



**CHARTER
PACIFIC**
Corporation Limited

11 May 2017

The Manager, Companies
ASX Limited

MARKET UPDATE

Dear Shareholders

Following many months of protracted discussions and correspondence with ASX the Company categorically disagrees with the ASX that in their opinion if the Company proceeds with the acquisition of Microlatch at this time it will not have a structure and operations appropriate for a listed entity and therefore will not qualify for re-instatement to the official list under listing rule 1.1 condition 1. The Company therefore resolved to resign its ASX listing in terms of Listing Rule 17.11 and in the best interests of the parties to the acquisition and to mitigate further time delays the Company does not intend to seek the approval of security holders for the removal. The ASX has accepted the Company's resignation and the Company's securities will be removed from the official list of the ASX at the close of business on Friday 12 May 2017.

The Company has been in discussion with the National Stock Exchange of Australia Limited (NSX) and will be making an application for admission to the official list of NSX following approval of the proposed acquisition of Microlatch by shareholders. Following these discussions with NSX and a review of the NSX Listing Rules the Company is confident that it will comply with Section IIA, Chapters 3 and 4 of the NSX Listing Rules following completion of the proposed Microlatch acquisition and its application for listing on NSX will be successful.

The NSX is migrating its NSX traded stocks to the IRESS trading platform. This improved market access model is in the final development stage with IRESS and will enable the raising of capital and trading of NSX stocks in exactly the same way as you can with ASX. This IRESS solution will go live in May 2017.

The vendors of Microlatch have consented to the amendment of the Share Purchase Agreement (SPA) by extending the completion date for the transaction from 30 June 2017 to 30 September 2017 and substituting a listing on NSX for a re-listing on ASX.

Full details will be included in a Notice of Extraordinary General Meeting and Explanatory Memorandum together with an independent Expert's Report to be forwarded to shareholders.

We request shareholders who have not provided an email address to the Company do so as soon as possible so they can be kept up to date with developments during the period between cessation of the ASX listing and admission to the NSX. Copies of notices and information for shareholders will also be available to shareholders and investors on the Company's web site at www.charpac.com.au.

After 27 years of being a fully compliant diversified financial company listed on the ASX the Company is looking forward to working closely with the NSX, becoming a listed entity on the NSX and being part of its expansion with the launch of its IRESS trading platform that will enable greater access to capital markets to take advantage of the opportunity the acquisition of Microlatch provides.

The Board appreciates the co-operation of Chris Burke, the inventor and Chairman of Microlatch, in working with the Company so that we can obtain the best result for all.

The Microlatch acquisition provides the Company with the opportunity to participate in one of the world's fastest growing business sectors (biometrically secure access to mobile computing devices and biometrically secure transmission of data and financial transactions) that is expected to return substantial wealth to shareholders over the short to medium term.

The Board is confident that proceeding with the Microlatch acquisition and listing on NSX is the best way forward for the shareholders.

Yours faithfully



Kevin J. Dart
Executive Chairman