



2 June 2011

Dear Option holder

## **NON-RENOUCEABLE RIGHTS ISSUE AND PUBLIC OFFER**

On 2 June 2011 Entellec Limited ("**Company**") announced that the Company will be conducting a pro rata non-renounceable rights issue to eligible shareholders of approximately 697,913,920 fully paid ordinary shares on the basis of eight (8) new share for every one (1) share held on the record date, at an issue price of 0.5 cents per new share, to raise approximately \$3.5m ("**Rights Issue**") and a public offer to non-shareholder applicants to acquire any shortfall shares, after eligible shareholder applications for additional new shares have been taken into account.

The Rights Issue is subject to shareholder approval at an extraordinary general meeting to be held on 10 June 2011 (EGM) and is fully underwritten by sophisticated investor clients of Furneaux Equity Limited (Furneaux).

The Rights Issue entitles shareholders in the Company with a registered address in Australia and New Zealand and such other place in which, or to any person to whom, it would be lawful to make such an offer (Eligible Shareholders) as at 7.00pm (AEST) on the Record Date of 10 June 2011 to subscribe for shares. In determining entitlements under the Rights Issue, fractions will be rounded up to the nearest whole number and holdings on different registers (or sub-registers) will be aggregated for calculating entitlements.

Rights are non-renounceable and will not be tradeable on the ASX or otherwise transferable.

In conjunction with the Rights Issue, the Company is also undertaking a placement to sophisticated investor clients of Furneaux of up to 800,000,000 new shares at an issue price of \$0.005 per new share, which is also subject to shareholder approval at the EGM (Placement), so that the total amount invested by sophisticated investor clients of Furneaux pursuant to underwriting the Rights Issue and the Placement totals \$4,000,000 (being 800,000,000 new shares in aggregate).

The prospectus in relation to this Rights Issue (Prospectus), which was lodged with ASIC and ASX on 2 June 2011, will be sent to all Eligible Shareholders, together with an Entitlement and Acceptance Form, on 3 June 2011. A copy of the Prospectus is also available on the ASX website and the Company's website. Full details of the terms and conditions of the Rights Issue are contained within the Prospectus.

Pursuant to the ASX Listing Rules, the Company is required to provide you with certain information before proceeding with the Rights Issue. This notice contains all the information required by Appendix 3B of the ASX Listing Rules.

The number of issued Shares at the date of this notice and the total number of issued Shares at the close of the Rights Issue are as follows:

e NTELLECT LTD  
Level 3, 1 Collins Street  
Melbourne Victoria 3000  
Ph: +61 3 9665 0403  
Fax: +61 3 9650 5571  
ABN 41 009 221 783

Number of shares currently on issue	87,239,240
Maximum number of new shares to be issued under the Rights Issue (approx based on the assumption that no options are exercised before the Record Date)	697,913,920
Maximum number of Placement shares	800,000,000
Maximum number of shares on issue upon completion of Rights Issue and Placement	1,585,153,160

You will need to check that your options are currently exercisable under the terms of your granted options before you can participate in the Rights Issue. To exercise your options and thereby participate in the Rights Issue you will need to deliver to the registered office of the Company the following:

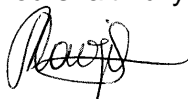
1. a notice in writing to the directors of the Company specifying the number of options to be exercised;
2. your option certificate covering that number of options; and
3. payment for the exercise price for those options by way of a cheque made payable to the Company.

Each share allotted as a result of the exercise of an option will rank pari passu with all other issued ordinary shares of the Company.

**Option Exercise Notices and funds must be received by no later than 5.00 p.m. (AEST) on 10 June 2011.**

For further information please contact Sophie Karzis on 03 9665 0460 or Entellect's share register - Registries Limited on 1300 737 760 (within Australia).

Yours faithfully



**Sophie Karzis**  
**COMPANY SECRETARY**