

ASX RELEASE

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Clarification of the terms of the ABT Convertible Notes Cleansing Notice of 22 December 2016

Advanced Braking Technology (ASX: ABV) (**'ABT'** or **'the Company'**) advises that Annexure A of the cleansing notice lodged with ASX on 22 December 2016 regarding the Company's offer of a total of 156,250,000 convertible notes ("**Convertible Notes Cleansing Notice**") contained, under the item entitled "Adjustment to Conversion Price", a defect in its description of the circumstances in which the conversion price of such convertible notes could be subject to adjustment.

The description in the Convertible Notes Cleansing Notice, under the item entitled "Adjustment to Conversion Price" read:

"If there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Convertible Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed, and will be in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital), nor any benefits being taken away from the Noteholder, but in all other respects the terms for conversion of the Convertible Notes will remain unchanged."

The Company advises that the correct description of the circumstances in which the conversion price of such convertible notes could be subject to adjustment, as is already stated in each of the individual Convertible Note Subscription Agreements entered into with the subscribing noteholders, is as follows:

"The Conversion Price shall be the lesser of:

- (a) \$0.008 per Share;*
- (b) in the event there is another capital raising prior to the Maturity Date, the price that fully paid ordinary shares are issued at in that particular capital raising; and*

(c) *in the event the Company's share price is trading at a 5 Day volume weighted average price of \$0.005 per share or less at the time the conversion notice is received the Noteholder will receive 50% more shares than they would ordinarily receive using the \$0.008 conversion price. For the avoidance of doubt, under this condition, the Noteholder would receive an effective conversion price of \$0.00533 and no less."*

In all other respects, the Convertible Notes Cleansing Notice is unchanged.

ENDS

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About Advanced Braking Technology Ltd

Advanced Braking Technology Ltd (ASX: ABV) develops innovative braking systems, with its main product being the Sealed Integrated Braking System (SIBS®), a comprehensively patented Australian invention, now used widely in light commercial vehicles, primarily in the mining industry.