement Offer (9:00am WST)	22 April 2014
Closing Date of Entitlement Offer (5:00pm WST)	7 May 2014
Shares commence trading on deferred settlement basis	8 May 2014
Notify ASX of under subscriptions	9 May 2014
Allotment of New Shares	12 May 2014
Despatch of holding statements for New Shares and deferred settlement trading ends	13 May 2014
Normal trading of New Shares on ASX begins	14 May 2014
Completion of placement of Shortfall (if applicable)	7 August 2014

The Board recognises, and greatly appreciates, the importance of our loyal and supportive Shareholders, and wish to reward Shareholders by issuing an additional loyalty-based security (**Loyalty Options**). Further details regarding the Loyalty Options offer will be contained in the offer document to be sent to eligible shareholders following completion of the Entitlements Offer.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'B. Grey', enclosed within a large, loopy oval stroke.

Mr Bruce Grey  
Chairman