8 November 2013

Dear Shareholder

Fully Underwritten, Non-Renounceable Pro-Rata Entitlement Offer

As announced to the ASX on 1 November 2013, SubZero Group Limited (ASX: SZG) ("**SZG**" or "**Company**"):

- has received commitments for the placement of 24,195,000 fully paid ordinary shares in the capital of the Company (**Shares**) to institutional and sophisticated investors at an issue price of 10 cents per Share, to raise proceeds of approximately $2.4 million (before costs) (**Placement**); and

- will provide eligible shareholders the opportunity to participate in a fully underwritten, pro rata non-renounceable entitlement offer to raise up to approximately $6.3 million (before costs). Eligible Shareholders will be able to subscribe for 1 new Share for every 3 Shares held as at 7.00 pm (Sydney time) on 15 November 2013 (**Record Date**) at an issue price of 10 cents per new Share, being the same price as the Shares issued under the Placement (**Entitlement Offer**).

The issue price of 10 cents per Share under the Placement and Entitlement Offer represents a discount of 20% to the closing price of 12.5 cents per Share on the ASX on 30 October 2013, being the last trading day before the announcement of the Placement and Entitlement Offer (together **Capital Raising**).

Use of funds from Capital Raising

The net proceeds from the Capital Raising will be used to retire the Company's debtor financing facility, increase the Company's working capital and assist in funding the continued development and growth of the SubZero Group's businesses in pursuit of the strategic objectives as set out in the Company's prospectus dated 7 February 2013.

Placement

The new Shares issued under the Placement will rank equally in all respects with existing issued Shares and will be entitled to participate in the Entitlement Offer.

Blue Ocean Equities Pty Limited is the Lead Manager for the Placement and the underwriter of the Entitlement Offer.

Entitlement Offer

Subject to the issue of the new Shares under the Placement, approximately 63.3 million new Shares will be offered under the Entitlement Offer to raise approximately $6.3 million (before costs).

Only holders of Shares as at the Record Date with a registered address in Australia or New Zealand (and who are not in the United States and are not a "US person" or acting for the account or benefit of a US person) will be eligible to participate in the Entitlement Offer (**Eligible Shareholders**).

The Entitlement Offer is non-renounceable. Accordingly, Eligible Shareholders will not be able to sell, transfer or deal with all or any part of their entitlements under the Entitlement Offer which they do not accept.

Eligible Shareholders who do not take up their entitlements in full or in part will not receive any value in respect of those entitlements that they do not take up.

New Shares issued under the Entitlement Offer will rank equally with existing issued Shares in all respects. Fractional entitlements will be rounded up to the nearest whole number of Shares.

Entitlements of Eligible Shareholders not taken up and those of ineligible shareholders will form the shortfall, which Eligible Shareholders who take up their full entitlement may subscribe for, or which will otherwise be dealt with under the Underwriting Agreement (see below).

Each of the Non-Executive Directors (or their associated entities) has agreed to subscribe for their full entitlement under the Entitlement Offer. Scott Farrell, the Managing Director and Chief Executive Officer, has elected not to subscribe for his entitlement in order to allow institutional investors the opportunity to acquire equity in the Company.

A Prospectus containing further information regarding the Entitlement Offer was lodged with the Australian Securities and Investments Commission and the ASX on 7 November 2013. A copy of the Prospectus will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form in accordance with the timetable below. A copy of the Prospectus is available for review on ASX's website (www.asx.com.au) and on the Company's website (www.subzeroservices.com.au).

Underwriting

The Entitlement Offer is fully underwritten by Blue Ocean Equities Pty Limited. Further information on the underwriting arrangements are set out in the Prospectus.

Entitlement Offer Key Dates

The indicative timetable for the Entitlement Offer is set out below.

Event	**Date**
Announcement of Entitlement Offer and Appendix 3B	1 November 2013
Prospectus lodged with ASIC and ASX	7 November 2013
Notice containing Appendix 3B details sent to shareholders	8 November 2013
Shares trade on an "ex " Entitlement basis	11 November 2013
Record Date for determining eligibility to participate in the Entitlement Offer (7.00 pm Sydney time)	15 November 2013
Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	19 November 2013
Entitlement Offer opens	19 November 2013
Entitlement Offer closes – last date for lodgement of Entitlement and Acceptance Forms and payment of application money in full (5.00 pm Sydney time)	3 December 2013
Announcement of Entitlement Offer shortfall	6 December 2013
Allotment of New Shares issued under Entitlement Offer and dispatch of holding statements	11 December 2013
Commencement of trading of New Shares on ASX	12 December 2013

***Note**: the above dates are indicative only and subject to change. The commencement of trading of the New Shares is subject to confirmation from ASX.*

The Board is pleased to offer this opportunity to you.

Should you have any questions regarding the Entitlement Offer, please contact either of the undermentioned.

Scott Farrell
Managing Director
P: +61 2 6540 9400
F: +61 2 6540 9444
M: +61 438 251 699
E:sfarrell@subzeroservices.com.au

Robert Lojszczyk
Chief Financial Officer
P: +61 2 6540 9400
F: +61 2 6540 9444
M: +61 418 362 283
E: rlojszczyk@subzeroservices.com.au

Yours faithfully
SubZero Group Limited

Malcolm Jackman
Chairman