

30 January 2015



Dear Shareholder,

**DONACO INTERNATIONAL LIMITED
ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER
NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On 30 January 2015 Donaco International Limited (**Donaco**) announced a non-renounceable pro-rata accelerated entitlements issue of up to approximately 220,002,963 new Donaco ordinary shares (**New Shares**) at an issue price of \$0.60 cents each (**Entitlement Offer**) to be offered to certain eligible shareholders on the basis of 10 New Shares for every 21 existing shares held.

The Entitlement Offer comprises:

- an entitlement offer to eligible institutional shareholders (**Institutional Entitlement Offer**) which closed at 5:00pm (AEDT) Friday, 30 January 2015; and
- an entitlement offer to eligible retail shareholders (**Retail Entitlement Offer**).

The Entitlement Offer is being made by Donaco without a prospectus or product disclosure statement in accordance with Section 708AA of the *Corporations Act 2001* (Cth) (**Act**) (as modified by the Australia Securities and Investments Commission Class Order 08/35).

Details of the Retail Entitlement Offer

The Retail Entitlement Offer which may raise up to approximately \$132 million, is being made to Eligible Retail Shareholders (as defined below), on the basis of 10 New Shares for every 21 existing Donaco shares (**Shares**) held at 7pm (AEST) on Wednesday, 4 February 2015 (**Record Date**).

A booklet in relation to the Retail Entitlement Offer will be lodged with ASX on Monday, 2 February 2015 (**Retail Entitlement Offer Booklet**) and will be mailed to Eligible Retail Shareholders.

Eligibility criteria

The restrictions upon eligibility under the Retail Entitlement Offer are in place because of legal limitations on making or extending an offer of securities in some countries, the relatively small number of shareholders in those countries, the number and value of shares for which those shareholders would otherwise be entitled to subscribe for and the potential cost of complying with regulatory requirements in those countries.

Donaco has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, that it would be unreasonable to make or extend offers to shareholders in countries outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, Donaco wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to apply for New Shares under the Retail Entitlement Offer.

“Eligible Retail Shareholders” are those persons who:

Donaco International Limited

Suite 2.02, 55 Miller Street
Pymont, NSW, 2009 Australia

[TEL] +61 (02) 9017 7000 [FAX] +61 (02) 9017 7001
[ABN] 28 007 424 777

- Are registered holders of shares in the Company as at the Record Date;
- Are not in the United States and are not considered to be a U.S. Person (under Regulation S of the United States Securities Act 1933, as amended) and are not acting for the account or benefit of a U.S. Person;
- Have a registered address in Australia or New Zealand;
- Were not invited to participate (other than as a nominee) or were otherwise ineligible to participate under the Institutional Entitlement Offer; and
- Are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Those Shareholders who are not Eligible Retail Shareholders, and who were not invited to participate (other than as nominee) under the Institutional Entitlement Offer, are “Ineligible Retail Shareholders” and will not be able to subscribe for New Shares under the Retail Entitlement Offer.

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

This letter is to inform you that under the terms of the Entitlement Offer, you are an Ineligible Retail Shareholder and therefore not eligible to subscribe for New Shares and no entitlements will be issued to you. This letter is not an offer to issue New Shares or entitlements to you, nor an invitation for you to apply for New Shares.

Further information

If you have any questions, please call Donaco on +61 2 9017 7000 at any time between 8:30am to 5:30pm (AEDT) Monday to Friday during the Retail Offer period. For other questions, you should contact your stockbroker, accountant, taxation advisor, financial advisor or other professional advisor.

On behalf of the Board of the Company, I thank you for your continued support as a shareholder.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stuart McGregor'.

Stuart McGregor
Non-executive Chairman

This notice does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any “U.S. person” (as defined in Regulation S under the U.S. Securities Act of 1933 (the “U.S. Securities Act”)) (“U.S. Person”). Securities may not be offered or sold in the United States, or for the account or benefit of, or to U.S. Persons unless the securities have been registered under the U.S. Securities Act or an exemption from registration is available. The securities to be offered and sold in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of U.S. Persons, unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

This notice may not be sent or distributed to persons in the United States or to U.S. Persons or to any persons acting for the account or benefit of U.S. Persons.