

17 June 2015

[INSERT ADDRESS]

Dear Shareholder

Partially underwritten non-renounceable rights issue

This letter is to notify you that on 16 June 2015 Heritage Brands Limited (the "**Company**" or "**HBA**") lodged an offer document ("**Offer**") with the National Stock Exchange of Australia Limited ("**NSX**") for a 2.9358 for 1 non-renounceable rights issue ("**Rights Issue**") of fully paid ordinary shares ("**New Shares**") at an issue price of 0.75 cents (\$0.0075) per New Share. You will receive your copy of the Offer shortly.

The New Shares will rank equally with existing shares. HBA has applied for official quotation of the New Shares.

A copy of the Offer can be viewed on the NSX website (www.nsx.com.au) and on HBA's website (www.heritagebrands.com.au).

As the Rights Issue is a non-renounceable offer, your rights to participate in the Rights Issue cannot be sold on the NSX.

The Rights Issue is seeking to raise about \$10.07 million (before issue costs) and is partially underwritten by Pitt Capital Partners Limited to the extent of \$6,103,122. The purpose of the Rights Issue is to raise funds which are anticipated to be applied as follows:

- to repay shareholder loans owed by HBA (\$3.97 million)
- to pay part of the purchase price for the recently announced acquisition of Oswin Laboratories Pty Limited (\$5.85 million)
- to pay the costs associated with the Rights Issue (\$250,000).

The key information and dates are set out below for your information.

Summary of key information

Type of offer:	Partially underwritten 2.9358 for 1 non-renounceable Rights Issue of 1,343,499,467 New Shares to security holders with registered addresses in Australia or New Zealand as at the Record Date.
Offer price:	0.75 cents (\$0.0075) per New Share.
Offer ratio:	2.9358 New Shares for every 1 ordinary share held at the Record Date.
Underwriter:	Pitt Capital Partners Limited has agreed to partially underwrite the Rights Issue for a fee equal to 3.5% of the underwritten amount of \$6,103,122, being a fee of \$213,609.27.

Proposed timetable

The current proposed timetable for the Rights Issue is as follows:

Offer date:	16 June 2015
Date existing shares quoted on an ex-entitlement basis	30 June 2015
Record Date:	2 July 2015
Offer mailing date:	9 July 2015
Closing Date for receiving applications:	23 July 2015
Despatch date – issue of New Shares:	30 July 2015

The above dates are subject to change and are therefore indicative only. The Company reserves the right, subject to the Corporations Act and the NSX Listing Rules, to amend the indicative timetable and in particular, to extend the Closing Date or to withdraw the Rights Issue without prior notice. Any extension of the Closing Date will have a consequent effect on the date of allotment and issue of New Shares.

Eligible Shareholders

The shareholders who are entitled to participate in the Rights Issue are those shareholders registered as holders of shares at the Record Date (Thursday, 2 July 2015) and with a registered address in Australia or New Zealand.

All shareholders who are not eligible shareholders, are ineligible shareholders.

Ineligible Shareholders

Ineligible shareholders will not be entitled to participate in the Rights Issue. The Company has determined that it would be unreasonable on this occasion to extend the Rights Issue to ineligible shareholders having regard to the number of securities held by ineligible shareholders (as at the date of this letter, there are no ineligible shareholders) and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to ineligible shareholders in various jurisdictions.

For further information on your entitlement please contact HBA's Share Registry:

Boardroom Pty Limited

Telephone: 1300 737 760 (from within Australia) or

+61 2 9290 9600 (from outside of Australia)

The directors of the Company urge you to read the Offer carefully and seek advice from your professional advisers if you have any questions. This letter is to inform you of the Rights Issue. You are not required to do anything in response to this letter.

Yours faithfully,
HERITAGE BRANDS LIMITED

Christopher McGibbon
Company Secretary