

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**PRE-EFFECTIVE AMENDMENT NO. 2 TO
FORM S-1**

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CHANTICLEER HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or jurisdiction of
incorporation or organization)

8742
(Primary Standard Industrial
Classification Code Number)

20-2932652
(I.R.S. Employer
Identification Number)

**7621 Little Avenue,
Suite 414, Charlotte, NC 28226**
(Address and telephone number of principal executive offices and principal place of business)

Michael D. Pruitt
Chief Executive Officer
Chanticleer Holdings, Inc.
7621 Little Avenue, Suite 414
Charlotte, NC 28226
(704) 366-5122
(Name, address and telephone number of agent for service)

With copy to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective Registration Statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer
(Do not check if a smaller reporting company)

Accelerated filer
Smaller reporting company

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered (1) | Proposed Maximum Offering Price per Unit | Estimated Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|--|---|--|---|
|---|--|---|--|---|

| | | | | |
|--|------------|----------|---------------|--------------------|
| Subscription Rights to purchase units consisting of shares of Series 1 Preferred Stock and Series 1 Warrants to purchase common stock, \$0.0001 par value ("common stock") | 1,000,000 | — | — | (2) |
| Units consisting of shares of Series 1 Preferred Stock and Series 1 Warrants to purchase common stock | 1,000,000 | \$ 13.50 | \$ 13,500,000 | (3) |
| Series 1 Preferred Stock | 1,000,000 | \$ 13.50 | \$ 13,500,000 | \$ 1564.65 |
| Series 1 Warrants to purchase shares of common stock (2) | 1,000,000 | — | — | (4) |
| Shares of common stock issuable upon exercise of Series 1 Warrants (5) | 10,000,000 | \$ 1.35 | \$ 13,500,000 | \$ 1564.65 |
| Shares of common stock issuable as payment of dividends on shares of Series 1 Preferred (6) | — | — | \$ 8,505,000 | \$ 985.74 |
| Total | — | — | — | \$ 4,115.03 |

- (1) This registration statement relates to the subscription rights (or "rights") to purchase units consisting of shares of Series 1 Preferred Stock and Series 1 Warrants to purchase common stock.
- (2) The rights are being issued without consideration. Pursuant to Rule 457(g), no separate registration fee is payable with respect to the rights being offered hereby since the rights are being registered in the same registration statement as the securities to be offered pursuant thereto.
- (3) No additional filing fee required.
- (4) Pursuant to Rule 457(g), no separate registration fee is required for the Series 1 Warrants offered hereby because they are being registered on the same registration statement as the common stock underlying the Series 1 Warrants.
- (5) Pursuant to Rule 416, the securities being registered hereunder include such indeterminate number of additional shares of common stock as may be issuable upon exercise of Series 1 Warrants registered hereunder as a result of stock splits, stock dividends, or similar transactions.
- (6) Represents shares of common stock issuable in respect of dividends accruing on the Series 1 Preferred through the seventh anniversary of issuance based on the liquidation preference of such shares.
- (7) P previously paid with prior filings of this Form S-1 .

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is prohibited.

Subject to completion, dated December 5 2016

PROSPECTUS

**CHANTICLEER HOLDINGS, INC.
Subscription Rights Offering
Up to an Aggregate of 1,000,000 Units Consisting of
9% Redeemable Series 1 Preferred Stock
and
Seven-Year Series 1 Warrants to Purchase Common Stock
Upon the Exercise of Subscription Rights at \$13.50 per Unit**

We are distributing, at no charge, to holders of our common stock, par value \$0.0001 per share, and holders of our public warrants listed for trading on the Nasdaq Capital Market under the symbol "HOTRW" (our "public warrants"), non-transferable subscription rights to purchase up to an aggregate of 1,000,000 units consisting of shares of our 9% Redeemable Series 1 Preferred Stock, which we refer to in this prospectus as the Series 1 Preferred, and Series 1 Warrants. Each share of Series 1 Preferred Stock has a liquidation value of \$13.50. Each Series 1 Warrant entitles the holder to purchase 10 shares of common stock at any time and from time to time on or before the seventh anniversary of the date of issuance, at an exercise price payable by the surrender of one share of Series 1 Preferred. The shares of Series 1 Preferred and Series 1 Warrants are components of the units, are not detachable and will not be separately transferable. Holders of the subscription rights will be entitled to purchase any number of units, up to the aggregate number of subscription rights held by each holder, subject to proration as described herein. The purchase price for the units is \$13.50 per unit. You will receive one subscription right for every share of common stock and public warrant you own as of 5:00 p.m. Eastern time on December 5, 2016, the record date of the rights offering. The subscription rights will not entitle you to purchase any shares of our common stock, except upon the exercise of the Series 1 Warrants.

We are conducting this rights offering to raise capital. We will allocate up to \$8,425,000 of the proceeds to payment of certain existing debt, including principal, unpaid accrued interest and fees. The remainder of the proceeds will be used for planned store related capital expenditures and for general working capital purposes. We cannot assure you that we will not need to seek additional financing in the future.

The rights offering commences on [●], 2016 and the subscription rights will expire if they are not exercised by 5:00 p.m. Eastern time on December 5, 2016, unless the rights offering is extended. There is no minimum number of subscription rights that must be exercised in this rights offering, no minimum number that any subscription rights holder must exercise, and no minimum number of units that we will issue at the closing of this rights offering. We may extend the subscription period up to an additional 30 days, at our sole discretion, in which case the offering would continue on a subscriptions first-come, first-serve basis, calculated on a daily basis with the potential for pro-rata allocation of shares among participants subscribing on the last day of the subscription period or, if earlier, the last day on which the rights offering is first over-subscribed. If the rights offering is not fully subscribed following expiration of the rights offering, Source Capital Group, Inc., the dealer-manager for this rights offering, has agreed to use its commercially reasonable efforts to place any unsubscribed units of this rights offering at the subscription price for an additional period of up to 45 days. The number of units that may be sold by us during this period will depend upon the number of units that are subscribed for pursuant to the exercise of subscription rights by our rights holders.

Shares of our common stock are traded on the Nasdaq Capital Market under the symbol “HOTR”. On December 2, 2016, the closing sales price for our common stock was \$0.51 per share. The shares of common stock issuable upon exercise of the Series 1 Warrants will also be traded on the Nasdaq Capital Market under the same symbol. The subscription rights are non-transferable and will not be listed for trading on the Nasdaq Capital Market or any stock exchange or market. We intend to use our best efforts to list the units for trading on the Nasdaq Capital Market or quotation on the OTC marketplace. There is no assurance that the units will be traded on the Nasdaq Capital Market or quoted on the OTC marketplace.

Our board of directors may cancel the rights offering at any time prior to the expiration of the rights offering for any reason. In the event the rights offering is cancelled, all subscription payments received by the subscription agent will be returned, without interest, as soon as practicable.

We have engaged Source Capital Group, Inc. as the dealer-manager for the rights offering. See “Plan of Distribution”.

| | Purchase Price | Dealer-Manager Fee (1) | Proceeds, Before Expenses, to Us |
|-----------|----------------|---------------------------|-------------------------------------|
| Per unit | \$ 13.50 | \$ 1.08 | \$ 12.42 |
| Total (2) | \$ 13,500,000 | \$ 1,080,000 | \$ 12,420,000 |

(1) In connection with this rights offering, we have agreed to pay Source Capital Group, Inc. “Source Capital Group” as the dealer-manager a fee of 6.0% of the proceeds of the rights offering, plus a 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2% of the proceeds of the offering. See “Plan of Distribution”. For any unsubscribed units placed by Source Capital Group after the expiration of the rights offering and extension, we have agreed to pay Source Capital Group a placement fee equal to 6%, in lieu of the dealer-manager fee, along with a continuing 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2% of the proceeds of the offering, with such placement fee and expenses to be calculated in respect of the total gross proceeds paid to and received by us for subscriptions accepted by us from investors in connection with such placement and such placement fee and expenses not to exceed the aggregate amounts that would have been otherwise received by Source Capital Group if the rights offering were to have been fully subscribed. Neither the placement fee nor the expense allowance in connection with the placement will be payable with respect to any units purchased as result of the exercise of any basic subscription privilege or over-subscription privilege in the rights offering.

(2) Assumes that the rights offering is fully subscribed, but excludes proceeds from the exercise of the Series 1 Warrants included within the units.

The exercise of your subscription rights involves material risks. See “Risk Factors” beginning on page 24 of this prospectus, as well as the risk factors and other information in any documents we incorporate by reference into this prospectus to read about important factors you should consider before exercising your subscription rights.

Our board of directors is making no recommendation regarding your exercise of the subscription rights. You should carefully consider whether to exercise your subscription rights before the expiration date. You may not revoke or revise any exercises of subscription rights once made.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

If you have any questions or need further information about this rights offering, please contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuereirect.com.

Dealer-Manager

Source
Capital Group

The date of this prospectus is [●], 2016

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PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus. This summary may not contain all of the information that you should consider before deciding whether or not you should exercise your subscription rights. You should carefully read this prospectus, including the documents incorporated by reference, which are described under the heading "Incorporation by Reference" in this prospectus. We encourage you to carefully read this entire prospectus and the documents to which we refer you. Unless the context otherwise requires, when we use the words "Chanticleer," "the Company," "we," "us" or "our Company" in this prospectus, we are referring to Chanticleer Holdings, Inc., a Delaware corporation and its subsidiaries.

Our Company

We are in the business of owning, operating and franchising fast casual and full service dining concepts in the United States and internationally.

We own, operate and franchise a system-wide total of thirty-eight fast casual restaurants specializing in the 'Better Burger' category of which twenty-seven are company-owned and eleven are operated by franchisees under franchise agreements. American Burger Company ("ABC") is a fast casual dining chain consisting of nine locations in New York and the Carolinas, known for its diverse menu featuring, customized burgers, milk shakes, sandwiches, fresh salads and beer and wine. BGR: The Burger Joint ("BGR"), consists of ten company-owned locations in the United States and eleven franchisee-operated locations in the United States and the Middle East. Little Big Burger ("LBB") consists of eight locations in Oregon.

We own and operate Just Fresh, our healthier eating fast casual concept with eight company owned locations in Charlotte, North Carolina. Just Fresh offers fresh-squeezed juices, gourmet coffee, fresh-baked goods and premium-quality, made-to-order sandwiches, salads and soups.

We own and operate nine Hooters full service restaurants in the United States, South Africa and the United Kingdom. In addition, there are six Hooters restaurants in Australia and Hungary, which are being discontinued. Accordingly, the operating results and store counts of those regions are excluded from Management's Analysis of the Business. Hooters restaurants are casual beach-themed establishments featuring music, sports on large flat screens, and a menu that includes seafood, sandwiches, burgers, salads, and of course, Hooters original chicken wings and the 'nearly world famous' Hooters Girls.

As of November 17, 2016, our system-wide store count totaled 55 locations, consisting of 44 company-owned locations and 11 franchisee-operated locations.

Nasdaq Listing- Reverse Stock Split

The Nasdaq Listing Qualifications Department notified us on February 18, 2016 that our common stock no longer met the minimum \$1 bid price per share requirement. We have until February 13, 2017 for the closing bid price of our common stock to equal or exceed \$1 per share for a minimum of 10 consecutive business days to regain compliance. In the event that we do not regain compliance in the required timeframe, management intends to proceed with seeking shareholder approval and a reverse common stock split in order to regain compliance with NASDAQ's bid price rule.

Investing in our securities involves a high degree of risk. As an investor, you should be able to bear a complete loss of your investment. You should carefully consider the information set forth in the section titled "Risk Factors" following this prospectus summary.

Corporate Information

Our principal executive offices are located at 7621 Little Avenue, Suite 414, Charlotte, North Carolina 28226. Our telephone number is (704) 366-5122. Our corporate website is www.chanticleerholdings.com. Information contained in or accessible through our website is not part of this prospectus. Our transfer agent is Securities Transfer Corp., telephone (469) 633-0101.

THE RIGHTS OFFERING

The summary below describes the principal terms of the subscription rights, the units, the Series 1 Preferred and the Series 1 Warrants. Certain of the terms and conditions described below are subject to important limitations and exceptions. Subscription rights holders should read this prospectus in its entirety, as well as all documents incorporated by reference in it, before making any decision to exercise their subscription rights. As used in this section, the terms “we”, “us”, “Chanticleer”, “our”, “our company” and “the company” refer to Chanticleer Holdings, Inc. and not any of its subsidiaries.

| | |
|------------------------------|--|
| Issuer | Chanticleer Holdings, Inc. |
| Rights Offering | We are distributing to holders of our common stock and public warrants on the record date, at no charge, non-transferable subscription rights to purchase up to an aggregate of 1,000,000 units consisting of shares of our Series 1 Preferred and Series 1 Warrants to purchase shares of our common stock. Holders will receive one subscription right for every share of common stock and public warrant owned as of 5:00 p.m. Eastern time on December 5, 2016, the record date of the rights offering. If the rights offering is fully subscribed, we expect the gross proceeds from the rights offering to be \$13.5 million. Each subscription right reflects a basic subscription privilege and an over-subscription privilege, as described below. The basic subscription privilege and the over-subscription privilege are both subject to proration, as described below. This offering is being made solely to holders of our common stock and public warrants on the record date. We do not expect to issue any additional shares of Series 1 Preferred or Series 1 Warrants after this rights offering. |
| Subscription Price | \$13.50 per unit, payable in cash. To be effective, any payment related to the exercise of a subscription right must clear prior to the end of the subscription period or such earlier date as may be specified in the subscription procedures furnished or made available to subscription rights holders. |
| Basic Subscription Privilege | The basic subscription privilege will entitle you to purchase one unit at a subscription price of \$13.50 for each share of common stock and public warrant owned as of the record date. A unit consists of one share of our Series 1 Preferred and a Series 1 Warrant to purchase 10 shares of our common stock. At the end of the subscription period, unexercised subscription rights will expire and have no value. You may exercise your basic subscription privilege for any number of units you are entitled to pursuant to the basic subscription privilege or you may choose not to exercise any subscription rights. |

There is no minimum number of units you must purchase.

If an insufficient number of units is available to fully satisfy all basic subscription privilege requests, we will allocate the available units, as applicable, pro-rata among those rights holders exercising their basic subscription privilege in proportion to the product (rounded down to the nearest whole number so that the aggregate number of units does not exceed the aggregate number offered) obtained by multiplying the number of units such rights holder subscribed for under the basic subscription privilege by a fraction (A) the numerator of which is 1,000,000 and (B) the denominator of which is the total number of units sought to be subscribed for under the basic subscription privilege by all rights holders exercising their basic subscription privilege. The subscription rights agent will notify subscription rights holders of the number of units allocated to each holder exercising the basic subscription privilege as promptly as may be practicable after the allocations are completed.

Over-Subscription Privilege

If you fully exercise your basic subscription privilege, you may also exercise an over-subscription privilege to purchase additional units that remain unsubscribed at the expiration of the rights offering, if any, subject to the availability and pro-rata allocation of units among rights holders exercising this over-subscription privilege.

If you fully exercise your basic subscription privilege, the over-subscription privilege entitles you to purchase additional units that remain unsubscribed at the expiration of the rights offering, if any, by other holders of subscription rights in this rights offering at the same subscription price per unit, subject to the availability and pro-rata allocation of units among rights holders exercising this over-subscription privilege, as described herein.

If an insufficient number of units is available to fully satisfy all over-subscription privilege requests, we will allocate the available units pro-rata among those rights holders exercising their over-subscription privilege in proportion to the product (rounded down to the nearest whole number so that the aggregate number of units does not exceed the aggregate number offered) obtained by multiplying the number of units such rights holder subscribed for pursuant to the over-subscription privilege by a fraction (A) the numerator of which is the number of unsubscribed units and (B) the denominator of which is the total number of units sought to be subscribed for pursuant to the over-subscription privilege by all holders participating in such over-subscription. The subscription rights agent will notify subscription rights holders of the number of units allocated to each holder exercising the over-subscription privilege as promptly as may be practicable after the allocations are completed.

| | |
|--|--|
| Additional Limitations on Exercise | If the exercise by a rights holder of the basic subscription privilege or the over-subscription privilege could, as determined by us in our sole discretion, potentially result in a limitation on our Company's ability to use net operating losses, tax credits and other tax attributes (the "Tax Attributes") under the Internal Revenue Code of 1986, as amended (the "Code"), and rules promulgated by the Internal Revenue Service, we may, but are under no obligation to, reduce the exercise by such rights holder of the basic subscription privilege or the over-subscription privilege as we in our sole discretion shall determine to be advisable in order to preserve our ability to use the Tax Attributes. |
| Record Date | 5:00 p.m. Eastern time on December 5, 2016. |
| Expiration of the Rights Offering | 5:00 p.m. Eastern time on December 22, 2016. |
| Securities Holders of Subscription Rights May Purchase | Holders of the subscription rights will have the right to purchase an aggregate of up to 1,000,000 units consisting of shares of our Series 1 Preferred and Series 1 Warrants to purchase shares of our common stock. The shares of Series 1 Preferred and Series 1 Warrants are components of the units, are not detachable and will not be separately transferable following the closing. |
| No Minimum Requirements | There is no minimum purchase requirement for closing this offering, and no minimum purchase requirement for any subscription rights holder. |
| Description of 9% Redeemable Series 1 Preferred | Dividends. Holders of the Series 1 Preferred will be entitled to receive cumulative dividends out of legally available funds at the rate of 9% of the purchase price per year for a term of seven years, payable quarterly on the last day of March, June, September and December in each year in cash or our registered common stock. Shares of common stock issued as dividends will be issued at a 10% discount to the five-day volume weighted average price per share of our common stock prior to the date of issuance. Dividends will be entitled to be paid prior to any dividend to the holders of our common stock. See "Description of Capital Stock —Series 1 Preferred —Dividends". |

Liquidation Preference. The Series 1 Preferred will have a liquidation preference of \$13.50 per share, equal to its purchase price. In the event of any liquidation, dissolution or winding up of our company, any amounts remaining available for distribution to stockholders after payment of all liabilities of our company will be distributed first to the holders of Series 1 Preferred and then to the holders of our common stock. As of November 17, 2016, we had total consolidated debt, including notes payable convertible debt and capital lease obligations, of approximately \$10.1 million.

No Conversion. The Series 1 Preferred will not be convertible into or exchangeable for shares of our common stock or any other security, except through the exercise of Series 1 Warrants.

Voting Rights. Except as otherwise required by law, the Series 1 Preferred will be non-voting. Holders of the Series 1 Preferred will vote as a class on any amendment altering or changing the powers, preferences or special rights of the Series 1 Preferred so as to affect them adversely.

Rank. The Series 1 Preferred will rank with respect to distribution rights upon our liquidation, winding-up or dissolution and dividend rights, junior to all of our existing and future indebtedness but senior to our common stock and any other class of capital stock we issue in the future. See “Description of Capital Stock —Series 1 Preferred”.

Redemption. We will redeem the outstanding Series 1 Preferred at the expiration of the seven year term out of legally available funds (by issuing a press release or otherwise making a public announcement, by mailing a notice of redemption or otherwise). The redemption price for any shares of Series 1 Preferred will be an amount equal to the \$13.50 purchase price per share plus any accrued but unpaid dividends to the date fixed for redemption. See “Description of Capital Stock —Series 1 Preferred —Redemption”.

Anti-Dilution Adjustments. The Series 1 Preferred will not be adjusted, and no additional shares of Series 1 Preferred will be issued solely as a result of, any future change to or affecting our common stock.

Description of Series 1 Warrants

Exercise Price and Terms. Each Warrant entitles the holder to purchase 10 shares of common stock at any time and from time to time on or before the seventh anniversary of the date of issuance, at an exercise price payable by the surrender of one share of Series 1 Preferred. See “Description of Capital Stock —Series 1 Warrants —Exercise and Terms”.

Automatic Exercise. At such time that our common stock trades above \$3.00 per share for five consecutive trading days, the Series 1 Warrants will automatically be exercised through the surrender of shares of Series 1 Preferred.

Effect of Reverse Stock Split. If we effect a reverse stock split, the number of shares of common stock outstanding as well as the number of shares of common stock issuable upon exercise of the Series 1 Warrants would both be reduced proportionately. For example, if the Company were to effect a 2:1 reverse stock split, the total number of shares of common stock outstanding would be reduced from approximately 22 million to 11 million and the Series 1 Warrants will be exercisable for five shares of our common stock, instead of 10 shares, in exchange for the surrender of one share of Series 1 Preferred.

Use of Proceeds

We are conducting this rights offering to raise capital. We will allocate, up to \$8,425,000 of the proceeds to payment of certain existing debt, including principal, unpaid accrued interest and fees. The remainder of the proceeds will be used for planned store related capital expenditures and for general working capital purposes. We cannot assure you that we will not need to seek additional financing in the future. See “Use of Proceeds”.

Material U.S. Federal
Tax Consequences to
U.S. Holders

For U.S. federal income tax purposes, although you are receiving units consisting of Series 1 Preferred stock and rights to acquire common shares in the Company, you should not be required recognize income or loss upon receipt or exercise of a subscription right. You should consult your own tax advisor as to the tax consequences to you of the receipt, exercise or lapse of the subscription rights in light of your particular circumstances. See “Material U.S. Federal Income Tax Consequences to U.S. Holders” for further discussion on these matters.

Risk Factors

Before you exercise your subscription rights to purchase a unit, you should carefully consider risks described in the section entitled “Risk Factors”, beginning on page 24 of this prospectus.

Limitation on Purchase of Units

We will not issue units to any rights holder that is required to obtain prior clearance or approval from, or submit a notice to, any state or federal regulatory authority to acquire, own, or control such units if we determine that, as of the expiration date of the rights offering, such clearance or approval has not been satisfactorily obtained and any applicable waiting period has not expired.

Non-Transferability of Subscription Rights

The subscription rights are non-transferable, may not be sold, transferred or assigned by rights holders and will not be listed for trading on any stock exchange or market.

No Board Recommendation

Our board of directors is making no recommendation regarding your exercise of the subscription rights. You are urged to make your decision based on your own assessment of our business and of the rights offering. Please see “Risk Factors” for a discussion of material risks.

Extension, Cancellation and Amendment

We have the option to extend the rights offering and the period for exercising your subscription rights for a period not to exceed 30 days, at our sole discretion. We do not presently intend to extend the rights offering or the subscription period. We may also extend the rights offering and subscription period for a period of more than 30 days, but if we do so, holders who have subscribed for rights may cancel their subscriptions and receive a refund of all money advanced.

If the rights offering is not fully subscribed following expiration of the rights offering and the 30-day extension, Source Capital Group. has agreed to use its commercially reasonable efforts to place any unsubscribed units of this rights offering at the subscription price for an additional period of up to 45 days. The number of units that may be sold by us during this period will depend upon the number of units that are subscribed for pursuant to the exercise of subscription rights by our rights holders. No assurance can be given that any unsubscribed units, if available, will be sold during this period.

Our board of directors may cancel the rights offering at any time prior to the closing of the rights offering for any reason or for no reason at all. If the rights offering is cancelled, we will issue a press release notifying rights holders of the cancellation, and all subscription payments received by the subscription rights agent will be promptly returned, without interest or penalty.

Our board of directors also reserves the right to amend or modify the terms of the rights offering. If we make any fundamental changes to the terms of the rights offering set forth in this prospectus, we will offer potential purchasers who have subscribed for rights the opportunity to cancel such subscriptions and issue a refund of any money advanced by such stockholder and recirculate an updated prospectus. In addition, upon such event, we may extend the expiration date of the subscription period to allow holders of subscription rights ample time to make new investment decisions and for us to recirculate updated documentation. Promptly following any such occurrence, we will issue a press release announcing any changes with respect to the rights offering and the new expiration date of the subscription period. The terms of the rights offering cannot be modified or amended after the expiration date of the subscription period. Although we do not presently intend to do so, we may choose to amend or modify the terms of the rights offering for any reason, including, without limitation, to increase participation in the rights offering.

Procedures for Exercising Rights

To exercise your subscription right to buy units, you must (a) properly complete the subscription process as set forth in the subscription documents and (b) submit payment for all the subscription rights you elect to exercise under the basic subscription privilege and over-subscription privilege, to the subscription rights agent, Securities Transfer Corp., at the address set forth in the subscription documents. The subscription documents must be received by the subscription rights agent on or prior to 5:00 p.m. Eastern time on December 22, 2016, the expiration date of the rights offering. Once you exercise your subscription rights, you cannot revoke your exercise. In addition, because we may terminate or withdraw the rights offering at our discretion, your participation in the rights offering is not assured. Persons holding equity securities through a broker, dealer, trustee, depository for securities, custodian bank or other nominee that desire to exercise their subscription rights with respect thereto should contact the appropriate institution or nominee and request it to effect the transaction for them.

If you cannot deliver your completed subscription documents to the subscription rights agent prior to the expiration of the subscription period, you may follow the guaranteed delivery procedures described under “The Rights and the Rights Offering”.

Transfer Agent and Registrar for the Units and Series 1 Preferred and Warrants

Securities Transfer Corp.

Subscription Rights Agent

Securities Transfer Corp.

Information Agent

Issuer Direct

Dealer-Manager

Source Capital Group, Inc.

Shares Outstanding Before the Rights Offering

21,957,147 shares of our common stock were outstanding as of the record date. 2,444,450 public warrants were outstanding as of the record date. No shares of Series 1 Preferred or Series 1 Warrants were outstanding as of the record date or are outstanding as of the date of this prospectus.

Shares Outstanding After the Rights Offering

Assuming all units are sold in the rights offering, in addition to the outstanding securities noted above, we expect approximately 1,000,000 shares of our Series 1 Preferred and Series 1 Warrants to purchase up to 10,000,000 shares of our common stock will be outstanding immediately after completion of this rights offering. We do not expect to issue any additional shares of Series 1 Preferred or Series 1 Warrants after this rights offering.

Fees and Expenses

We will pay all fees in connection with the rights offering including legal and accounting fees and all fees charged by the transfer agent, the subscription rights agent and the information agent. We will also pay the fees of Source Capital Group. We have agreed to pay Source Capital Group, as the dealer-manager a fee of 6.0% of the proceeds of the rights offering, plus a 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2% of the proceeds of the offering. For any unsubscribed units placed by Source Capital Group after the expiration of the rights offering and extension, we have agreed to pay Source Capital Group a placement fee equal to 6%, in lieu of the dealer-manager fee, along with a continuing 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2% of the proceeds of the offering, with such placement fee and expenses to be calculated in respect of the total gross proceeds paid to and received by us for subscriptions accepted by us from investors in connection with such placement and such placement fee and expenses not to exceed the aggregate amounts that would have been otherwise received by Source Capital Group if the rights offering were to have been fully subscribed. Neither the placement fee nor the expense allowance in connection with the placement will be payable with respect to any units purchased as result of the exercise of any basic subscription privilege or over-subscription privilege in the rights offering.

You will be responsible for paying any other commissions, fees, taxes or other expenses incurred in connection with your exercise of the subscription rights.

Payments to Broker-Dealers and Other Intermediaries

The dealer-manager, Source Capital Group, has informed us that it will re-allow 4.0% of its dealer-manager fee with respect to any such sale to each broker-dealer whose clients purchase units in this offering pursuant to their subscription rights. See "Plan of Distribution".

Questions

If you have any questions or need further information about this rights offering, please contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuereirect.com.

Risk Factors

Before you invest in the offering, you should be aware that there are risks associated with your investment, including the risks described in the section entitled “Risk Factors” beginning on page 24 of this prospectus and the risks set forth in our Annual Report on Form 10-K for our fiscal year ended December 31, 2015, including, without limitation, the risks related to our growth strategy, risks related to our business and risks related to the food service industry. You should carefully read and consider the risk factors contained in our Annual Report on Form 10-K and in this prospectus, together with all of the other information included in or incorporated by reference into this prospectus, before you decide to exercise your subscription rights to purchase units of our securities.

QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFERING

The following questions and answers are intended to help you locate answers to questions you may have about this offering and related matters, but they do not purport to be complete. The following questions and answers are subject to, and qualified in their entirety by, the more detailed information set forth elsewhere in this prospectus or incorporated herein by reference. See “Risk Factors,” “Description of Capital Stock—Series 1 Preferred,” “Description of Capital Stock—Series 1 Warrants,” “The Rights and the Rights Offering,” and the other information in this prospectus and the information incorporated herein by reference.

What is the rights offering?

We are distributing to holders of our common stock and public warrants, at no charge, non-transferable subscription rights to subscribe for units consisting of one share of our Series 1 Preferred and one seven year Series 1 Warrant to purchase 10 shares of our common stock. You will receive one subscription right for every share of our common stock and each public warrant held of record by you as of 5:00 p.m. Eastern time on December 5, 2016, the record date.

The subscription rights will be evidenced by subscription documents. Each subscription right will entitle the holder to a basic subscription privilege and an over-subscription privilege for all basic subscription privileges that remain unsubscribed, in each case subject to proration and as described below. The shares of Series 1 Preferred and Series 1 Warrants to be issued as components of the units in the rights offering are not detachable and will not be separately transferable following the closing. We intend to use our best efforts to list the units for trading on the Nasdaq Capital Market or quotation on the OTC marketplace. There is no assurance that the units will be traded on the Nasdaq Capital Market or quoted on the OTC marketplace. There will be no holders of units to help establish a trading market other than purchasers in this rights offering. Further, we do not expect to issue any additional units. Consequently, trading of the units may be very limited and possibly non-existent.

To subscribe for the units, you must follow the process described in the subscription documents sent to you and also available from the information agent. For assistance or copies of the documents you may contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

Where can I find the number of subscription rights I hold?

The number of subscription rights you hold will be shown on the subscription documents. The number shown is the total number of your subscription rights. You may exercise any or all of them for the units, but the number you exercise cannot exceed the number shown.

If you want to increase the number of subscription rights that you will be entitled to receive, you will need to purchase additional shares of common stock or public warrants at least four trading days prior to the record date, so that you or your nominee will be the record holder of those additional shares on the record date. Neither our board of directors nor the dealer-manager recommends that you do so.

What are the Series 1 Preferred Shares?

The Series 1 Preferred shares are traditional shares of preferred stock and may be held as registered book-entry shares or held in a traditional brokerage account, at the holder's election.

Do the Series 1 Preferred have a liquidation preference over the common stock?

Yes, the Series 1 Preferred will rank senior to the common stock if our company is liquidated. In the event of any liquidation, dissolution or winding up of our company, any amounts remaining available for distribution to stockholders after payment of all of our liabilities will be distributed first among the holders of Series 1 Preferred and then to the holders of common stock.

What is the basic subscription privilege?

The basic subscription privilege of each subscription right gives our stockholders of record and holders of our public warrants of record the opportunity to purchase one unit at a subscription price of \$13.50 per unit. We have granted to you, as a holder of record as of 5:00 p.m. Eastern time on the record date, one subscription right for every share of our common stock or public warrant you owned at that time. For example, if you owned 1,000 shares of our common stock and 50 public warrants as of 5:00 p.m. Eastern time on the record date, you would receive 1,050 subscription rights and would have the right, subject to proration, to purchase up to 1,050 units for \$13.50 per unit with your basic subscription privilege. If you fully exercise your basic subscription privilege, you would also be entitled to an unlimited over-subscription privilege, in each case subject to proration as described herein. You may exercise the basic subscription privilege of any number of your subscription rights, or you may choose not to exercise any subscription rights. If you exercise your basic subscription privilege, you may elect to purchase units up to the number of subscription rights you hold. However, all subscriptions, including those pursuant to the basic subscription privilege, are subject to proration.

If you hold your shares in the name of a broker, custodian bank, dealer or other nominee who uses the services of the Depository Trust Company (the "DTC"), DTC will issue one subscription right to the nominee for every share of our common stock and each public warrant you own at the record date. The basic subscription privilege of each subscription right can then be used, subject to proration, to purchase one unit at a subscription price of \$13.50 per unit. If you fully exercise your basic subscription privilege, you would also be entitled to an unlimited over-subscription privilege, subject to proration as described herein.

There is no minimum number of units you must purchase. You may exercise all or a portion of your basic subscription privilege, or you may choose not to exercise any subscription rights at all. However, if you exercise less than your full basic subscription privilege, you will not be entitled to purchase shares under your over-subscription privilege.

Any excess subscription payments received by the subscription rights agent will be promptly returned, without interest.

What is proration?

We do not intend to sell more than 1,000,000 units, in total, in this rights offering. If an insufficient number of shares is available to fully satisfy all basic subscription privilege requests, we will allocate the available units pro-rata among those rights holders exercising their basic subscription privilege in proportion to the product (rounded down to the nearest whole number so that the aggregate number of units does not exceed the aggregate number offered) obtained by multiplying the number of units such rights holder subscribed for under the basic subscription privilege by a fraction (A) the numerator of which is 1,000,000 and (B) the denominator of which is the total number of units sought to be subscribed for under the basic subscription privilege by all holders exercising their basic subscription privilege. This is called proration. If any proration is necessary, subscriptions for the units will be prorated.

The subscription rights agent will notify rights holders of the number of units allocated to each holder promptly after completion of the allocation process. Any excess subscription payments received by the subscription rights agent will be returned promptly, without interest.

What is the over-subscription privilege?

We do not expect all of our rights holders to exercise all of their basic subscription privileges. The over-subscription privilege provides rights holders that do exercise all of their basic subscription privileges the opportunity to purchase the units that are not purchased by other rights holders. If you fully exercise your basic subscription privilege, the over-subscription privilege entitles you to subscribe for additional units unclaimed by other holders of subscription rights in this offering at the same purchase price per unit. If an insufficient number of units is available to fully satisfy all over-subscription privilege requests, we will allocate the available units pro-rata among those rights holders exercising their over-subscription privilege in proportion to the product (rounded down to the nearest whole number so that the aggregate number of units does not exceed the aggregate number offered) obtained by multiplying the number of units such rights holder subscribed for pursuant to the over-subscription privilege by a fraction (A) the numerator of which is the number of unsubscribed units and (B) the denominator of which is the total number of units sought to be subscribed for pursuant to the over-subscription privilege by all holders participating in such over-subscription.

To properly exercise your over-subscription privilege, you must deliver the subscription payment related to your over-subscription privilege prior to the expiration of the rights offering or such earlier date as may be specified in the subscription documents you receive from the subscription rights agent (or via the web portal established by the subscription rights agent). Because we will not know the total number of unsubscribed units prior to the expiration of the rights offering, you will need to deliver payment in an amount equal to the aggregate purchase price for the maximum number of units that you desire to purchase. See “The Rights Offering—The Subscription Rights—Over-Subscription Privilege”.

Any excess subscription payments received by the subscription rights agent will be promptly returned, without interest.

We do not intend to extend the subscription period for the rights offering. If the rights offering subscription period is extended (the “extension period”), (i) all basic subscription privileges exercised prior to the beginning of the extension period will be honored first, (ii) all over-subscription privileges exercised prior to the beginning of the extension period will be honored second, and all basic and over-subscription privileges exercised during the extension period will be filled daily on a first-come, first-serve basis. If your subscription arrives during the first-come, first-serve extension period and the rights offering is over-subscribed, then the subscriptions received on or after the day on which the offering is first over-subscribed will be prorated as described above. Any subscriptions received during the extension period, but after the date on which the rights offering is fully subscribed, will not be allocated any units. The subscription rights agent will notify rights holders of the number of units, if any, allocated to each, promptly after completion of the allocation process.

What are the limitations on the exercise of the basic subscription privilege and over-subscription privilege?

Subject to your ability to exercise the over-subscription privilege, you may only purchase the number of units purchasable upon exercise of the basic subscription privilege included in the subscription rights distributed to you in the rights offering, and even then you will be subject to proration. Accordingly, the number of units that you may purchase in the rights offering is limited both by the number of shares of our common stock and public warrants that you hold on the record date and by the potential proration provisions of this offering. Although rights holders that fully and properly exercise their basic subscription privilege have the right to exercise the over-subscription privilege, there can be no assurances of the number of units that a holder will be able to acquire through the exercise of the over-subscription privilege, if any. We reserve the right to reject any or all subscriptions not properly submitted or the acceptance of which would, in the opinion of our counsel, be unlawful or which, for any other reason, we deem inconsistent with the requirements of the offering as described herein.

All subscriptions, including subscriptions pursuant to the basic subscription privilege, will be subject to proration.

In addition, if the exercise by a rights holder of the basic subscription privilege or the over-subscription privilege could, as determined by us in our sole discretion, potentially result in a limitation on our company’s ability to use the Tax Attributes, under the Code, and rules promulgated by the Internal Revenue Service, we may, but are under no obligation to, reduce the exercise by such holder of the basic subscription privilege or the over-subscription privilege to such number of units as we in our sole discretion shall determine to be advisable in order to preserve our ability to use the Tax Attributes.

Why is Chanticleer conducting this rights offering?

We are conducting this rights offering to raise capital. We will allocate up to \$8,425,000, of the proceeds to payment of certain existing debt, including principal, unpaid accrued interest and fees. The remainder of the proceeds will be used for planned store related capital expenditures and for general working capital purposes. We cannot assure you that we will not need to seek additional financing in the future.

How were the \$13.50 per unit purchase price and the exercise price of the Series 1 Warrants determined?

The purchase price of the units and exercise price of the Series 1 Warrants offered in this rights offering were determined by our board of directors, taking into account the advice of the dealer-manager, Source Capital Group, Inc., based on a number of factors, including but not limited to: our need for capital, the likely cost of capital from other sources, the price at which our principal stockholders would be willing to purchase our securities, our business prospects, the need to offer securities at a price that would be attractive to our investors and encourage them to participate in the rights offering, the historic and current market price of our common stock, general conditions in the securities market and the difficult market conditions prevailing for the raising of equity capital, our operating history and the liquidity of our common stock. We have established the number of shares underlying the Series 1 Warrants by ourselves with the advice of the dealer-manager. The number is not the result of any negotiation between any person and us. The board of directors established the exercise price for 10 shares of common stock to be the surrender of one share of Series 1 Preferred with a liquidation value of \$13.50. The purchase price of the units is not necessarily related to our book value, net worth or any other established criteria of value and may or may not be considered the fair value of the units offered in the rights offering. You should not consider the subscription price of the units or the exercise price of the Series 1 Warrants as any indications of the fair value of our common stock or the securities to be offered in this rights offering. After the date of this prospectus, our common stock may trade at prices above or below these prices. Subscription rights holders should consider the potential lack of liquidity carefully before making a decision to exercise their subscription rights for the units.

Will there be an active trading market for the units?

We intend to use our best efforts to list the units for trading on the Nasdaq Capital Market or quotation on the OTC marketplace. There is no assurance that the units will be traded on the Nasdaq Capital Market or quoted on the OTC marketplace. There will be no holders of units to help establish a trading market other than purchasers in this rights offering. Further, we do not expect to issue any additional units. Consequently, trading of the units may be very limited and possibly non-existent.

Am I required to exercise any or all of the subscription rights I receive in the rights offering?

No. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights at all. Exercising or not exercising your subscription rights will not affect the number of shares of our common stock you own (or have the right to own upon exercise or conversion of other securities). However, if you choose not to exercise your subscription rights, your ownership interest in the company and your voting and other rights may be diluted by other rights holder purchases and subsequent exercise of Series 1 Warrants by participants (to the extent we receive any subscriptions in this rights offering).

How soon must I act to exercise my subscription rights?

The subscription rights may be exercised at any time beginning on [●], 2016 and prior to the expiration of the subscription period, which is on December 22, 2016, at 5:00 p.m. Eastern time unless the subscription period is extended. If you elect to exercise any rights, the subscription rights agent must actually receive all required documents and payments from you prior to the expiration of the subscription period or such earlier date as may be specified in the subscription documents. Although we have the option of extending the subscription period for a period not to exceed 30 days, we do not intend to do so.

How do I exercise my subscription rights?

To exercise your subscription rights, you must follow the process described in the subscription documents sent to you and also available from the information agent. For assistance, you may contact the Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

If I want to exercise my subscription rights but my shares are held in the name of my broker, dealer, custodian bank or other nominee, what should I do?

You should contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

What if I attempt to exercise my subscription rights for the units, but I am not a U.S. citizen, or for any other reason the subscription rights agent determines that I am not allowed to subscribe for the units?

If for any reason the subscription rights agent determines that you cannot subscribe for the units, the subscription rights agent will return your subscription funds to you. You may contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

Who is the subscription rights agent for this offering?

Securities Transfer Corp.

Who is the transfer agent for our Series 1 Preferred, Series 1 Warrants and common stock?

Securities Transfer Corp.

Who is the information agent for this offering?

Issuer Direct.

Who is the dealer-manager and/ or placement agent for this offering?

Source Capital Group, Inc.

May I transfer my subscription rights?

No. You may not sell or transfer your subscription rights to anyone.

Are we requiring a minimum subscription to complete the rights offering?

No, we may complete the rights offering regardless of the number of subscription rights that may be exercised.

Are there any conditions to completing the rights offering?

No, but we have the right to cancel or modify the terms of the offering in our sole discretion.

Can our company's board of directors extend, cancel or amend the rights offering?

Yes. We have the option to extend the rights offering and the period for exercising your subscription rights for a period not to exceed 30 days, at our sole discretion, in which case the offering would continue on a subscriptions first-come, first-serve basis, calculated on a daily basis with the potential for pro-rata allocation of units among participants subscribing on the day, if any, on which the offering becomes oversubscribed. We do not presently intend to extend the rights offering. If we elect to extend the expiration of the rights offering, we will issue a press release announcing such extension no later than 9:00 a.m. Eastern time on the next business day after the most recently announced expiration time of the rights offering. We will extend the duration of the rights offering as required by applicable law or regulation and may choose to extend it if we decide to give investors more time to exercise their subscription rights in the rights offering. If we elect to extend the rights offering for a period of more than 30 days, holders who have subscribed for rights may cancel their subscriptions and receive a refund of all money advanced. Our board of directors may cancel the rights offering at any time in its sole discretion. If the rights offering is cancelled, we will issue a press release notifying rights holders of the cancellation and all subscription payments received by the subscription rights agent will be returned promptly, without interest or penalty.

Our board of directors also has the right to amend or modify the terms of the rights offering in its sole discretion. If we make any fundamental change to the terms of the rights offering set forth in this prospectus, we will offer persons who have exercised their subscription rights the opportunity to cancel their purchases and the subscription rights agent will refund the funds advanced by each such person and recirculate an updated prospectus. In addition, upon such event, we may extend the expiration date of the rights offering to allow holders of subscription rights ample time to make new investment decisions and for us to recirculate updated documentation. Promptly following any such occurrence, we will issue a press release announcing any changes with respect to the rights offering and the new expiration date. The terms of the rights offering cannot be modified or amended after the expiration date of the rights offering. Although we do not presently intend to do so, we may choose to amend or modify the terms of the rights offering for any reason, including, without limitation, in order to increase participation in the rights offering. Such amendments or modifications may include a change in the purchase price, although we do not currently anticipate any such change.

Has our company's board of directors made any recommendation to rights holders regarding the rights offering?

No. Neither we nor our board nor the dealer-manager are making any recommendation to rights holders regarding the exercise of subscription rights in the rights offering. You should make an independent investment decision about whether or not to exercise your rights. Rights holders who exercise subscription rights risk the loss of the amount invested. There is currently no public market for our shares of Series 1 Preferred or Series 1 Warrants. Further, although the units are expected to trade on either the Nasdaq Capital Market or the OTC marketplace, there may not be a liquid market or even any purchasers at any price for the units you may purchase in this offering. Please see "Risk Factors" for a discussion of material risks involved in investing in the units.

What will happen if I choose not to exercise my subscription rights?

Whether or not you exercise your subscription rights, the number of shares of our common stock you own (or have the right to own upon exercise or conversion of other securities) will not change. However, if you choose not to exercise your subscription rights, your ownership interest in the company and your voting and other rights may be diluted by other rights holder purchases and subsequent exercises of the Series 1 Warrants (to the extent we receive any subscriptions in this rights offering).

I am not a U.S. citizen or resident. May I exercise my subscription rights in this rights offering?

Persons who are not U.S. citizens or residents may exercise their subscription rights in this rights offering.

Will I receive a certificate representing my new Series 1 Preferred if I purchase units?

You will have the choice to receive a certificate or to hold your Series 1 Preferred in a brokerage account of your choice.

Will there be a CUSIP number for the units, Series 1 Preferred and Series 1 Warrants?

Yes.

If I exercise some or all of my subscription rights, may I cancel my exercise before the rights offering closes?

No. All exercises of subscription rights are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your subscription rights and even if our board of directors extends the rights offering for a period of up to 30 days. However, if we amend the rights offering to allow for an extension of the rights offering for a period of more than 30 days or make a fundamental change to the terms of the rights offering set forth in this prospectus, you may cancel your purchase and receive a refund of any money you have advanced. You should not exercise your subscription rights unless you are certain that you wish to purchase units at the purchase price of \$13.50 per unit.

How many shares of the company's common stock and how many shares of the Series 1 Preferred and Series 1 Warrants will be outstanding after the rights offering?

At the record date, 21,957,147 shares of our common stock were outstanding, 2,444,450 public warrants and no shares of our Series 1 Preferred or Series 1 Warrants were outstanding. The offering of the Series 1 Preferred and Series 1 Warrants in this offering will have no effect at all initially on the number of shares of our common stock outstanding. The number of shares of our Series 1 Preferred and the Series 1 Warrants that we will issue in this rights offering through the exercise of subscription rights will depend on the number of units that are subscribed for in the rights offering. If the rights offering is fully subscribed, we will issue a total of 1,000,000 units consisting of 1,000,000 shares of Series 1 Preferred and Series 1 Warrants to purchase 10,000,000 shares of our common stock. We do not expect to issue any additional shares of Series 1 Preferred or Series 1 Warrants after this rights offering. Consequently, we expect trading of the units to be limited to what we issue in this offering.

How much will the company receive from the rights offering?

If the offering is fully subscribed for 1,000,000 units, the proceeds of the offering, net of estimated expenses, including dealer-manager fees, will be approximately \$12,232,000. Please see "Use of Proceeds".

Are there material risks in exercising my subscription rights?

Yes, the exercise of your subscription rights involves material risks. Among other things, you should carefully consider each of the risks described under the heading “Risk Factors” in this prospectus and the documents incorporated by reference.

If the rights offering is not completed, will my subscription payment be refunded to me?

Yes, the subscription rights agent will hold all funds it receives in a segregated bank account until completion of the rights offering. If the rights offering is not completed, all subscription payments received by the subscription rights agent will be promptly returned, without interest. If you own your common stock in a brokerage account, it may take longer for you to receive the return of your payment because the subscription rights agent will return your payment through the record holder of your shares of common stock.

Will the subscription rights be listed on a stock exchange or national market?

No, the subscription rights are non-transferable, may not be sold, transferred or assigned by rights holders and will not be listed for trading on any stock exchange or market.

How do I exercise my subscription rights if I live outside the United States?

We will mail this prospectus and the subscription documents to stockholders whose addresses are outside the United States or who have an army post office or foreign post office address. To exercise your subscription rights, you must follow the process described in the subscription documents sent to you and also available from the information agent. For assistance you may contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

What fees or charges apply if I purchase the units?

We are not charging any fee or sales commission to issue subscription rights to you or to issue the units to you if you exercise your subscription rights. If you exercise your subscription rights through the record holder of your shares, you are responsible for paying any fees your record holder may charge you.

What are the U.S. federal income tax consequences of exercising subscription rights?

For U.S. federal income tax purposes, you generally will not recognize income or loss in connection with the receipt or exercise of subscription rights unless the rights offering is treated as a distribution described in either Section 305(b) or 305(c) of the Code. We believe that the rights offering should not be treated as either such distribution, but as discussed in the section on Material U.S. Federal Tax Consequences (beginning on page 49), certain aspects of that determination are unclear. Our position is not binding on the Internal Revenue Service or the courts, however. You are urged to consult your own tax advisor as to your particular tax consequences resulting from the receipt and exercise of subscription rights and the receipt, ownership and disposition of our Series 1 Preferred and Series 1 Warrants. For further information, please see “Material U.S. Federal Income Tax Consequences to U.S. Holders”.

If I hold Series 1 Preferred, how will I receive any dividends paid on the Series 1 Preferred?

The Series 1 Preferred will have a liquidation preference of \$13.50 per share, equal to the purchase price, and will pay cumulative dividends at the rate of 9% of the liquidation preference per year for seven years, payable in cash or our registered common stock quarterly on the last day of March, June, September and December in each year out of legally available funds.

Who should I contact if I have other questions?

If you have other questions or need assistance, please contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below and the risks set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including, without limitation, the risks described therein related to our growth strategy, our business and the food service industry, together with the other information included or incorporated by reference in this prospectus, before making a decision to invest in our securities or to exercise your subscription rights to purchase units. If any of these risks actually occur, our business, results of operations and financial condition could suffer. In that case, the market price of our securities could decline, and you may lose all or part of your investment.

None of our officers, directors or significant stockholders is obligated to exercise their subscription rights and, as a result, the offering may be undersubscribed

None of our officers, directors or significant stockholders is obligated to participate in this offering. As a result, the offering may be undersubscribed and proceeds may not be sufficient for the use of proceeds we describe in this prospectus.

If we terminate this offering, we will have no obligation other than to promptly return subscription monies.

We may decide, in our discretion and for any reason, or for no reason at all, to cancel or terminate the rights offering at any time prior to the closing date. If this offering is terminated, we will have no obligation with respect to rights that have been exercised except to promptly return, without interest or deduction, the subscription monies deposited with the subscription rights agent. If we terminate this offering, your rights will expire worthless.

There is no back-stop or standby commitment in place to purchase rights or units that are not purchased in the offering.

There is no back-stop or standby commitment in place to purchase rights or units that are not exercised in the offering. Consequently, there is no assurance that the offering will raise any amount of funds.

This is a best efforts underwriting; the dealer-manager is not purchasing the rights or units from the company as is done in a firm commitment underwriting .

Source Capital Group is not purchasing the rights or units issuable upon exercise of the basic subscription privilege or over-subscription privilege from the company as is done in a firm commitment underwriting. If the rights offering is not fully subscribed following expiration of the rights offering and the 30-day extension, Source Capital Group, as the dealer-manager for this rights offering, has agreed to use its commercially reasonable efforts to place any unsubscribed units of this rights offering at the subscription price for an additional period of up to 45 days. The number of units that may be sold by us during this period will depend upon the number of units that are subscribed for pursuant to the exercise of subscription rights by our rights holders. No assurance can be given that any unsubscribed units, if available, will be sold during this period. Source Capital Group's services to us cannot be construed as any assurance that this offering will be successful. Source Capital Group does not make any recommendation with respect to whether you should exercise the basic subscription privilege or over-subscription privilege, or to otherwise invest in our company.

Your subscription privilege is subject to adjustment and reduction.

If the exercise by a rights holder of the basic subscription privilege or the over-subscription privilege could, as determined by us in our sole discretion, potentially result in a limitation on our ability to use the Tax Attributes, under the Code, and rules promulgated by the Internal Revenue Service, the Company may, but is under no obligation to, reduce the exercise by such rights holder of the basic subscription privilege or the over-subscription privilege as the company in its sole discretion shall determine to be advisable in order to preserve the company's ability to use the Tax Attributes.

If the rights offering is over-subscribed, in which case the total number of units available in the rights offering will be allocated to participating rights holders on a pro-rata basis, as set forth more fully in this prospectus, then the number of units that each participating rights holder will be eligible to receive will depend upon the total number of subscription rights exercised. All subscriptions are subject to proration.

We do not intend to issue any additional shares of Series 1 Preferred or Series 1 Warrants after this rights offering.

We do not expect to issue any additional shares of Series 1 Preferred or Series 1 Warrants after this rights offering. Consequently, we expect trading of the units to be limited to what we issue in this rights offering.

Although there may be low or no correlations between the trading prices of the units and our common stock, decreases in the price of our common stock may cause decreases in the trading price of the units.

The trading price of the units may have only a low correlation, and may have no correlation, with the trading price of our common stock. Nevertheless, decreases in the trading price of our common stock, which could occur as the result of developments in our business or from future sales of common stock by us or by holders of the common stock or for other reasons, may cause decreases in the trading price of the units to decline. For example, in the future, we may sell shares of our common stock to raise capital. Such an event may dilute your ownership interest in the company and adversely affect the price of our common stock and, in turn, of the units. In addition, we have reserved shares of our common stock for issuance upon the exercise of stock options, warrants and convertible notes. Any of these events, and any other event that results in sales of a substantial amount of our common stock in the public market, or the perception that any such sales may occur, could reduce the market price of our common stock and, in turn, the trading price of the units. This could also impair our ability to raise additional capital through the sale of our securities. Any of the foregoing events could have a material adverse effect on holders of the units and the trading price of the units.

The Series 1 Preferred will rank senior to our common stock but junior to all of our existing and future indebtedness in the event of a liquidation, winding up or dissolution of our business.

In the event of our liquidation, winding up or dissolution, our assets would be available to make payments to holders of our Series 1 Preferred only after all of our liabilities have been paid. In the event of our bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries' liabilities, to pay any amounts to the holders of our Series 1 Preferred then outstanding.

Your subscription privilege, including your basic subscription privilege, is subject to adjustment and reduction.

If the rights offering is over-subscribed, in which case the total number of units available in the rights offering will be allocated to participating rights holders on a pro-rata basis, as set forth more fully in this prospectus, then the number of units that each participating rights holder will be eligible to receive will depend upon the number of subscription rights exercised by the rights holder and the total number of subscription rights exercised. All subscriptions, including the basic subscription privilege and over-subscription privilege, are subject to proration. If any proration is necessary, subscriptions for the units will be prorated.

In addition, if the exercise by a rights holder of the basic subscription privilege or the over-subscription privilege could, as determined by the company in its sole discretion, potentially result in a limitation on the company's ability to use the Tax Attributes under the Code, and rules promulgated by the Internal Revenue Service, the company may, but is under no obligation to, reduce the exercise by such rights holder of the basic subscription privilege or the over-subscription privilege to such number of units as the company in its sole discretion shall determine to be advisable in order to preserve the company's ability to use the Tax Attributes.

Your rights as a Series 1 Preferred stockholder are primarily those set forth in the terms of the Series 1 Preferred, and our board may prefer the interests of the common stockholders if they differ from those of the Series 1 Preferred stockholders.

The special contractual preferences of the Series 1 Preferred are primarily governed by the principles of contract law, rather than being fiduciary in nature. While our board of directors has fiduciary duties to the holders of the Series 1 Preferred to the extent those holders share rights with the common stockholders, if there is a divergence of interests between the holders of the Series 1 Preferred stock and common stock, it will generally be the duty of our board to prefer the interests of the common stockholders to those of the preferred stockholders.

Dividends may be paid only out of legally available funds as determined under Delaware General Corporation Law and our ability to pay dividends in the future will depend upon our financial results, liquidity and financial and financial condition.

Under Delaware corporate law, we may only pay dividends (regardless of whether it is a cash or stock dividend) to our stockholders from our "surplus", as determined in accordance with Delaware General Corporation Law, or our net profits for the current fiscal year or the fiscal year before which the dividend is declared under certain circumstances. Therefore, our ability to pay dividends in the future will depend upon our financial results, liquidity and financial and financial condition.

Management may choose to pay dividends on the Series 1 Preferred in cash or in registered common shares. The Company's election to pay in either cash or in common shares may or may not align with your interests at a particular dividend payment date, or the Company may be forced to use either cash or common shares at suboptimal times depending on various factors.

Payment in common shares could increase your exposure to the Company's common equity and your ability to liquidate shares received from dividend payments may be impacted by various factors affecting our common share price and trading volume, which are inherently unpredictable. In addition, if the Company were to have insufficient authorized common shares to make dividend payments in common shares, it could be forced to utilize cash for dividend payments even at times when the Company's interest would be served by paying in shares. Conversely, if the Company were to have insufficient cash on hand to make dividend payments in cash, it could be forced to utilize common shares for dividend payments even at times when the Company's interest would be served by paying in cash.

Redemption price of the Series 1 Preferred may be paid only out of legally available funds as determined under Delaware General Corporation Law and our ability to redeem the Series 1 Preferred will depend upon our financial results, liquidity and financial and financial condition.

Under Delaware corporate law, we may only redeem the Series 1 Preferred from our "surplus" provided that we have ready access to the cash necessary to effect the redemption. The form in which we hold our assets, liquid or otherwise, could greatly affect our decision to effect a redemption of the Series 1 Preferred. Therefore, our ability to redeem the Series 1 Preferred will depend upon our financial results, liquidity and financial and financial condition.

The Series 1 Warrants will be automatically exercised through the surrender of shares of Series 1 Preferred at such time our common stock trades above \$3.00 per share for five consecutive trading days.

If our common stock trades above \$3.00 per share for five consecutive trading days, the Series 1 Warrants will be automatically exercised through the surrender of shares of Series 1 Preferred, thereby cancelling all outstanding shares of Series 1 Preferred and terminating the rights of holders of Series 1 Preferred to accrual of dividends, liquidation preference and redemption payment. In such case, investors in this offering would hold ten (10) shares of common stock, subject to adjustment, for every unit purchased.

Because our management will have broad discretion over the use of proceeds from the rights offering reserved for working capital, you may not agree with how we use the proceeds, and we may not invest the proceeds successfully.

We will allocate up to \$8,425,000 of the proceeds to payment of certain existing debt, including principal, unpaid accrued interest and fees. The remainder of the proceeds will be used for planned store related capital expenditures and for general working capital purposes. We cannot assure you that we will not need to seek additional financing in the future. We will retain broad discretion of the use of proceeds earmarked for working capital. You will be relying on the judgment of our management with regard to the use of such proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for the company.

Completion of this offering is not subject to us raising a minimum offering amount and therefore proceeds may be insufficient to meet our objectives, thereby increasing the risk to investors in this offering.

Completion of this offering is not subject to us raising a minimum offering amount. As such, proceeds from this rights offering may not be sufficient to meet the objectives we state in this prospectus or other corporate milestones that we may set. Investors should not rely on the success of this offering to address our need for funding. If we fail to raise capital by the end of December 2016, we would expect to have to significantly decrease our growth plans and operating expenses, which will curtail the progress of our business.

The subscription rights are not transferable and there is no market for the subscription rights, units, Series 1 Preferred or the Series 1 Warrants.

You may not sell, transfer or assign your subscription rights. The subscription rights are only transferable by operation of law. Because the subscription rights are non-transferable, there is no market or other means for you to directly realize any value associated with the subscription rights. You must exercise the subscription rights to realize any value that may be embedded in the subscription rights.

None of the subscription rights, the Series 1 Preferred or the Series 1 Warrants will be listed for trading on any national securities exchange or market. We intend to use our best efforts to list the units for trading on the Nasdaq Capital Market or quotation on the OTC marketplace. There is no assurance that the units will be traded on the Nasdaq Capital Market or quoted on the OTC marketplace. There will be no holders of units to help establish a trading market other than purchasers in this rights offering. Further, we do not expect to issue any additional units. Consequently, trading of the units may be very limited and possibly non-existent.

If you do not act on a timely basis and follow subscription instructions, your exercise of rights may be rejected.

Holders of shares of common stock who desire to purchase shares of our common stock in this offering must act on a timely basis to ensure that all required forms and payments are actually received by the subscription agent prior to 5:00 p.m. Eastern time on the expiration date, unless extended. If you are a beneficial owner of shares of common stock and you wish to exercise your rights, you must act promptly to ensure that your broker, dealer, custodian bank, trustee or other nominee acts for you and that all required forms and payments are actually received by your broker, dealer, custodian bank, trustee or other nominee in sufficient time to deliver such forms and payments to the subscription agent to exercise the rights granted in this offering that you beneficially own prior to 5:00 p.m. Eastern time on the expiration date, as may be extended. We will not be responsible if your broker, dealer, custodian bank, trustee or other nominee fails to ensure that all required forms and payments are actually received by the subscription agent prior to 5:00 p.m. Eastern time on the expiration date, as may be extended.

If you fail to complete and sign the required subscription forms, send an incorrect payment amount, or otherwise fail to follow the subscription procedures that apply to your exercise in this offering, the subscription agent may, depending on the circumstances, reject your subscription or accept it only to the extent of the payment received. Neither we nor the subscription agent undertakes to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly follows the subscription procedures.

If you make payment of the subscription price by uncertified check, your check may not clear in sufficient time to enable you to purchase units in this rights offering.

Any uncertified check used to pay for units to be issued in this rights offering must clear prior to the expiration date of this rights offering, and the clearing process may require five or more business days. If you choose to exercise your subscription rights, in whole or in part, and to pay for units by uncertified check and your check has not cleared prior to the expiration date of this rights offering, you will not have satisfied the conditions to exercise your subscription rights and will not receive the units you wish to purchase.

The tax treatment of the rights offering is somewhat uncertain and it may be treated as a taxable event to our rights holders.

If the rights offering is deemed to be part of a “disproportionate distribution” under section 305 of the Internal Revenue Code, our rights holders may be required to recognize taxable income for U.S. federal income tax purposes in connection with the receipt of subscription rights in the rights offering depending on our current and accumulated earnings and profits and our stockholders’ tax basis in our common stock. A “disproportionate distribution” is a distribution or a series of distributions, including deemed distributions, that has the effect of the receipt of cash or other property by some stockholders or holders of debt instruments convertible into stock and an increase in the proportionate interest of other stockholders in a company’s assets or earnings and profits. It is unclear whether the fact that we have outstanding options and certain other equity-based awards could cause the receipt of subscription rights to be part of a disproportionate distribution. Please see “Material U.S. Federal Income Tax Consequences” for further information on the treatment of the rights offering.

The rights offering could impair or limit our net operating loss carry forwards.

As of December 31, 2015, we had net operating loss carryovers (which we refer to as “NOLs”) of approximately \$29,635,000 for U.S. federal income tax purposes, which will expire at various dates beginning in 2031 through 2036, if not utilized. Under the Internal Revenue Code, an “ownership change” with respect to a corporation can significantly limit the amount of pre-ownership change NOLs and certain other tax assets that the corporation may utilize after the ownership change to offset future taxable income, possibly reducing the amount of cash available to the corporation to satisfy its obligations. An ownership change generally should occur if the aggregate stock ownership of holders of at least 5% of our stock increases by more than 50 percentage points over the preceding three-year period. The purchase of units pursuant to the rights offering may trigger an ownership change with respect to our stock.

We may amend or modify the terms of the rights offering at any time prior to the expiration of the rights offering in our sole discretion.

Our board of directors reserves the right to amend or modify the terms of the rights offering in its sole discretion. Although we do not presently intend to do so, we may choose to amend or modify the terms of the rights offering for any reason, including, without limitation, in order to increase participation in the rights offering. Such amendments or modifications may include a change in the subscription price, although no such change is presently contemplated. If we should make any fundamental changes to the terms of the rights offering set forth in this prospectus, we will file a post-effective amendment to the registration statement in which this prospectus is included, offer potential purchasers who have subscribed for rights the opportunity to cancel such subscriptions and issue a refund of any subscription payments advanced by such rights holder and recirculate an updated prospectus after the post-effective amendment is declared effective by the SEC. In addition, upon such event, we may extend the expiration date of the rights offering to allow holders of rights ample time to make new investment decisions and for us to recirculate updated documentation. Promptly following any such occurrence, we will issue a press release announcing any changes with respect to the rights offering and the new expiration date. The terms of the rights offering cannot be modified or amended after the expiration date of the rights offering.

RISKS RELATED TO OUR BUSINESS

We are in default under notes payable in the amount of \$5,856,073 due to the appointment of an administrator over the Australia Hooters entities in the third quarter of 2015.

We are in default under notes payable in the amount of \$5,856,073 due to the appointment of an administrator over the Australia Hooters entities in the third quarter of 2015. These notes are deemed accelerated until such time as we are able to renegotiate the terms or obtain a waiver of the default. To date the note holders have given no indication that they intend to enforce acceleration of the various notes. However, our inability to renegotiate the terms of these notes or obtain a waiver and action by the note holders to collect on the accelerated notes could adversely affect our growth and our operating results.

We have \$9.6 million in notes and convertible debt obligations, which could potentially be called for payment within the next twelve months. Our current operations are contingent upon successfully obtaining additional financing in the near future, and failure to obtain financing will adversely affect our growth and operating results

If capital is not available, we may then need to scale back or freeze our organic growth plans, reduce general and administrative expenses, and/or curtail future acquisition plans to manage our liquidity and capital resources. We may also not be able to refinance or otherwise extend or repay our current obligations of \$9.6 million, or continue to operate as a going concern.

We have not been profitable to date and expect our operating losses to continue for the foreseeable future; we may never be profitable.

We have incurred operating losses and generated negative cash flows since our inception and have financed our operations principally through equity investments and borrowings. At this time, our ability to generate sufficient revenues to fund operations is uncertain. For the fiscal year ended December 31, 2015, we had net revenue of \$42.4 million and incurred a net loss of \$14.5 million. Our total accumulated deficit through December 31, 2015 was \$33 million. In addition, we incurred a loss from continuing operations of \$2.4 million during the nine months ended September 30, 2016.

As a result of our brief operating history, revenue is difficult to predict with certainty. Current and projected expense levels are based largely on estimates of future revenue. We expect expenses to increase in the future as we expand our activities. We cannot assure you that we will be profitable in the future. Accordingly, the extent of our future losses and the time required to achieve profitability, if ever, is uncertain. Failure to achieve profitability could materially and adversely affect the value of our Company and our ability to effect additional financings. The success of the business depends on our ability to increase revenues to offset expenses. If our revenues fall short of projections, our business, financial condition and operating results will be materially adversely affected.

Our financial statements have been prepared assuming a going concern.

Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. Our financial statements as of December 31, 2015, were prepared under the assumption that we will continue as a going concern for the next twelve months. Our independent registered public accounting firm has issued a report that includes an explanatory paragraph referring to our losses from operations and expressing substantial doubt in our ability to continue as a going concern without additional capital becoming available. Our ability to continue as a going concern is dependent upon our ability to obtain additional financing, obtain further operating efficiencies, reduce expenditures and ultimately, create profitable operations. Such financings may not be available or may not be available on reasonable terms. Our financial statements do not include adjustments that result from the outcome of this uncertainty.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.

We are not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, shares of common stock, as well as any shares of common stock that may be issued pursuant to our shareholder rights plan. The market price of our common stock could decline as a result of sales of our common stock made after this offering or the perception that such sales could occur.

We may issue and sell additional shares of our common stock in private placements or registered offerings in the future. We also may conduct additional rights offerings in the future pursuant to which we may issue shares of our common stock.

Provisions in our certificate of incorporation, our bylaws and Delaware law could make it more difficult for a third party to acquire us, discourage a takeover and adversely affect existing stockholders.

Our certificate of incorporation, our bylaws, and the Delaware General Corporation Law contain provisions that may have the effect of making more difficult, delaying, or deterring attempts by others to obtain control of our company, even when these attempts may be in the best interests of stockholders. These include provisions on our maintaining a classified board of directors and limiting the stockholders' powers to remove directors or take action by written consent instead of at a stockholders' meeting. Our certificate of incorporation also authorizes our board of directors, without stockholder approval, to issue one or more series of preferred stock, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of our common stock. Delaware law also imposes conditions on certain business combination transactions with "interested stockholders".

These provisions and others that could be adopted in the future could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares over then-current market prices. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

We are not in compliance with the Nasdaq Capital Market's bid price rule and may be required to complete a reverse stock split in order to regain compliance or face delisting.

The Nasdaq Listing Qualifications Department notified us on February 18, 2016 that, based on the previous 30 consecutive business days, our common stock no longer met the minimum \$1 bid price per share requirement. Therefore, in accordance with the Nasdaq Stock Market's Listing Rules, we were provided 180 calendar days, or until August 16, 2016, to regain compliance. We did not regain compliance with the Nasdaq Capital Market's bid price rule within the specified period. Since Chanticleer meets all of the other applicable standards for initial listing on the Nasdaq Capital Market and has provided the Nasdaq Listing Qualifications Department with a representation that, if necessary, we intend to cure the defect by effecting a reverse stock split during the compliance period, we has been granted an additional 180 calendar days through February 13, 2017 to regain compliance with the bid price rule. If at any time during this additional time period the closing bid price of our common stock is at least \$1 per share for a minimum of 10 consecutive business days, or if we complete a reverse split no later than 10 days prior to the expiration date of February 13, 2017, we will have regained compliance.

If we effect a reverse stock split of our common stock, the number of shares underlying the Series 1 Warrants will be proportionately reduced.

If we effect a reverse split, the number of shares of common stock outstanding as well as the number of shares of common stock issuable upon exercise of the Series 1 Warrants would both be reduced proportionately. For example, if the Company were to effect a 2:1 reverse stock split, the total number of shares of common stock outstanding would be reduced from approximately 22 million to 11 million and the Series 1 Warrants will be exercisable for five shares of our common stock, instead of 10 shares, in exchange for the surrender of one share of Series 1 Preferred.

The uncertainty surrounding the implementation and effect of Brexit may impact our UK operations.

The uncertainty surrounding the implementation and effect of Brexit, including the commencement of the exit negotiation period, the terms and conditions of such exit, the uncertainty in relation to the legal and regulatory framework that would apply to the UK and its relationship with the remaining members of the EU (including, in relation to trade) during a withdrawal process and after any Brexit is effected, has caused and is likely to cause increased economic volatility and market uncertainty globally. It is too early to ascertain the long term effects. To date, the only measurable impact is attributable to the decline in the pound sterling as measured against the U.S. dollar.

Negative publicity could reduce sales at some or all of our restaurants.

We may, from time to time, be faced with negative publicity relating to food quality and integrity, the safety, sanitation and welfare of our restaurant facilities, customer complaints or litigation alleging illness or injury, health inspection scores, integrity of our or our suppliers' food processing and other policies, practices and procedures, employee relationships and welfare or other matters at one or more of our restaurants. Negative publicity may adversely affect us, regardless of whether the allegations are valid or whether we are held to be responsible. The risk of negative publicity is particularly great with respect to our franchised restaurants because we are limited in the manner in which we can regulate them, especially on a real-time basis and negative publicity from our franchised restaurants may also significantly impact company-operated restaurants. A similar risk exists with respect to food service businesses unrelated to us, if customers mistakenly associate such unrelated businesses with our operations. Employee claims against us based on, among other things, wage and hour violations, discrimination, harassment or wrongful termination may also create not only legal and financial liability but negative publicity that could adversely affect us and divert our financial and management resources that would otherwise be used to benefit the future performance of our operations. These types of employee claims could also be asserted against us, on a co-employer theory, by employees of our franchisees. A significant increase in the number of these claims or an increase in the number of successful claims could materially adversely affect our business, financial condition, results of operations and cash flows.

The interests of our franchisees may conflict with ours or yours in the future and we could face liability from our franchisees or related to our relationship with our franchisees.

Franchisees, as independent business operators, may from time to time disagree with us and our strategies regarding the business or our interpretation of our respective rights and obligations under the franchise agreement and the terms and conditions of the franchisee/franchisor relationship or have interests adverse to ours. This may lead to disputes with our franchisees and we expect such disputes to occur from time to time in the future as we continue to offer franchises. Such disputes may result in legal action against us. To the extent we have such disputes, the attention, time and financial resources of our management and our franchisees will be diverted from our restaurants, which could have a material adverse effect on our business, financial condition, results of operations and cash flows even if we have a successful outcome in the dispute.

In addition, various state and federal laws govern our relationship with our franchisees and our potential sale of a franchise. A franchisee and/or a government agency may bring legal action against us based on the franchisee/franchisor relationships that could result in the award of damages to franchisees and/or the imposition of fines or other penalties against us.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, within the meaning of the Federal securities laws, which involve substantial risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “outlook,” “believes,” “plans,” “intends,” “expects,” “goals,” “potential,” “continues,” “may,” “should,” “seeks,” “will,” “would,” “approximately,” “predicts,” “estimates,” “anticipates” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. You should read statements that contain these words carefully because they discuss our plans, strategies, prospects and expectations concerning our business, operating results, financial condition and other similar matters. We believe that it is important to communicate our future expectations to our investors. There will be events in the future, however, that we are not able to predict accurately or control. The factors listed under “Risk Factors” in this prospectus and in any documents incorporated by reference into this prospectus as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Such risks and uncertainties include, among other things, risks and uncertainties related to:

- Operating losses may continue for the foreseeable future; we may never be profitable;
- Inherent risks in expansion of operations, including our ability to acquire additional territories, generate profits from new restaurants, find suitable sites and develop and construct locations in a timely and cost-effective way;
- Inherent risks associated with acquiring and starting new restaurant concepts and store locations;
- General risk factors affecting the restaurant industry, including current economic climate, costs of labor and food prices;
- Intensive competition in our industry and competition with national, regional chains and independent restaurant operators;
- Our rights to operate and franchise the Hooters-branded restaurants are dependent on the Hooters' franchise agreements;
- We do not have full operational control over the businesses of our franchise partners or operations where we hold less 100% ownership;
- Failure to protect our intellectual property rights, including the brand image of our restaurants;
- Our business has been adversely affected by declines in discretionary spending and may be affected by changes in consumer preferences;
- Increases in costs, including food, labor and energy prices;
- Our business and the growth of our Company is dependent on the skills and expertise of management and key personnel;
- Constraints could affect our ability to maintain competitive cost structure, including but not limited to labor constraints;
- Work stoppages at our restaurants or supplier facilities or other interruptions of production;
- Our food service business and the restaurant industry are subject to extensive government regulation;

- We may be subject to significant foreign currency exchange controls in certain countries in which we operate;
- Inherent risk in foreign operations and currency fluctuations;
- Unusual expenses associated with our expansion into international markets;
- The risks associated with leasing space subject to long-term non-cancelable leases;
- We may not attain our target development goals and aggressive development could cannibalize existing sales;
- Current conditions in the global financial markets and the distressed economy;
- A decline in market share or failure to achieve growth;
- Negative publicity about the ingredients we use or the potential occurrence of food-borne illnesses or other problems at our restaurants;
- Breaches of security of confidential consumer information related to our electronic processing of credit and debit card transactions;
- Unusual or significant litigation governmental investigations or adverse publicity or otherwise;
- Our debt financing agreements expose us to interest rate risks, contain obligations that may limit the flexibility of our operations, and may limit our ability to raise additional capital;
- Adverse effects on our results from a decrease in or cessation or claw back of government incentives related to investments;
- Adverse effects on our operations resulting from certain geo-political or other events; and
- Delisting of our common stock from the Nasdaq Capital Market.

Before you invest in our securities, you should be aware that the occurrence of the events described in these risk factors and elsewhere in this prospectus under the heading “Risk Factors” and in any documents incorporated by reference into this prospectus could have a material adverse effect on our business, results of operations and financial position. Any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ will emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. You are advised to consult any further disclosures we make on related subjects in the reports we file with the SEC pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (or the “Exchange Act”).

USE OF PROCEEDS

Assuming full participation in the rights offering, we estimate that the net proceeds from the rights offering will be approximately \$12,232,000 after deducting expenses related to this offering payable by us estimated at approximately \$1,268,000, including dealer-manager fees.

Repayment of Debt Obligations

We will allocate up to \$8,425,000, of the proceeds of this offering to payment of certain existing debt, including principal, unpaid accrued interest and fees.

Florida Mezzanine Fund, LLP Obligation

Of the allocated financing proceeds, up to \$5,275,000 will be paid to Florida Mezzanine Fund, LLP ("Florida Mezz") to be applied toward principal, unpaid accrued interest and fees. The obligation to Florida Mezz bears interest at a rate of 12% per annum and matures on January 31, 2017. On October 24, 2016, we entered into the Second Amendment to Assumption and Assignment Agreement with Florida Mezz. Pursuant to this amendment, we agreed to allocate up to \$5,000,000 of the proceeds of the rights offering to Florida Mezz to be applied toward the Company's obligation. If payment is remitted on or prior to December 31, 2016, Florida Mezz will extend the maturity date of the note from January 31, 2017 to July 31, 2018. Only in the event the Florida Mezz obligation is not repaid in full by December 31, 2016, we will pay a modification fee equal to five percent (5%) of the outstanding principal balance of the balance of the obligation after the application of the financing proceeds. Also only in the event that the Florida Mezz obligation is not repaid in full, we agreed to allocate 62.5% of the proceeds from the sale of any asset prior to July 31, 2018 to Florida Mezz. Provided that we continue to make timely interest only payments to Florida Mezz, a subsequent payment default does not occur, and we continue to comply with the terms of the amendment, any existing event of default was waived together with waiver of the financial covenants until July 31, 2018.

6% Secured Subordinate Convertible Notes

Of the allocated proceeds, up to \$3,150,000 will be paid to the holders of our 6% Secured Subordinate Convertible Notes to be applied to principal, unpaid accrued interest and fees. The notes matured on August 2, 2016 and are in default. The interest rate on the notes has increased from 6% simple interest per annum to 21% simple interest per annum as a result of the default. The notes holders have a priority security interest in the Company's Hooter's store in Nottingham, England as well as a subordinated security interest in all of the Company's other assets.

Other Uses

The remainder of the proceeds will be used for planned store related capital expenditures and for general working capital purposes.

We will retain broad discretion of the use of proceeds reserved for working capital. You will be relying on the judgment of our management with regard to the use of such proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for the company.

If we fail to raise capital by the end of December 2016, we would expect to have to significantly decrease our growth plans and operating expenses, which will curtail the progress of our business.

The table below sets forth the breakdown of the use of proceeds from the rights offering, in order of priority and assuming full participation in the rights offering:

| | | |
|---|-----------|-------------------|
| Repayment of Florida Mezz Note | \$ | 5,275,000 |
| Repayment of 6% Secured Subordinate Convertible notes | \$ | 3,150,000 |
| Store Related Capital Expenditures | \$ | 1,450,000 |
| Working Capital | \$ | 2,357,000 |
| TOTAL | \$ | 12,232,000 |

CAPITALIZATION

The following table sets forth our short-term debt and consolidated capitalization as of September 30, 2016 and our consolidated capitalization as adjusted to give effect to:

- the issuance of the units offered pursuant to this prospectus, assuming the sale of 1,000,000 units at \$13.50 per unit and no exercise of the Series 1 Warrants; and
- the use of the net proceeds from this offering as described under “Use of Proceeds” in this prospectus.

You should read this table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, which is incorporated herein by reference and our historical financial statements and notes to those financial statements that are incorporated by reference in this prospectus.

We are unable to predict the actual level of participation in the offerings.

| | As of September 30, 2016 (in thousands) | |
|---|---|------------------|
| | As Reported | Pro Forma |
| Cash | \$ 991 | \$ 4,798 |
| TOTAL DEBT | | |
| Convertible notes payable, net of discount of \$121 and \$121, respectively | 3,604 | 604 |
| Capital leases payable | 27 | 27 |
| Notes payable, net of discount of \$43 and \$0, respectively | 6,436 | 1,479 |
| TOTAL DEBT | 10,067 | 2,110 |
| Redeemable preferred stock and warrants, \$.0001 par value, 0 and 1 million shares issued and outstanding, respectively. ⁽¹⁾ | - | 12,232 |
| Stockholders' equity: | | |
| Common stock: \$.0001 par value; authorized 45,000,000 shares; issued and outstanding 21,957,147 | 2 | 2 |
| Additional paid in capital | 56,264 | 56,264 |
| Other comprehensive income (loss) | (1,248) | (1,248) |
| Non-controlling interest | 696 | 696 |
| Accumulated deficit | (40,284) | (40,327) |
| TOTAL STOCKHOLDERS' EQUITY | 15,430 | 15,387 |
| TOTAL CAPITALIZATION | \$ 25,497 | \$ 29,729 |

(1) The Company has 5 million shares of \$.0001 par value preferred stock authorized and available for issuance, of which 1 million shares will be issued and outstanding following this offering

THE RIGHTS OFFERING

The Subscription Rights

We are distributing, at no charge, to holders of our common stock and our public warrants, non-transferable subscription rights to purchase up to an aggregate of 1,000,000 units consisting of shares of our Series 1 Preferred Stock, liquidation value \$13.50 per share, and Series 1 Warrants to purchase shares of our common stock, par value \$.0001 per share. Each subscription right will entitle you, subject to proration as described herein, to purchase one unit consisting of one share of our Series 1 Preferred and a warrant to purchase 10 shares of our common stock, at a subscription price of \$13.50 per unit.

Each holder of record of our common stock as of the record date for the rights offering will receive one subscription right for every share of our common stock and public warrant owned by such holder as of 5:00 p.m. Eastern time on the record date.

Each subscription right will entitle the holder to a basic subscription privilege and an over-subscription privilege, which are described below. The basic subscription privilege and the over-subscription privilege are both subject to proration. If all the rights were exercised, all subscription rights holders would be subject to proration of their basic subscription privilege, and each subscription rights holder would be entitled to purchase a total number of units of approximately 4.5% of the number of subscription rights held by such subscription rights holder. If any proration is necessary, subscriptions for the units will be prorated.

Basic Subscription Privilege

The basic subscription privilege of each subscription right gives our rights holders of record as of the record date the opportunity to purchase one unit consisting of one share of our Series 1 Preferred and a Series 1 Warrant to purchase 10 shares of our common stock, from the date of issuance through its expiration seven years from the date of issuance, at a subscription price of \$13.50 per unit, subject to proration. We have granted to each rights holder of record as of 5:00 p.m. Eastern time on the record date, one subscription right for every share of our common stock and every public warrant owned by such rights holder at that time. For example, if you owned 1,000 shares of our common stock as of 5:00 p.m. Eastern time on the record date and 50 public warrants, you would receive 1,050 subscription rights and would have the right to purchase 1,050 units, for \$13.50 per unit, with your basic subscription privilege plus an unlimited over-subscription privilege, in each case subject to proration as described herein. You may exercise the basic subscription privilege of any number of your subscription rights, or you may choose not to exercise any subscription rights. If you do not exercise your basic subscription privilege in full, you will not be entitled to purchase any units under your over-subscription privilege.

If you hold your shares or public warrants in the name of a broker, custodian bank, dealer or other nominee who uses the services of the Depository Trust Company, or DTC, DTC will issue one subscription right to the nominee for every shares of our common stock and public warrant you own at the record date. The basic subscription privilege of each subscription right can then be used to purchase one unit for \$13.50 per unit, subject to proration.

If an insufficient number of units is available to fully satisfy all basic subscription privilege requests, we will allocate the available units pro-rata among those rights holders exercising their basic subscription privilege in proportion to the product (rounded down to the nearest whole number so that the aggregate number of units does not exceed the aggregate number offered) obtained by multiplying the number of units such rights holder subscribed for under the basic subscription privilege by a fraction (A) the numerator of which is 1,000,000 and (B) the denominator of which is the total number of units sought to be subscribed for under the basic subscription privilege by all holders exercising their basic subscription privilege. All subscriptions, including subscriptions pursuant to the basic subscription privilege, will be subject to proration. The subscription rights agent will notify subscription rights holders of the number of units allocated to each holder exercising the basic subscription privilege as promptly as may be practicable after the allocations are completed.

Any excess subscription payments received by the subscription rights agent will be promptly returned, without interest.

Over-Subscription Privilege

The over-subscription privilege provides each rights holder that fully exercises all of such holder's basic subscription privilege the opportunity to purchase the units that are not purchased by other rights holders. If you fully exercise your basic subscription privilege, the over-subscription privilege entitles you to subscribe for additional units unclaimed by other holders of subscription rights in this offering at the same subscription price per unit. If an insufficient number of units is available to fully satisfy all over-subscription privilege requests, we will allocate the available units, pro-rata among those rights holders exercising their over-subscription privilege in proportion to the product (rounded down to the nearest whole number so that the subscription price multiplied by the aggregate number of units does not exceed the aggregate offering amount) obtained by multiplying the number of units such rights holder subscribed for pursuant to the over-subscription privilege by a fraction (A) the numerator of which is the number of unsubscribed units and (B) the denominator of which is the total number of units sought to be subscribed for pursuant to the over-subscription privilege by all holders participating in such over-subscription. The subscription rights agent will notify subscription rights holders of the number of units, if any, allocated to each holder exercising the over-subscription privilege as promptly as may be practicable after the allocations are completed.

To properly exercise your over-subscription privilege, you must deliver the subscription payment related to your over-subscription privilege prior to the expiration of the subscription period. Because we will not know the total number of unsubscribed units prior to the expiration of the rights offering, if you wish to maximize the number of units you purchase pursuant to your over-subscription privilege, you will need to deliver payment in an amount equal to the aggregate subscription price for the maximum number of units available to you, assuming that no stockholder other than you has purchased any units pursuant to its basic subscription privilege and over-subscription privilege.

There may not be sufficient units available to purchase the number of units issuable upon the exercise of your basic subscription privilege or your over-subscription privilege. We will only honor over-subscription privileges to the extent sufficient unsubscribed units are available following the exercise of subscription rights under the basic subscription privilege. We will not issue more than 1,000,000 units, consisting in the aggregate of 1,000,000 shares of Series 1 Preferred and Series 1 Warrants to purchase up to 10,000,000 shares of common stock.

To the extent the aggregate subscription available to you pursuant to the subscription privileges is less than the amount you actually paid in connection with the exercise of the subscription privileges, you will be allocated only the number of unsubscribed units available to you promptly after the expiration of the rights offering.

To the extent the amount you actually paid in connection with the exercise of the subscription privileges is less than the aggregate subscription price of the maximum number of units available to you, you will be allocated the number of units for which you actually paid in connection with the privileges.

Any excess subscription payments received by the subscription rights agent will be promptly returned, without interest.

Limitation on Exercise of Basic Subscription Privilege and Over-Subscription Privilege

If the rights offering is over-subscribed, in which case the total number of units available in the rights offering will be allocated to participating rights holders on a pro-rata basis, as set forth more fully in this prospectus, then the number of units that each participating rights holder will be eligible to receive will depend upon the number of subscription rights exercised by the rights holder and the total number of subscription rights exercised. All subscriptions, including the basic subscription privilege, are subject to proration. If any proration is necessary, subscriptions for units will be prorated.

If the exercise by a rights holder of the basic subscription privilege or the over-subscription privilege could, as determined by us in our sole discretion, potentially result in a limitation on our company's ability to use the Tax Attributes, under the Code and rules promulgated by the Internal Revenue Service, we may, but are under no obligation to, reduce the exercise by such rights holder of the basic subscription privilege or the over-subscription privilege to such number of units as we in our sole discretion shall determine to be advisable in order to preserve our company's ability to use the Tax Attributes.

Allocations

The subscription rights agent will perform the allocations of the units in this offering. The subscription rights agent will notify rights holders who validly exercise their subscription rights the number of units allocated to each as promptly as may be practicable after completion of the allocation process.

Reasons for the Rights Offering

We are conducting this rights offering to raise capital. We will allocate up to \$8,425,000 of the proceeds to payment of certain existing debt, including principal, unpaid accrued interest and fees. The remainder of the proceeds will be used for planned store related capital expenditures and for general working capital purposes. We cannot assure you that we will not need to seek additional financing in the future.

Method of Exercising Subscription Rights

To exercise your subscription rights, you must follow the process described in the subscription documents sent to you and also available from the information agent. For assistance you may contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuereirect.com.

The exercise of subscription rights will be irrevocable and may not be cancelled or modified, even if the rights offering is extended by our board of directors, unless we amend the subscription period to extend it by more than 30 days or make a fundamental change to the terms of the rights offering set forth in this prospectus. In any such case, you may cancel your subscription and receive a refund of any money you have advanced. You may exercise your subscription rights as follows:

Subscription By Registered Holder with U.S. or Canadian Address

To exercise your subscription right to buy units, you must (a) properly complete the subscription process as set forth in the subscription documents and (b) submit payment for all the subscription rights you elect to exercise under the basic subscription privilege and over-subscription privilege, to the subscription rights agent, Securities Transfer Corp., at the address set forth on the subscription documents prior to 5:00 p.m. Eastern time on December 22, 2016, the expiration date of the rights offering. If the mail is used to forward subscription documents and/or a certified or bank check, it is recommended that insured, registered mail be used. Once you exercise your subscription rights, you cannot revoke your exercise. In addition, since we may terminate or withdraw the rights offering at our discretion, your participation in the rights offering is not assured.

Subscription By DTC Participants

Banks, trust companies, securities dealers and brokers that hold our equity securities or warrants therefor as nominee for more than one beneficial owner may, upon proper showing to the subscription rights agent, exercise their subscription privileges on the same basis as if the beneficial owners were record holders on the record date through the Depository Trust Company (the "DTC"). The DTC will issue one basic subscription privilege to purchase one unit to you for every share of our common stock and each public warrant that is held by you or is issuable to you as of the record date. Each basic subscription privilege can then be used to purchase one unit for \$13.50 per unit. You may exercise these subscription privileges through DTC's PSOP Function and instructing DTC to charge your applicable DTC account for the subscription payment for the units and deliver such amount to the subscription rights agent. DTC must receive the subscription instructions and payment for the units by the expiration date of the rights offering.

Subscription by Beneficial Owners

If you are a beneficial owner of our common stock or public warrants therefor that are registered in the name of a broker, custodian bank or other nominee, or if you hold certificates and would prefer to have an institution conduct the transaction relating to the subscription rights on your behalf, you should instruct your broker, custodian bank or other nominee or institution to exercise your subscription rights and deliver all documents and payment on your behalf prior to 5:00 p.m. Eastern time on the expiration date of this rights offering. Your subscription rights will not be considered exercised unless the subscription rights agent receives from you, your broker, custodian, nominee or institution, as the case may be, all of the required documents and your full subscription price payment prior to 5:00 p.m. Eastern time on the expiration date of the rights offering.

Payment Method

Payments must be made in full in U.S. currency by personal check, certified check or bank draft, or by wire transfer. You must timely pay the full subscription payment, including payment for the over-subscription privilege, if applicable, for the full number of units you wish to acquire pursuant to the exercise of subscription rights by delivering a:

- certified or personal check drawn against a U.S. bank payable to Securities Transfer Corp., the subscription rights agent;
- U.S. Postal money order payable to Securities Transfer Corp.; or
- wire transfer of immediately available funds to the subscription account maintained by Securities Transfer Corp., as subscription agent.

Any personal check used to pay for units must clear the appropriate financial institutions prior to the expiration date of the rights offering. The clearinghouse may require five or more business days. Accordingly, rights holders who wish to pay the subscription price by means of an uncertified personal check are urged to make payment sufficiently in advance of the expiration date to ensure such payment is received and clears by such date. Subscription documents received after that time will not be honored, and we will return your payment to you, without interest or deduction.

The subscription rights agent will be deemed to receive payment upon:

- clearance of any uncertified check deposited by the subscription rights agent; or
- receipt by the subscription rights agent of any certified check bank draft drawn upon a U.S. bank.

You should read the instruction letter accompanying the subscription documents carefully and strictly follow it. **DO NOT SEND SUBSCRIPTION DOCUMENTS OR PAYMENTS TO US.** We will not consider your subscription received until the subscription rights agent has received delivery of a properly completed and duly executed subscription documents and payment of the full subscription amount. The risk of delivery of all documents and payments is on you or your nominee, not us or the subscription agent.

Unless a subscription document provides that the units are to be delivered to the record holder of such subscription rights or such document is submitted for the account of a bank or a broker, signatures on such subscription document must be guaranteed by an "Eligible Guarantor Institution," as such term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended, subject to any standards and procedures adopted by the subscription rights agent.

Calculation of Subscription Rights Exercised

If you do not indicate the number of subscription rights being exercised, or do not forward full payment of the total subscription price payment for the number of subscription rights that you indicate are being exercised, then you will be deemed to have exercised your basic subscription privilege and over subscription privilege with respect to the maximum number of subscription rights that may be exercised with the aggregate subscription price payment you delivered to the subscription rights agent. If we do not apply your full subscription price payment to your purchase of units, we or the subscription rights agent will promptly return the excess amount to you by mail, without interest or deduction after the expiration date of this rights offering.

Expiration Date and Amendments

The subscription period during which you may exercise your subscription rights expires at 5:00 p.m. Eastern time on December 22, 2016. If you do not exercise your subscription rights prior to that time, your subscription rights will expire and will no longer be exercisable. We will not be required to issue units to you if the subscription rights agent receives your subscription documents or your subscription payment after that time, regardless of when the subscription documents and subscription payment were sent. We may extend the offering up to an additional 30 days, at our sole discretion. We do not presently intend to extend the rights offering. If we elect to extend the rights offering, we will issue a press release announcing such extension no later than 9:00 a.m. Eastern time on the next business day after the most recently announced expiration time of the rights offering. We will extend the rights offering as required by applicable law or regulation and may choose to extend it if we decide to give investors more time to exercise their subscription rights in the rights offering. If we elect to extend the rights offering for a period of more than 30 days, then holders who have subscribed for rights may cancel their subscriptions and receive a refund of all subscription payments advanced.

If the rights offering is not fully subscribed following expiration of the rights offering, Source Capital Group, Inc. has agreed to use its commercially reasonable efforts to place any unsubscribed units of this rights offering at the subscription price for an additional period of up to 45 days. The number of units that may be sold by us during this period will depend upon the number of units that are subscribed for pursuant to the exercise of subscription rights by our rights holders. No assurance can be given that any unsubscribed units, if available, will be sold during this period.

Our board of directors also reserves the right to amend or modify the terms of the rights offering. If we make any fundamental changes to the terms of the rights offering set forth in this prospectus, we will offer potential purchasers who have exercised their rights the opportunity to cancel their subscriptions and issue a refund of any subscription payments advanced by such rights holder and recirculate an updated prospectus. In addition, upon such event, we may extend the expiration date of the rights offering to allow holders of subscription rights ample time to make new investment decisions and for us to recirculate updated documentation. Promptly following any such occurrence, we will issue a press release announcing any changes with respect to the rights offering and the new expiration date. The terms of the rights offering cannot be modified or amended after the closing of the rights offering. Although we do not presently intend to do so, we may choose to amend or modify the terms of the rights offering for any reason, including, without limitation, in order to increase participation in the rights offering. Such amendments or modifications may include a change in the subscription price, although no such change is presently contemplated.

Subscription Price

The purchase price was determined by our board of directors, taking into account the advice of the dealer-manager, Source Capital Group, as well as historical and recent trading prices of our common stock. The purchase price is not the result of any negotiation between any person and us. The board of directors established the purchase price at \$13.50 per unit and the Series 1 Warrant exercise price to equal surrender of one share of Series 1 Preferred with a liquidation value of \$13.50 for 10 shares of common stock. The purchase price is not necessarily related to our book value, net worth or any other established criteria of value and may or may not be considered the fair value of the units offered in the rights offering. Subscription rights holders should consider the potential lack of liquidity carefully before making a decision to exercise their subscription rights for the units. See "Risk Factors".

Conditions, Withdrawal and Termination

We reserve the right to withdraw the rights offering prior to the expiration of the rights offering for any reason. We may terminate the rights offering, in whole or in part, if at any time before completion of the rights offering there is any judgment, order, decree, injunction, statute, law or regulation entered, enacted, amended or held to be applicable to the rights offering that in the sole judgment of our board of directors would or might make the rights offering or its completion, whether in whole or in part, illegal or otherwise restrict or prohibit completion of the rights offering. We may choose to proceed with the rights offering even if one or more of these events occur. If we terminate, cancel or withdraw the rights offering, in whole or in part, we will issue a press release notifying the rights holders of such event, all affected subscription rights will expire without value, and all subscription payments received by the subscription rights agent will be promptly returned, without interest, following such termination, cancellation or withdrawal.

Cancellation Rights

Our board of directors may cancel the rights offering at any time prior to the time the rights offering is completed for any reason. If we cancel the rights offering, we will issue a press release notifying rights holders of the cancellation and all subscription payments received by the subscription rights agent will be promptly returned, without interest.

Subscription Rights Agent

The subscription rights agent for this offering is Securities Transfer Corp. To exercise your subscription rights for the units, you must follow the process described in the subscription documents sent to you and also available from the information agent. For assistance or copies of the documents you may contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com. To exercise your subscription rights for the units you will need to use the traditional paper documentation.

You should direct any questions or requests for assistance concerning the method of subscribing for the units, or for additional copies of this prospectus and subscription documents to Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

Fees and Expenses

We will pay all fees related to the offering, including legal and accounting fees and fees charged by each of the transfer agent, the subscription rights agent and the information agent in connection with the rights offering. We have agreed to pay Source Capital Group as the dealer-manager a fee of 6.0% of the proceeds of the rights offering, plus a 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2% of the proceeds of the offering. For any unsubscribed units placed by Source Capital Group after the expiration of the rights offering and extension, we have agreed to pay Source Capital Group a placement fee equal to 6%, in lieu of the dealer-manager fee, along with a continuing 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2% of the proceeds of the offering, with such placement fee and expenses to be calculated in respect of the total gross proceeds paid to and received by us for subscriptions accepted by us from investors in connection with such placement and such placement fee and expenses not to exceed the aggregate amounts that would have been otherwise received by Source Capital Group if the rights offering were to have been fully subscribed. Neither the placement fee nor the expense allowance in connection with the placement will be payable with respect to any units purchased as result of the exercise of any basic subscription privilege or over-subscription privilege in the rights offering. Source Capital Group has informed us that it will allow 4.0% of its dealer-manager fee with respect to any such sale to each broker-dealer whose clients purchase units in this offering pursuant to the exercise some or all of their subscription rights. See "Plan of Distribution". You are responsible for paying any other commissions, fees, taxes or other expenses incurred in connection with the exercise of the subscription rights.

Transferability of Subscription Rights

The subscription rights granted to you are non-transferable and, therefore, you may not sell, transfer or assign your subscription rights to anyone. The subscription rights will not be listed for trading on any stock exchange or market.

Validity of Subscriptions

We will resolve all questions regarding the validity and form of the exercise of your subscription rights, including time of receipt and eligibility to participate in the rights offering. In resolving all such questions, we will review the relevant facts, consult with our legal advisors to the extent we deem necessary, and we may request input from the relevant parties. Our determination will be final and binding. Once made, subscriptions and directions are irrevocable, and even if the rights offering is extended by our board of directors, and we will not accept any alternative, conditional or contingent subscriptions or directions. However, if we amend the rights offering to allow for an extension of the rights offering for a period of more than 30 days or make a fundamental change to the terms of the rights offering set forth in this prospectus, you may cancel your subscription and receive a refund of any money you have advanced. We reserve the absolute right to reject any subscriptions or directions not properly submitted or the acceptance of which would be unlawful. You must resolve any irregularities in connection with your subscriptions before the subscription period expires, unless waived by us in our sole discretion. Neither we nor the subscription rights agent has any duty to notify you or your representative of defects in your subscriptions. A subscription will be considered accepted, subject to our right to withdraw or terminate the rights offering, only when the subscription rights agent has received a properly completed and duly executed subscription documents and any other required documents and the full subscription payment. Our interpretations of the terms and conditions of the rights offering will be final and binding.

Return of Funds

The subscription rights agent will hold funds received in payment for the units in a segregated account pending completion of the rights offering. The subscription rights agent will hold this money until the rights offering is completed or is withdrawn and canceled. If the rights offering is canceled for any reason, all subscription payments received by the subscription rights agent will be promptly returned, without interest. In addition, all subscription payments received by the subscription rights agent will be promptly returned, without interest, if subscription rights holders decide to cancel their subscription rights in the event that we extend the rights offering for a period of more than 30 days after the expiration date or if there is a fundamental change to the terms of the rights offering.

Foreign Rights Holders

Non-U.S. citizens or residents are permitted to purchase the units to the extent such purchases do not violate any law, rule, regulation or other requirement or prohibition of any non-U.S. governmental authority and do not require any registration or qualification or other action by or on behalf of the company or any other entity involved in the offering. To exercise subscription rights, our foreign rights holders must notify the subscription rights agent prior to 11:00 a.m. Eastern time at least three business days prior to the expiration of the rights offering.

No Revocation or Change

Once you submit the subscription documents to exercise any subscription rights, you have no right to revoke or change the exercise or request a refund of funds paid. All exercises of subscription rights are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your subscription rights and even if the rights offering is extended by our board of directors, unless we amend the rights offering to allow for an extension of the rights offering for a period of more than 30 days or make a fundamental change to the terms of the rights offering set forth in this prospectus, in which case you may cancel your subscription and receive a refund of any money you have advanced. You should not exercise your subscription rights unless you are certain that you wish to purchase units at the purchase price.

Regulatory Limitations

We will not be required to issue to you any units in this rights offering if, in our opinion, you are or may be required to obtain prior clearance or approval from any state or federal regulatory authorities to purchase, own or control such units and if, at the time the subscription period expires, you have not obtained such clearance or approval. We also will not be required to issue to you any units in this rights offering if, in our opinion, any such issuance may violate any law, rule or regulation or other requirement or prohibition of any non-U.S. governmental authority or may require any registration or qualification or other action by or on behalf of the company or any other entity involved in the offering.

U.S. Federal Income Tax Treatment of Subscription Rights Distribution

We believe that our distribution and any rights holder's receipt and exercise of the rights to purchase the units should not be taxable to our rights holders for the reasons described below in "Material U.S. Federal Income Tax Consequences to U.S. Holders".

No Recommendation to Subscription Rights Holders

Our board of directors is making no recommendation regarding your exercise of the subscription rights. You are urged to make your decision based on your own assessment of our business and the rights offering. Please see "Risk Factors" for a discussion of unique and material risks involved in investing in the units.

No Standby Commitment

We have not entered into any standby purchase arrangement in connection with this offering.

Listing

None of the subscription rights, the Series 1 Preferred or the Series 1 Warrants will be listed for trading on any national securities exchange or market. The subscription rights are completely non-transferrable. We intend to use our best efforts to list the units for trading on the Nasdaq Capital Market or quotation on the OTC marketplace. There is no assurance that the units will be traded on the Nasdaq Capital Market or quoted on the OTC marketplace. There will be no holders of units to help establish a trading market other than purchasers in this rights offering. Further, we do not expect to issue any additional units. Consequently, trading of the units may be very limited and possibly non-existent.

Other Matters

We are not making the rights offering in any state or other jurisdiction in which it would be unlawful to do so, nor are we distributing or accepting any offers to purchase any units from subscription rights holders who are residents of any such states or other jurisdictions or who are otherwise prohibited by federal or state laws or regulations from accepting or exercising the subscription rights or holding units.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of the material U.S. federal income tax consequences of the ownership and disposition of the units. Unless otherwise noted below, the following discussion is the opinion of Cherry Bekaert LLP, our U.S. tax advisors, insofar as such discussion relates to matters of U.S. federal income tax law and conclusions with respect to those matters. This discussion does not describe all of the tax considerations that may be relevant to a particular holder's ownership of the units. This discussion applies only to U.S. Holders that hold the units as a capital asset for tax purposes and does not address all of the tax consequences that may be relevant to holders subject to special rules, such as: regulated investment companies, real estate investment trusts, certain financial institutions, dealers and certain traders in securities or foreign currencies, insurance companies, persons holding the units as part of a hedge, straddle, conversion transaction or integrated transaction, persons whose "functional currency" is not the U.S. dollar, persons liable for the alternative minimum tax, tax-exempt organizations, and persons holding the units that own or are deemed to own 10% or more of our voting shares.

This discussion is based upon the tax laws of the United States including the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, as of the date hereof. These laws are subject to change, possibly with retroactive effect. The discussion does not address any state, local or non-U.S. tax consequences.

This discussion does not address all aspects of U.S. federal income taxation that may be applicable to holders in light of their particular circumstances or to holders subject to special treatment under the U.S. federal income tax laws, including, but not limited to, financial institutions, brokers and dealers in securities or currencies, insurance companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, persons who hold their shares as part of a straddle, hedge, conversion or other risk-reduction transaction, persons liable for the alternative minimum tax, persons who have received their common stock pursuant to which the subscription rights in this rights offering have been granted through the exercise of employee stock options or otherwise as compensation for services, partnerships or other entities treated as partnerships for U.S. federal income tax purposes, U.S. expatriates, and persons whose functional currency is not the U.S. dollar and foreign taxpayers. This discussion does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction, or any U.S. federal tax considerations other than income taxation (such as estate or gift taxation). This discussion is limited to U.S. holders which hold our shares as capital assets and does not address U.S. holders which beneficially hold our shares through either a "foreign financial institution" (as such term is defined in Section 1471(d)(4) of the Code) or certain other non-U.S. entities specified in Section 1472 of the Code. For purposes of this discussion, a "U.S. holder" is a holder that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of the Code) have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) receives the subscription rights or holds the units received upon exercise of the subscription rights or the over-subscription privilege, the tax treatment of a partner in a partnership generally will depend upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to the U.S. federal income tax consequences of the receipt and ownership of the subscription rights or the ownership of the units received upon exercise of the subscription rights or, if applicable, upon exercise of the over-subscription privilege.

YOU SHOULD CONSULT YOUR TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO YOU OF YOUR RECEIPT, OWNERSHIP, AND EXERCISE OF THE SUBSCRIPTION RIGHTS, THE OWNERSHIP AND DISPOSITION OF SERIES 1 PREFERRED AND THE SERIES 1 WARRANTS, AND THE OWNERSHIP AND DISPOSITION OF COMMON STOCK RECEIVED UPON THE EXERCISE OF THE SERIES 1 WARRANTS TO PURCHASE OUR COMMON STOCK, INCLUDING THE APPLICABILITY OF ANY FEDERAL ESTATE OR GIFT TAX LAWS OR ANY STATE, LOCAL OR FOREIGN TAX LAWS.

Receipt of the Subscription Rights

Each subscription right entitles an eligible rights holder the right to purchase one unit consisting of one share of our Series 1 Preferred and Series 1 Warrants to purchase 10 shares of our common stock, from the date of issuance through its expiration seven years from the date of issuance, at a subscription price of \$13.50 per unit. Generally, the distribution of stock by a corporation to its stockholders with respect their stock is not taxable to such stockholders pursuant to Section 305(a) of the Code. For such purpose, a distribution of rights to acquire stock of the distributing corporation constitutes a distribution of stock. However, if a distribution of stock or rights to acquire stock falls within one of several exceptions set forth in Section 305(b) to the general rule of Section 305(a) of the Code, the distribution may be taxable to the stockholders of the distributing corporation as described below.

Many of the exceptions to the general rule of Section 305(a) set forth in Section 305(b) involve preferred stock, such as the distribution of preferred stock in certain circumstances pursuant to Section 305(b)(5). Treasury regulation Section 1.305-5(a) defines preferred stock not for its preferred rights and privileges, but its inability to participate in corporate growth to any significant extent. The Series 1 Preferred does not in and of itself participate in the corporate growth. This would normally cause the distribution of the Series 1 Preferred stock to not qualify as a tax free distribution under Section 305(a). However, the Series 1 Preferred also is part of a unit that contains warrants for common stock. The common stock warrants alone would ordinarily qualify as a nontaxable distribution under Section 305(a). In this case, the common stock warrants are only exercisable by the surrender of the Series 1 preferred share. The Series 1 Preferred and the warrants, together function very much like convertible preferred stock due to the fact that they are bundled together as a unit and they cannot be separately traded or transferred. The unit as a whole participates in corporate growth since the holders of such stock have a right to exchange this stock for shares of the company's common stock by exercising their warrants. It is not clear how the Internal Revenue Service will view the bundled units in this regard.

Distribution of convertible preferred stock is one of the exceptions to the general rule of Section 305(a). Section 305(b)(5) provides that a distribution of convertible preferred stock will be subject to tax unless it is established to the satisfaction of the Secretary of the Treasury that the distribution will not result in a disproportionate distribution as described in Section 305(b)(2), which will be addressed next.

Section 305(b)(2) is an exception to the general rule of Section 305(a) that applies to a “disproportionate distribution”. Pursuant to Section 305(b)(2), a distribution (or a series of distributions of which such a distribution is one) constitutes a “disproportionate distribution,” and is therefore taxable, if the distribution results in (i) the receipt of property by some stockholders, and (ii) an increase in the proportionate interest of other stockholders in the assets or earnings and profits of the distributing corporation. For this purpose, the term “property” means money, securities and any other property, except that such term does not include stock in the corporation making the distribution or rights to acquire such stock. A “series of distributions” encompasses all distributions of stock made or deemed made by a corporation which have the result of receipt of cash or property by some stockholders and an increase in the proportionate interests of other stockholders. It is not necessary for a distribution of stock to be considered as one of a series of distributions that such distribution be pursuant to a plan to distribute cash and property to some stockholders and to increase the proportionate interests of the other stockholders, rather it is sufficient if there is a distribution (or a deemed distribution) having such effect. In addition, there is no requirement that both elements of Section 305(b)(2) of the Code occur in the form of a distribution or series of distributions as long as the result is that some stockholders receive cash and property and other stockholders’ proportionate interests increase.

Under Treasury Regulation 1.305-3(b)(4), where the receipt of cash or property occurs more than 36 months following a distribution or series of distributions of stock, or where a distribution is made more than 36 months following the receipt of cash or property, such distribution or distributions will be presumed not to result in the receipt of cash or property by some stockholders and an increase in the proportionate interest of other stockholders, unless the receipt of cash or property by some stockholders and the distribution or series of distributions are made pursuant to a plan. Treasury Regulation 1.305-6 provides guidance on distributions of convertible preferred stock and rights. The examples under subsection (b) of this Regulation state that where the preferred stock is convertible into common stock no later than 4 months from the date of distribution, such a distribution will be treated as a dividend distribution, whereas in a situation where the preferred stock is convertible for a period of 20 years, there is no basis for predicting the extent the preferred stock will be converted and therefore the distribution of the preferred stock would not be treated as a dividend distribution. In the instant case, the conversion period is 7 years, which we believe provides sufficient doubt as to extent the preferred shares will be converted and therefore we believe the bundled units should not be treated as a dividend distribution.

The distribution of subscription rights in the rights offering should not constitute an increase in the proportionate interest of some stockholders in the assets or earnings and profits of the company for the purpose of Section 305(b)(2) based on the fact that all of our stockholders will receive rights in the rights offering based upon their respective ownership of our common stock. See Regulation Section 1.305-3(e) Ex.6. This opinion is not binding on the IRS or any court and there can be no assurance that the IRS or a court will agree with this opinion. The remainder of this discussion assumes that Section 305(b)(2) does not apply to the subscription rights offering.

Subject to the foregoing, you should not be required to recognize taxable income for U.S. federal income tax purposes in connection with the receipt of the subscription rights in the rights offering and the remainder of this discussion so assumes. However, in the event the IRS successfully asserts or a court determines that your receipt of subscription rights is currently taxable pursuant to Section 305(b)(2) of the Code, the discussion below under the heading “Alternative Treatment of Subscription Rights” describes the tax consequences that will result from such a determination.

Tax Basis and Holding Period of the Subscription Rights

Generally, if a shareholder receives stock or stock rights to acquire shares in the corporation, the shareholder is required to allocate a portion of the basis of the shareholder's existing shares to the new stock or rights received (Section 307(a)). However, under Section 307(b) your tax basis of the subscription rights for U.S. federal income tax purposes will depend on the fair market value of the subscription rights you receive and the fair market value of your existing shares of common stock on the date you receive the subscription rights. The tax basis of the subscription rights received by you in the subscription rights offering will be zero unless either (i) the fair market value of the subscription rights on the date such subscription rights are distributed is equal to at least 15% of the fair market value of such common stock on the date of distribution or (ii) you elect to allocate part of the tax basis of such shares to the subscription rights. If either (i) or (ii) is applicable, then, if you exercise the subscription rights, the tax basis in your shares of common stock will be allocated between the subscription rights and the shares of common stock with respect to which the subscription rights were received in proportion to their respective fair market values on the date the subscription rights are distributed.

We have not obtained an independent appraisal of the valuation of the subscription rights and, therefore, you should consult with your tax advisor to determine the proper allocation of basis between the subscription rights and the shares of common stock with respect to which the subscription rights are received.

Your holding period for the subscription rights will include your holding period for the shares of common stock with respect to which the subscription rights were received; but see below for information on common stock acquired upon exercise of your warrants.

Expiration of the Subscription Rights

If you allow subscription rights received in the subscription rights offering to expire, you will not recognize any gain or loss. If you have tax basis in the subscription rights, the tax basis of the shares of common stock owned by you with respect to which such subscription rights were distributed will be restored to the tax basis of such shares immediately prior to the receipt of the subscription rights in the offering.

Alternative Treatment of Subscription Rights

Receipt. If the IRS were to successfully assert that the distribution of the subscription rights in the rights offering resulted in a "disproportionate" distribution or is otherwise taxable pursuant to Section 305(b) each holder would be considered to have received a distribution with respect to such holder's stock in an amount equal to the fair market value of the subscription rights received by such holder on the date of the distribution. This distribution generally would be taxed as a dividend distribution to the extent of your ratable share of our current and accumulated earnings and profits. The amount of any distribution in excess of our earnings and profits will be applied to reduce, but not below zero, your tax basis in your stock, and any excess generally will be taxable to you as capital gain (long-term, if your holding period with respect to your capital stock is more than one year as of the date of distribution, and otherwise short-term). Your tax basis in the subscription rights received pursuant to the rights offering would be equal to their fair market value on the date of distribution and the holding period for the subscription rights would begin upon receipt.

Expiration. In the event that you allow your subscription rights to expire without exercising them, the tax basis in your shares of common stock with respect to which the subscription rights were received will be equal to their tax basis immediately before your receipt of the subscription rights (and, accordingly, the tax basis in your subscription rights will be deemed to be zero) and, therefore, you will not recognize any loss upon the expiration of the subscription rights. If the subscription rights expire without exercise after you have disposed of all or a portion of your shares of common stock, you should consult your own tax advisor regarding the ability to recognize a loss (if any) on the expiration of the subscription rights.

Exercise of the Subscription Rights; Tax Basis and Holding Period of the Shares

As discussed above, the exercise of the subscription rights by you or on your behalf likely should not be a taxable transaction for U.S. federal income tax purposes. Accordingly, your tax basis in the units acquired upon exercise of the subscription rights will equal the sum of the price paid for the units and your tax basis (as determined above), if any, in the subscription rights you exercised. The holding period of the units will begin on the day the subscription rights are exercised.

The holding period for the Series 1 Preferred and Series 1 Warrants acquired through exercise of the subscription rights will begin on the date the subscription rights are exercised.

Exercise of Warrants

You generally will not recognize gain or loss upon exercise of a Series 1 Warrant to acquire common stock.

Your holding period of common stock received upon exercise of a Series 1 Warrant will begin on the date the Series 1 Warrant is exercised.

In the event a Series 1 Warrant lapses unexercised, you will recognize a capital loss in an amount equal to the tax basis of the Series 1 Warrant. Such capital loss will be long-term if your holding period of such Series 1 Warrant was more than one year at the time of lapse. The deductibility of capital losses is subject to limitations.

Taxation of Series 1 Preferred

Distributions. Generally, any distribution with respect to the Series 1 Preferred that is paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, will constitute a dividend and will be includible in gross income by you when paid. Distributions with respect to the Series 1 Preferred in excess of our current or accumulated earnings and profits would be treated first as a non-taxable return of capital to the extent of your basis in the Series 1 Preferred (thus reducing such tax basis dollar-for-dollar), and thereafter as capital gain, which will be long-term capital gain if the your holding period for such stock at the time of distribution exceeds one year.

Taxation of Common Stock

Distributions. Distributions received with respect to our common stock will be treated as described above under “— Taxation of Series 1 Preferred — Distributions”.

Sale, Exchange or Other Disposition. Upon a sale, exchange or other disposition of our common stock, you generally will recognize capital gain or loss in the manner described above under “— Taxation of Series 1 Preferred— Sale, Exchange or Other Disposition”.

Additional Medicare Tax on Net Investment Income

An additional 3.8% tax will be imposed on the “net investment income” of certain U.S. citizens and resident aliens, and on the undistributed “net investment income” of certain estates and trusts with Modified Adjusted Gross Income in excess of certain threshold amounts. Among other items, “net investment income” generally includes gross income from dividends and net gain from the disposition of property, such as our capital stock, less certain deductions. You should consult your tax advisor with respect to this additional tax.

Information Reporting and Backup Withholding

In general, payments made to you of proceeds from the sale or other disposition of Series 1 Warrants, Series 1 Preferred, or our common stock may be subject to information reporting to the IRS and possible U.S. federal backup withholding at the then applicable backup withholding rate. Backup withholding will not apply if you furnish a correct taxpayer identification number (certified on the IRS Form W-9 or valid substitute Form W-9) or otherwise establish that you are exempt from backup withholding. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability. You may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

You should consult your own tax advisor regarding your qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable.

MARKET FOR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock trades on the Nasdaq Capital Market under the trading symbol “HOTR”. On November 14, 2016, there were approximately 185 record holders of our common stock. This number does not include the number of persons or entities that hold stock in nominee or street name through various brokerage firms, banks and other nominees. On December 2, 2016, the last closing sale price reported on the Nasdaq Capital Market for our common stock was \$0.51 per share. Past price performance is not indicative of future price performance.

The following table sets forth the high and low sale prices of our common stock on Nasdaq for the periods indicated:

| PERIOD ENDED | HIGH | | LOW | |
|--------------------|------|------|-----|------|
| September 30, 2016 | \$ | 0.64 | \$ | 0.36 |
| June 30, 2016 | \$ | 0.89 | \$ | 0.41 |
| March 31, 2016 | \$ | 1.02 | \$ | 0.64 |
| December 31, 2015 | \$ | 1.32 | \$ | 0.75 |
| September 30, 2015 | \$ | 2.73 | \$ | 1.03 |
| June 30, 2015 | \$ | 4.18 | \$ | 2.17 |
| March 31, 2015 | \$ | 3.07 | \$ | 1.65 |
| December 31, 2014 | \$ | 2.54 | \$ | 1.40 |
| September 30, 2014 | \$ | 2.84 | \$ | 1.85 |

DIVIDEND POLICY

We have never declared or paid dividends on our common stock. We currently intend to retain future earnings, if any, for use in our business, and, therefore, we do not anticipate declaring or paying any dividends on our common stock in the foreseeable future. Payments of future dividends on our common stock, if any, will be at the discretion of our board of directors after taking into account various factors, including the terms of our credit facility and our financial condition, operating results, current and anticipated cash needs and plans for expansion.

The Series 1 Preferred will have a liquidation preference of \$13.50 per share, equal to the purchase price, and is entitled to cumulative dividends at the rate of 9% of the liquidation preference per year for seven years, payable in cash or our registered common stock quarterly on the last day of March, June, September and December in each year.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material terms of our capital stock. This summary does not purport to be exhaustive and is qualified in its entirety by reference to our amended and restated certificate of incorporation, amended and restated bylaws and to the applicable provisions of Delaware law.

Common Stock

We are authorized to issue 45,000,000 shares of common stock. Holders of common stock are each entitled to cast one vote for each share held of record on all matters presented to shareholders. Cumulative voting is not allowed; the holders of a majority of our outstanding shares of common stock may elect all directors. Holders of common stock are entitled to receive such dividends as may be declared by our board out of funds legally available and, in the event of liquidation, to share pro rata in any distribution of our assets after payment of liabilities. Our directors are not obligated to declare a dividend. It is not anticipated that dividends will be paid in the foreseeable future. Holders of common stock do not have preemptive rights to subscribe to any additional shares we may issue in the future. There are no conversion, redemption, sinking fund or similar provisions regarding the common stock. All outstanding shares of common stock are fully paid and nonassessable.

Anti-Takeover Effects of Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws

We are subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. Subject to certain exceptions, the statute prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder unless:

- prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (1) by persons who are directors and also officers and (2) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

For purposes of Section 203, a “business combination” includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the date of determination whether the person is an “Interested Stockholder” did own, 15% or more of the corporation’s voting stock.

In addition, our authorized but unissued shares of common stock and preferred stock are available for our board to issue without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of our authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or other transaction. Our authorized but unissued shares may be used to delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. The board of directors is also authorized to adopt, amend or repeal our bylaws, which could delay, defer or prevent a change in control.

Preferred Stock

Under our certificate of incorporation, our board of directors is authorized, without further stockholder action, to issue up to 5,000,000 shares of preferred stock in one or more series, with such powers, designations, preferences and relative, participating, optional and other rights and such qualifications, limitations and restrictions thereof as shall be set forth in the resolutions providing therefor. After issuance of the redeemable Series 1 Preferred, our board of directors will be authorized, without further stockholder action, to issue up to 4,000,000 shares of preferred stock. We have no other preferred stock outstanding and no present plans to issue any shares of preferred stock except for 1,000,000 shares of Series 1 Preferred as described in this prospectus.

Units Offered

The following description of the material terms and provisions of the 9% Redeemable Series 1 Preferred Stock and the Series 1 Warrants comprising the units being offered is qualified in its entirety by reference to the form of certificate of designation, preferences and rights of the 9% Redeemable Series 1 Preferred Stock and to the form of Series 1 Warrant, filed as exhibits to the registration statement of which this prospectus forms a part.

The 9% Redeemable Series 1 Preferred Stock ("Series 1 Preferred") and Series 1 Warrants offered by this prospectus will be sold only together in units. Each unit consists of one share of Series 1 Preferred and a Series 1 Warrant to purchase 10 shares of our common stock. The shares of Series 1 Preferred and Series 1 Warrants are issued as components of the units, are not detachable and will not be separately transferable following the closing. We intend to use our best efforts to list the units for trading on the Nasdaq Capital Market or quotation on the OTC marketplace. There is no assurance that the units will be traded on the Nasdaq Capital Market or quoted on the OTC marketplace or outstanding.

Dividends

The Series 1 Preferred will have a liquidation preference of \$13.50 per share, equal to the purchase price, and will pay cumulative dividends at the rate of 9% of the liquidation preference per year for seven years, payable in cash or our registered common stock quarterly on the last day of March, June, September and December in each year out of legally available funds. Shares of common stock issued as dividends will be issued at a 10% discount to the five-day volume weighted average price per share of our common stock prior to the date of issuance. Series 1 Preferred will be non-voting, except as otherwise required under applicable law. The Series 1 Preferred will not be convertible into or exchangeable for shares of our common stock. We will redeem shares of Series 1 Preferred out of legally available funds at a redemption price equal to the \$13.50 per share liquidation preference plus any accrued but unpaid dividends, if any, upon the expiration of the seven year term. The Series 1 Preferred will not be listed for trading on any stock exchange or market.

Liquidation Preference

The Series 1 Preferred will have a liquidation preference of \$13.50 per share, equal to its purchase price. In the event of any liquidation, dissolution or winding up of our company, any amounts remaining available for distribution to stockholders after payment of all liabilities of our company will be distributed first to the holders of Series 1 Preferred, and then to the holders of our common stock.

Voting Rights

Except as otherwise required by law, the Series 1 Preferred will be non-voting. Holders of the Series 1 Preferred will vote as a class on any amendment altering or changing the powers, preferences or special rights of the Series 1 Preferred so as to affect them adversely.

No Conversion

The Series 1 Preferred will not be convertible into or exchangeable for shares of our common stock or any other security, except through the exercise of Series 1 Warrants.

Redemption

We will redeem shares of Series 1 Preferred at a redemption price equal to the \$13.50 per share liquidation preference out of legally available funds plus any accrued but unpaid dividends, if any, upon the expiration of the seven year term. The Series 1 Preferred will not be listed for trading on any stock exchange or market. listed for trading on any stock exchange or market.

Anti-dilution Adjustments

The Series 1 Preferred will not be adjusted, and no additional shares of Series 1 Preferred will be issued solely as a result of, any future change to or affecting our common stock.

Form

The Series 1 Preferred may be held in registered book-entry form or through an intermediary.

No Other Rights

The holders of the Series 1 Preferred will have no preemptive or preferential or other rights to purchase or subscribe to any stock, obligations, warrants or other securities of ours.

Series 1 Warrants

Exercise and Terms

Each Series 1 Warrant entitles will be exercisable into 10 shares of our common stock at any time and from time to time on or before the seventh anniversary of the date of issuance. The Series 1 Warrants may be exercised by surrendering one share of Series 1 Preferred in exchange for 10 shares of or common stock. No partial exercise will be permitted.

A holder will be prohibited under the terms of the Series 1 Warrants from effecting the exercise of the Series 1 Warrants to the extent that, as a result of the exercise, the holder of such shares beneficially owns more than 4.99% (or, if this limitation is waived by the holder upon no less than 61 days prior notice to us, 9.99%) in the aggregate of the outstanding shares of our common stock calculated immediately after giving effect to the issuance of shares of common stock upon such exercise.

Automatic Exercise

At such time that our common stock trades above \$3.00 per share for five consecutive trading days, the Series 1 Warrants will automatically be exercised through the surrender of shares of Series 1 Preferred.

Effect of Reverse Stock Split

If the Company does not regain compliance with NASDAQ's closing bid price rule by February 13, 2017, management intends to proceed with seeking shareholder approval and a reverse common stock split to regain compliance. If we effect a reverse split, the number of shares of common stock outstanding as well as the number of shares of common stock issuable upon exercise of the Series 1 Warrants would both be reduced proportionately. For example, if the Company were to effect a 2:1 reverse stock split, the total number of shares of common stock outstanding would be reduced from approximately 22 million to 11 million and the Series 1 Warrants will be exercisable for five shares of our common stock, instead of 10 shares, in exchange for the surrender of one share of Series 1 Preferred.

Warrant Agent

Securities Transfer Corp. will be the warrant agent for the Series 1 Warrants.

PLAN OF DISTRIBUTION

Promptly after the record date for the rights offering, we will distribute the subscription rights and subscription documents to stockholders of record and public warrant holders of record as of 5:00 p.m. Eastern time on December 5, 2016. If you wish to exercise your subscription rights, you should follow the instructions in the subscription documents sent to you and also available from the information agent. If you are unable to do so, you may call the information agent for assistance. See "The Rights Offering—Method of Exercising Subscription Rights". If you have any questions, you should contact Issuer Direct, the information agent for the rights offering, at (919) 744-2722 or by email at transfer@issuerdirect.com.

Source Capital Group, Inc., which is a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”), will act as the dealer-manager for this rights offering. The dealer-manager’s principal business address is 276 Post Road West, Westport, Connecticut 06880. Under the terms and subject to the conditions contained in the dealer-manager agreement between us and the dealer-manager, the dealer-manager will provide marketing assistance and advice to us in connection with this offering and will solicit the exercise of subscription rights. This rights offering is not contingent upon any number of subscription rights being exercised. The dealer-manager does not make any recommendation with respect to such rights or units, including with respect to the exercise of such rights.

Pursuant to the dealer-manager agreement, we are obligated to pay Source Capital Group as compensation a cash fee of 6% of the proceeds of the rights offering plus a 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2% of the proceeds of the offering and to indemnify the dealer-manager for, or contribute to losses arising out of, certain liabilities, including liabilities under the Securities Act of 1933, as amended. For any unsubscribed units placed by Source Capital Group after the expiration of the rights offering, we have agreed to pay Source Capital Group a placement fee equal to 6%, in lieu of the dealer-manager fee, along with a continuing 1.8% non-accountable expense fee and an out-of-pocket accountable expense allowance of 0.2%, with such placement fee and expenses to be calculated in respect of the total gross proceeds paid to and received by us for subscriptions accepted by us from investors in connection with such placement and such placement fee and expenses not to exceed the aggregate amounts that would have been otherwise received by Source Capital Group if the rights offering were to have been fully subscribed. Neither the placement fee or expense allowance in connection with the placement will be payable with respect to any units purchased as result of the exercise of any basic subscription privilege or over-subscription privilege in the rights offering. The dealer-manager agreement also provides that the dealer-manager will not be subject to any liability to us in rendering the services contemplated by the dealer-manager agreement except for any act of bad faith or gross negligence of the dealer-manager. The dealer-manager and its affiliates have provided to us in the past and may provide to us from time to time in the future in the ordinary course of its business certain financial advisory, investment banking and other services for which it will be entitled to receive customary fees.

The dealer-manager has informed us that it has entered into or intends to enter into Selected Dealer Agreements with other broker-dealers pursuant to which (i) such other broker-dealers have agreed or will agree to use their commercially reasonable to procure subscriptions for the units, and (ii) the dealer-manager has agreed or will agree to re-allow 4% of its dealer-manager fee to each such broker-dealer whose clients purchase units in this offering pursuant to their subscription rights.

The maximum commission to be received by any independent broker-dealer or any member of FINRA will not be greater than 8% of the proceeds from the sale of units offered pursuant to this prospectus.

Other than as described herein, we do not know of any existing agreements between or among any stockholder, broker, dealer, underwriter or agent relating to the sale or distribution of the units offered hereby.

This prospectus may be made available in electronic format on websites or via email or through other online services maintained by the dealer-manager. Other than this prospectus in electronic format, the information on the dealer-manager's websites and any information contained in any other websites maintained by the dealer-manager is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the dealer-manager, and should not be relied upon by investors.

The foregoing does not purport to be a complete statement of the terms and conditions of the dealer-manager agreement. A copy of the dealer-manager agreement is included as an exhibit to the registration statement of which this prospectus forms a part. See "Available Information" on page 64.

The dealer-manager is an underwriter within the meaning of Section 2(a)(11) of the Securities Act, and any fees received by it will be deemed to be underwriting discounts or commissions under the Securities Act. As an underwriter, the dealer-manager is required to comply with the requirements of the Securities Act and the Exchange Act, including, without limitation, Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of any purchases and sales of securities by the dealer-manager acting as a principal. Under these rules and regulations, the dealer-manager must not engage in any stabilization activity in connection with our securities, and must not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act.

No person has been authorized by our company to engage in any form of price stabilization in connection with this rights offering.

We expect one or more of our directors and executive officers to purchase units in the rights offering at the public offering price solely through their exercise of subscription rights, although none have any commitment to do so.

LEGAL MATTERS

The validity of the rights and the shares of common stock offered by this prospectus have been passed upon for us by Libertas Law Group, Inc., Santa Monica, California. We have filed a copy of this opinion as an exhibit to the registration statement in which this prospectus is included.

Olshan Frome Wolosky LLP, New York, New York, is acting as counsel to the dealer-manager in this offering.

EXPERTS

Certain matters regarding the material U.S. federal income tax consequences of the rights offering have been passed upon for us by Cherry Bekaert LLP, Charlotte, North Carolina. We have filed a copy of this opinion as an exhibit to the registration statement in which this prospectus is included.

The consolidated financial statements of Chanticleer Holdings, Inc. as of and for the year ended December 31, 2015 incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been audited by Cherry Bekaert LLP, an independent registered public accounting firm, as stated in its report incorporated by reference herein, and have been so incorporated in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Chanticleer Holdings, Inc. as of and for the year ended December 31, 2014 incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been audited by Marcum LLP, an independent registered public accounting firm, as stated in its report incorporated by reference herein, and have been so incorporated in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

MATERIAL CHANGES

There have been no material changes in the Company's affairs since its fiscal year ended December 31, 2015 that have not been described in its 2016 Quarterly Reports on Form 10-Q or Current Reports on Form 8-K pursuant to the Securities Exchange Act of 1934.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus the information we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus.

We are incorporating by reference the following documents that we have filed with the SEC (other than any filing or portion thereof that is furnished, rather than filed, under applicable SEC rules):

- our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 31, 2016 and amended on April 26, 2016;
- our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016, June 30, 2016 and September 30, 2016, filed with the SEC on May 16, 2016, August 11, 2016 and November 10, 2016, respectively;
- our Current Reports on Form 8-K and amendments thereto filed with the SEC on February 23, 2016, March 11, 2016, April 1, 2016, May 19, 2016, July 12, 2016, August 11, 2016, August 18, 2016, September 7, 2016, September 15, 2016, September 30, 2016 and October 28, 2016; and
- the description of our common stock contained in the prospectus, constituting part of our Registration Statement on Form S-1 (File No. 333-178307) filed with the SEC on December 2, 2011, and subsequently amended on December 8, 2011, February 3, 2012, February 22, 2012, April 12, 2012, May 21, 2012, May 30, 2012, June 5, 2012, and June 19, 2012.

All documents that we subsequently file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering shall be deemed to be incorporated by reference into this prospectus.

Our Web site address is chanticleerholdings.com and the URL where incorporated reports and other reports may be accessed is <http://ir.stockpr.com/chanticleerholdings/all-sec-filings>.

The reports incorporated by reference into this prospectus are available from us upon request. We will provide a copy of any and all of the reports and documents that are incorporated by reference, including exhibits to such reports and documents, in this prospectus to any person, including a beneficial owner, to whom a prospectus is delivered, without charge, upon written or oral request. Requests for such copies should be directed to the following:

Chanticleer Holdings, Inc.
Investor Relations
7621 Little Avenue, Suite 414
Charlotte, North Carolina 28226
(704) 366-5122
ir@chanticleerholdings.com

Except as expressly provided above, no other information, including none of the information on our website, is incorporated by reference into this prospectus.

AVAILABLE INFORMATION

We file periodic reports, proxy statements and other information with the SEC. Our filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC's Public Reference Room, located at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its Public Reference Room. We will also provide you with a copy of any or all of the reports or documents that have been incorporated by reference into this prospectus or the registration statement of which it is a part (i) upon written or oral request, and at no cost to you. If you would like to request any reports or documents from the company, please contact Investor Relations at Chanticleer Holdings, Inc., 7621 Little Avenue, Suite 414 Charlotte, NC 28226, (704) 366-5122 or at ir@chanticleerholdings.com.

Our Internet address is chanticleerholdings.com. We have not incorporated by reference into this prospectus the information on our website, and you should not consider it to be a part of this document. Our web address is included in this document as an inactive textual reference only.

No dealer, salesperson or any other person is authorized to give any information or make any representations in connection with this offering other than those contained in this prospectus and, if given or made, the information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any securities by anyone in any jurisdiction in which the offer or solicitation is not authorized or is unlawful.

CHANTICLEER HOLDINGS, INC.

Subscription Rights Offering
Up to an Aggregate of 1,000,000 Units Consisting of
9% Redeemable Series 1 Preferred Stock
and
Series 1 Warrants to Purchase Common Stock
Upon the Exercise of Subscription Rights at \$13.50 per Unit

PROSPECTUS

Dealer-Manager

Source
Capital Group

[•], 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses payable by us in connection with this offering of securities described in this registration statement. All amounts shown are estimates, except for the SEC registration fee. The Registrant will bear all expenses shown below.

| | | |
|---|----|----------------|
| SEC filing fee | \$ | 3833 |
| FINRA filing fee | | 5461 |
| Accounting fees and expenses | | 90,000 |
| Legal fees and expenses | | 35,000 |
| Printing and engraving expenses | | 14,000 |
| Other (including Nasdaq listing fee, subscription and information agent fees) | | 40,000 |
| Total | \$ | <u>188,294</u> |

*Assumes all of the units being registered are sold.

* To be completed by amendment

Item 14. Indemnification of Directors and Officers.

We are subject to the laws of Delaware on corporate matters, including its indemnification provisions. Section 102 of the General Corporation Law of Delaware (the "DGCL") permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper. The statute provides that indemnification pursuant to these provisions is not exclusive of other rights of indemnification to which a person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Article Tenth of our certificate of incorporation, as amended, states that to the fullest extent permitted by the DGCL, a director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Under Article XI of our bylaws, any person who was or is made a party or is threatened to be made a party to or is in any way involved in any threatened, pending or completed action suit or proceeding, whether civil, criminal, administrative or investigative, including any appeal therefrom, by reason of the fact that he is or was a director or officer of ours or was serving at our request as a director or officer of another entity or enterprise (including any subsidiary), may be indemnified and held harmless by us, and we may advance all expenses incurred by such person in defense of any such proceeding prior to its final determination, if this person acted in good faith and in a manner reasonably believed to be in and not opposed to our best interest, and, with respect to any criminal action or proceeding, the indemnified party had no reason to believe his or her conduct was unlawful. The indemnification provided in our bylaws is not exclusive of any other rights to which those seeking indemnification may otherwise be entitled.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Item 15. Recent Sales of Unregistered Securities

The following sets forth information regarding unregistered securities sold by us since the fourth quarter of 2013. These issuances were exempt from registration under Section 4(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder on the basis of the Company's preexisting relationship with the recipients and fact that that securities were issued without any form of general solicitation or general advertising.

In October, 2015, certain holders of the 8% convertible notes issued in January 2015 converted \$100,000 principal into 100,000 shares of our common stock.

During October 2015, the Company issued 54,226 shares of common stock for consulting, acquisition and other services.

On July 1, 2015, we acquired substantially all of the assets of BT's Burgerjoint Management, LLC, including the ownership interests of four operating restaurant subsidiaries engaged in the fast casual hamburger restaurant business under the name "BT's Burger Joint". In consideration of the purchased assets, we paid a purchase price consisting of one million four hundred thousand dollars in cash and four hundred twenty four thousand eighty eight shares of the Company's common stock, \$0.0001 par value per share.

On March 15, 2015, we acquired substantially all the assets of BGR Acquisition, LLC , including the ownership interests of a franchising subsidiary, an operating subsidiary and various restaurant locations engaged in the fast casual hamburger restaurant business under the name “BGR The Burger Joint”. In consideration of the purchased assets, we paid a purchase price consisting of four million dollars in cash and five hundred thousand shares of the Company’s common stock, \$0.0001 par value per share.

On February 11, 2015, we executed a securities purchase agreement with an accredited investor whereby we agreed to issue and sell an initial note in the amount of \$200,000 (the “Initial Note”) with an initial warrant with a five year term to purchase 80,000 shares of common stock at an exercise price of \$2.50 per share (the “Initial Warrant”). The Initial Note is convertible into shares of our common stock at an exercise price of two dollars per share. We also agreed to cancel the Initial Note and concurrently issue an amended and restated note with an aggregate principal amount of \$1 million and a subsequent warrant with a five year term to purchase 320,000 shares of common stock at an exercise price of \$2.50 per share (the “Subsequent Warrant”) upon a subsequent closing date which is scheduled to occur on or before February 27, 2015.

On March 13, 2015, the Company conducted a subsequent closing with respect to the February 11, 2015 securities purchase agreement. At the Subsequent Closing, the Company cancelled the initial note issued on February 18, 2015 in the amount of \$200,000 and issued an Amended and Restated Note with an aggregate principal amount of \$1 million and a subsequent warrant with a five year term to purchase 320,000 shares of common stock at an exercise price of \$2.50 per share.

In January 2015, we sold a total of 14.5 units to accredited investors resulting in net proceeds of \$725,000 to the Company and the issuance of 181,250 warrants to these investors. Each unit consists of an 8% convertible promissory note with the principal face value of \$50,000 and a warrant to purchase 12,500 shares of the Company’s common stock. The notes have a term of 3 years, pay interest quarterly at 8% per annum and contain an option by the holder to demand full repayment of the outstanding principal amount of the note, plus all accrued and unpaid interest, at any time after the one-year anniversary of the issuance of the note. The notes may be voluntarily converted by the holder into shares of common stock during the period commencing 180 days after the issuance of the notes at an exercise price equal to the lesser of \$2.00 per share and a 15% discount to the average of the lowest 3 trading prices for the Company’s common stock during the 10 trading day period ending on the last complete trading day prior to the conversion date of the note, provided however that the conversion price shall not be less than \$1.00 per share. The warrants have an exercise price of \$2.50 per share and a term of five years.

During December 2014, we issued the following common stock shares and warrants:

- 11,101 shares of the Company’s common stock at \$2.00 and 3,330 common stock warrants at an exercise price of \$3.50 for \$22,202;
- 20,750 shares of the Company’s common stock at \$2.00 and 6,225 common stock warrants at an exercise price of \$3.50 for payment of accounts payable for consulting services totaling \$41,500;

- 54,837 shares of the Company's common stock for payment of accounts payable for consulting services totaling \$108,855;
- 36,667 shares of the Company's common stock at \$1.80 for payment of Board of Directors fees totaling \$66,000;
- 67,807 shares of the Company's common stock at \$2.00 per share for accrued interest totaling \$135,614;
- 14,451 shares of the Company's common stock at \$1.73 for payment of an employee contractual bonus totaling \$25,000.

In November 2014, we issued \$175,000 of the Company's common stock (87,500 shares at \$2.00 per share) and 26,250 common stock warrants at \$3.50 per share exercise price in consideration for the debt restructuring related to Hooters Australia.

During October 2014, we re-priced certain warrants with an original exercise price of \$5.50 and \$7.00 to \$2.00, subject to immediate cash exercise. The Company received \$349,544 of funds related to this transaction.

During the three months ended September 30, 2014, we raised from private investors \$641,000 for the sale of 320,500 shares of common stock, and accompanying sales of 96,150 5-year common stock warrants exercisable at \$3.50 per share.

On September 9, 2014, we purchased 100% of the net assets of The Burger Company located in Charlotte, North Carolina, a similar concept to our ARB restaurants, for a purchase price of \$550,000, which consisted of \$250,000 in cash and \$300,000 (146,628 shares) in the Company's common stock.

During the six months ended June 30, 2014, we issued an aggregate of 40,000 and 98,764 shares of our common stock, valued at \$101,900 and \$330,757 to several investor relations firms in exchange for investor relations services provided to the Company.

During the three and six months ended June 30, 2014, we raised from private investors \$200,000 for 137,500 shares of common stock and 15,000 five year common stock warrants exercisable at \$3.50 per share.

On March 19, 2014, we received \$500,000 from the issuance of convertible debt to one investor. We issued 15% Secured Subordinate Convertible Notes and five year warrants, at a price of \$5.25 per share, to purchase up to 30% of the number of shares of Company common stock issuable upon conversion of the 2014 note.

During the first three months of 2014, we issued an aggregate of 58,764 shares of the Company's common stock, valued at \$228,857 to several investor relations firms in exchange for investor relations services provided to the Company.

On January 31, 2014, pursuant to an agreement and plan of merger executed on December 31, 2013, we completed the acquisition of all of the outstanding shares of each of Tacoma Wings, LLC, Jantzen Beach Wings, LLC and Oregon Owl's Nest, LLC (collectively, the "Hooters Entities"), which owned and operated the Hooters restaurant locations in Tacoma, Washington and Portland, Oregon, respectively. The Hooters Entities were purchased from Hooters of Washington, LLC and Hooters of Oregon Partners, LLC (collectively, the "Hooters Sellers") for a total purchase price of 680,272 Company units, with each unit consisting of one share of our common stock and one five year warrant to purchase a share of our common stock. Half (340,136) of the warrants are exercisable at \$5.50 and half (340,136) of the warrants are exercisable at \$7.00. As part of this transaction, the Hooters Sellers were granted registration rights with respect to our common stock issued and underlying the warrants, and franchise rights and leasehold rights to the locations were transferred to the Company. These transactions are referred to as the "Hooters Pacific Mergers".

On January 31, 2014, pursuant to an agreement and plan of merger executed on January 14, 2014, we completed the acquisition of all of the outstanding shares of Dallas Spoon, LLC from Express Restaurant Holdings, LLC and Express Restaurant Holdings Beverage, LLC. The purchase price of 195,000 Company units was paid to Express Working Capital, LLC ("EWC"); the units consist of one share of the Company's common stock and one five year warrant to purchase a share of the Company's common stock. Half (97,500) of the warrants are exercisable at \$5.50 and half (97,500) of the warrants are exercisable at \$7.00. As part of this transaction, EWC was granted registration rights with respect to our common stock issued and underlying the warrants, and all leaseholds and other rights were transferred to the Company. This transaction is referred to as the "Spoon Merger".

On November 7, 2013, we sold 160,000 units, at a purchase price of \$5.00 per unit, to three accredited investors for a total of \$800,000. Each unit consisted of one share of the Company's common stock and one 5-year warrant to purchase one share, exercisable after twelve months. One half (80,000) of the warrants had an exercise price of \$5.50, and the remaining half (80,000) of the warrants had an exercise price of \$7.00. Palladium Capital Partners, as placement agent for this private placement, received commissions totaling \$32,000 and also 5-year warrants, subject to the same terms as those issued in the transaction, to purchase 6,400 shares.

In October 2013, we sold 666,667 units, each consisting of one share of common stock and a 5-year warrant to purchase one share, at a purchase price of \$3.75 per unit, to 22 investors for a total of \$2,500,000 in a private placement. The warrants are exercisable after twelve months for \$5.00 per share. Dragonfly Capital, as placement agent, received commissions totaling \$150,000 and five year warrants to purchase 40,000 shares.

During the fourth quarter of 2013, 93,334 common stock shares valued at \$445,270 were issued in exchange for investor relations and consulting services.

Item 16. Exhibits

See Exhibit Index attached hereto and incorporated herein by reference.

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act.

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the securities act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the securities exchange act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the securities exchange act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) The undersigned registrant hereby undertakes to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by the underwriters, and the terms of any subsequent reoffering thereof. If any public offering by the underwriters is to be made on terms differing from those set forth on the cover page of the prospectus, a post-effective amendment will be filed to set forth the terms of such offering.

(4) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is a part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of an undersigned registrant relating to this offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to this offering prepared by, or on behalf of, the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to this offering containing material information about an undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in this offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer and the amount of unsubscribed securities to be offered to the public. If any public offering of the securities is to be made on terms differing from those set forth on the cover page of the prospectus, a post-effective amendment will be filed to set forth the terms of such offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and authorized this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Charlotte, State of North Carolina, on December 5, 2016.

CHANTICLEER HOLDINGS, INC.

By: /s/ Michael D. Pruitt
Michael D. Pruitt
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|--|------------------|
| <u>/s/ Michael D. Pruitt</u> Michael D. Pruitt | Chief Executive Officer, Chairman, President (Principal Executive Officer) | December 5, 2016 |
| <u>/s/ Eric S. Lederer</u> Eric S. Lederer | Chief Financial Officer (Principal Financial Officer; Principal Accounting Officer) | December 5, 2016 |
| <u>*</u> Paul G. Porter | Director | December 5, 2016 |
| <u>*</u> Keith Johnson | Director | December 5, 2016 |
| <u>*</u> Gregory E. Kraut | Director | December 5, 2016 |
| <u>*</u> Russell Page | Director | December 5, 2016 |

*By /s/ Michael D. Pruitt
Michael D. Pruitt, Attorney in Fact

EXHIBIT INDEX

| Exhibit | Description |
|---------|---|
| 1.0 | Form of Dealer Manager Agreement by and between the Company and Source Capital Group Inc. + |
| 2.1 | Purchase Agreements for Australian Entities dated June 30, 2014 (Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed with the SEC on July 3, 2014) |
| 2.2 | Share Purchase Agreement dated October 2013 between Company and Manchester Wings Limited (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on October 24, 2013) |
| 2.3 | Tax Covenant to October 2013 Share Purchase Agreement with Manchester Wings Limited (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on October 24, 2013) |
| 2.4 | Subscription Agreement dated November 2013 among the Company, JF Restaurants, LLC and the other parties named therein (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on November 5, 2013) |
| 2.5 | Assignment, Assumption, Joinder and Amendment Agreement dated December 2013 among the Company, JF Franchising Systems, LLC and the other parties named therein (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on December 12, 2013) |
| 2.6 | Asset Purchase Agreement by and among The Burger Company LLC, American Burger Morehead LLC and the Company dated September 9, 2014 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on September 10, 2014) |
| 2.7 | Asset Purchase Agreement by and among Dallas Spoon, LLC, Express Working Capital, LLC and the Company dated December 31, 2014 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC January 6, 2014) |
| 3.1 | Certificate of Incorporation (Incorporated by reference to Exhibit 3.1A to our Registration Statement on Form 10SB-12G, filed with the SEC on February 15, 2000 (File No. 000-29507)) |
| 3.2 | Certificate of Merger, filed May 2, 2005 (Incorporated by reference to Exhibit 2.1 to our Quarterly Report on Form 10-Q, filed with the SEC on August 15, 2014) |
| 3.3 | Certificate of Amendment, filed July 16, 2008 (Incorporated by reference to Exhibit 3.1(c) to our Registration Statement on Form S-1/A (Registration No. 333-178307), filed with the SEC on February 3, 2012) |
| 3.4 | Certificate of Amendment, filed March 18, 2011 (Incorporated by reference to the Exhibit 3.1 to our Current Report on Form 8-K, filed with the SEC on March 18, 2011) |

- 3.5 Certificate of Amendment, filed May 23, 2012 (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed with the SEC on May 24, 2012)
 - 3.6 Certificate of Amendment, filed February 3, 2014 (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed with the SEC on February 4, 2014)
 - 3.7 Certificate of Amendment, filed October 2, 2014 (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed with the SEC on October 2, 2014)
 - 3.8 Form of Certificate of Designation of the Series 1 Preferred Stock +
 - 3.9 Bylaws (Incorporated by reference to Exhibit 3.II.A to our Registration Statement on Form 10SB-12G, filed with the SEC on February 15, 2000 (File No. 000-29507))
 - 4.1 Form of Common Stock Certificate (Incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-1 (Registration No. 333-178307), filed with the SEC on December 2, 2011)
 - 4.2 Form of Unit Certificate dated June 2012 (Incorporated by reference to Exhibit 4.2 filed with our Registration Statement on Form S-1/A (Registration No. 333-178307), filed with the SEC on May 30, 2012)
 - 4.3 Form of Warrant Agency Agreement dated June 2012 with Form of Warrant Certificate with \$6.50 Exercise Price (Incorporated by reference to Exhibit 4.4 filed with our Registration Statement on Form S-1/A (Registration No. 333-178307), filed with the SEC on May 30, 2012)
 - 4.4 Form of 6% Secured Subordinate Convertible Note dated August 2013 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on August 5, 2013)
 - 4.5 Form of Warrant for August 2013 Convertible Note with \$3.00 Exercise Price (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on August 5, 2013)
 - 4.6 Form of Warrant for September 2013 Merger Agreement with \$5.00 Exercise Price (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on October 1, 2013)
 - 4.7 Form of Warrant for September 2013 Subscription Agreement with \$5.00 Exercise Price (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on October 10, 2013)
 - 4.8 Form of Warrant for November 2013 Subscription Agreement with \$5.50 and \$7.00 Exercise Price (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on November 13, 2013)
 - 4.9 Form of Warrant for January 2015 Subscription Agreement (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K/A, filed with the SEC on January 8, 2015)
 - 4.10 Form of 8% Convertible Note dated January 2015 (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K/A, filed with the SEC on January 8, 2015)
 - 4.11 Form of Subscription Rights Certificate (previously filed with this Registration Statement on Form S-1)
 - 4.12 Form of Unit Stock Certificate +
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- 4.13 Form of Series 1 Warrant+
 - 5.1 Opinion of Libertas Law Group Inc. +
 - 8.1 Opinion of Cherry Bekaert LLP regarding certain tax matters +
 - 10.1 Form of Franchise Agreement between the Company and Hooters of America, LLC (Incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-1 (Registration No. 333-178307), filed with the SEC on December 2, 2011)
 - 10.2 Chanticleer Holdings, Inc. 2014 Stock Incentive Plan effective February 3, 2014 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on February 4, 2014)*
 - 10.3 Debt Assumption Agreements, dated July 1, 2014 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on July 3, 2014)
 - 10.4 Gaming Assignment, dated July 1, 2014 (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on July 3, 2014)
 - 10.5 Asset Purchase Agreement by and between Chanticleer Holdings, Inc., The Burger Company, LLC and American Burger Morehead, LLC dated September 9, 2014 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on September 10, 2014)
 - 10.6 Asset Purchase Agreement by and between Chanticleer Holdings, Inc., Dallas Spoon, LLC and Express Working Capital, LLC d/b/a CapRock Services dated December 31, 2014 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on January 6, 2015)
 - 10.7 Form of Subscription Agreement dated January 2015 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K/A, filed with the SEC on January 9, 2015)
 - 10.8 Form of Note dated January 2015 (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K/A, filed with the SEC on January 9, 2015)
 - 10.9 Form of Registration Rights Agreement dated January 2015 (Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K/A, filed with the SEC on January 9, 2015)
 - 10.10 Asset Purchase Agreement by and between Chanticleer Holdings, Inc., BGR Holdings, LLC and BGR Acquisition LLC, dated February 18, 2015 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on February 18, 2015)
 - 10.11 Membership Interest Purchase Agreement dated July 31, 2015 (Incorporated by reference to exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on August 3, 2015)
 - 10.12 Form of Leak Out Agreement dated September 30, 2015 (Incorporated by reference to exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on October 5, 2015)
 - 10.13 Form of Securities Account Control Agreement dated September 30, 2015 (Incorporated by reference to exhibit 10.3 to our Current Report on Form 8-K, filed with the SEC on October 5, 2015)
 - 10.14 Stock Pledge and Security Agreement dated September 30, 2015 (Incorporated by reference to exhibit 10.4 to our Current Report on Form 8-K, filed with the SEC on October 5, 2015)
 - 10.15 Asset Purchase Agreement by and between Chanticleer Holdings, Inc., BT's Burgerjoint Management, LLC and BT Burger Acquisition, LLC dated March 31, 2015 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on March 31, 2015)
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- 10.16 Amendment No. 1 to Asset Purchase Agreement by and between Chanticleer Holdings, Inc., BT's Burgerjoint Management, LLC and BT Burger Acquisition, LLC dated May 31, 2015 (incorporated by reference to Exhibit 10.7 to Amendment No. 1 to Form S-3, Registration No. 333-203679, as filed June 3, 2015)
- 10.17 Form of Securities Purchase Agreement by and between the Company and Carl Caserta dated February 11, 2015 (Incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-3 filed with the SEC on April 27, 2015)
- 10.18 Agreement dated April 24, 2015 by and among the Company, AT Media Corp. and Aton Select Fund, Ltd. (Incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-3 filed with the SEC on April 27, 2015)
- 10.19 Registration Rights Agreement by and between the Company and Carl Caserta dated February 11, 2015 (Incorporated by reference to Exhibit 10.3 to our Registration Statement on Form S-3 filed with the SEC on April 27, 2015)
- 10.20 Membership Interest Purchase Agreement dated July 31, 2015 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K as filed with the SEC on August 3, 2015)
- 10.21 Form of Leak out Agreement (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K as filed with the SEC on October 5, 2015)
- 10.22 Form of Securities Account Control Agreement Form of Leak out Agreement (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K as filed with the SEC on October 5, 2015)
- 10.23 Stock Pledge and Security Agreement dated September 30, 2015 (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K as filed with the SEC on October 5, 2015)
- 10.24 Business sale agreement to purchase the assets of Hoot Campbelltown Pty Ltd and Hoot Penrith Pty Ltd for the purchase price of \$390,000 AUD dated August 12, 2015 (Incorporated by reference to Exhibit 10.24 to Annual Report on Form 10K for the period ending December 31, 2015, as filed March 30, 2016)
- 10.25 Business sale agreement to purchase the assets of Hoot Gold Coast Pty Ltd and Hoot Townsville Pty Limited dated August 12, 2015 (Incorporated by reference to Exhibit 10.25 to Annual Report on Form 10K for the period ending December 31, 2015, as filed March 30, 2016)
- 10.26 Business sale agreement to purchase the assets of Hoot Parramatta Pty Ltd dated August 13, 2015 (Incorporated by reference to Exhibit 10.26 to Annual Report on Form 10K for the period ending December 31, 2015, as filed March 30, 2016)
- 10.27 Second Amendment to Assumption and Assignment Agreement dated October 22, 2016 by and between the Company and Florida Mezzanine Fund, LLLP (previously filed with this Registration Statement on Form S-1)
- 21. Subsidiaries of the Company (Incorporated by reference to Exhibit 21 to our Annual Report on Form 10-K, filed with the SEC on March 31, 2014)
- 23.1 Consent of Marcum, LLP, Independent Registered Public Accounting Firm+
- 23.2 Consent of Cherry Bekaert LLP, Independent Registered Public Accounting Firm+
- 23.3 Consent of Libertas Law Group Inc. (included in Exhibit 5.1)
- 24.1 Power of Attorney (included in signature page hereto)
- 99.1 Form of Instructions for Use of Subscription Rights Certificate (previously filed with this Registration Statement on Form S-1)
- 99.2 Form of Letter to Rights Holders (previously filed with this Registration Statement on Form S-1)
- 99.3 Form of Notice of Guaranteed Delivery (previously filed with this Registration Statement on Form S-1)
- 99.4 Form of Letter to Security Dealers, Commercial Banks, Trust Companies and Other Nominees (previously filed with this Registration Statement on Form S-1)
- 99.5 Form of Letter to Clients (previously filed with this Registration Statement on Form S-1)
- 99.6 Form of Nominee Holder Certification (previously filed with this Registration Statement on Form S-1)
- 99.7 Form of Beneficial Ownership Election Form (previously filed with this Registration Statement on Form S-1)

* Denotes an executive compensation plan or agreement
+ Filed herewith

Our SEC file number reference for documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, is 001-35570. Prior to June 7, 2012, our SEC file number reference was 000-29507.

**FORM OF
DEALER-MANAGER AGREEMENT**

November [], 2016

Source Capital Group, Inc.
As Dealer-Manager
276 Post Road West
Westport, CT 06880

Ladies and Gentlemen:

The following will confirm our agreement relating to the proposed subscription rights offering (the "Rights Offering") to be undertaken by Chanticleer Holdings, Inc., a Delaware corporation (the "Company"), pursuant to which the Company will distribute to holders of record of its common stock, par value \$0.0001 per share (the "Common Stock"), and holders of its warrants subscription rights (the "Rights") as set forth in the Company's Form S-1 registration statement (File No. 333-214319) filed with the U.S. Securities and Exchange Commission (the "Commission") on October 28, 2016, as amended, to subscribe for and purchase up to an aggregate of 1,000,000 units (the "Units"), each consisting of one share of our redeemable series 1 preferred stock (the "Rights Shares") and one series 1 warrant (the "Warrants") to purchase 10 shares of our Common Stock, at a subscription price of \$13.50 per Unit (the "Subscription Price").

1. The Rights Offering.

(a) The Company proposes to undertake the Rights Offering pursuant to which each holder of Common Stock or the Company's publicly traded warrant shall receive one Right for each share of Common Stock and each publicly traded warrant held of record at the close of business on [], 2016 (the "Record Date"). Holders of Rights (each a "Holder") will be entitled to subscribe for and purchase, at the Subscription Price, one Unit for every Right granted to Holders on the Record Date (the "Basic Subscription Right"); provided that, the Rights may only be exercised for a maximum of \$13,500,000 of subscription proceeds.

(b) The Rights shall be non-transferable and will not be listed for trading on any stock exchange or market.

(c) Any holder of Rights who fully exercises all Basic Subscription Rights issued to such holder is entitled to subscribe for Units which were not otherwise subscribed for by others pursuant to their Basic Subscription Rights (the "Over-Subscription Right"). The Over-Subscription Right shall allow a holder of a Right to subscribe for an additional amount equal to any and all of the Units which were not otherwise subscribed for as of the Expiration Date (as defined below). Units acquired pursuant to the Over-Subscription Rights are subject to allotment and pro rata allocation, as more fully discussed in the Prospectus (as defined herein).

(d) The Rights will expire at 5:00 p.m., New York City time, on [_____], 2016, (the "Expiration Date"). The Company shall have the right to extend the Expiration Date for up to an additional 30 days in its sole discretion.

(e) All funds from the exercise of Basic Subscription Rights and Over-Subscription Rights will be deposited with Securities Transfer Corp., as the subscription agent (the "Subscription Agent"), and held in a segregated account with the Subscription Agent pending a final determination of the number of Units to be issued pursuant to the exercise of Basic Subscription Rights and Over-Subscription Rights. As soon as is practicable after the Expiration Date, the Company shall conduct a closing of the Rights Offering (a "Closing"). In no event will the Company raise more than \$13,500,000 in this Rights Offering.

2 . Appointment as Dealer-Manager; Role of Dealer-Manager. The Company hereby engages Source Capital Group, Inc. ("Source") as the exclusive dealer-manager (the "Dealer-Manager") in connection with the Rights Offering, and authorizes the Dealer-Manager to act as such on its behalf in connection with the Rights Offering, in accordance with this Dealer-Manager Agreement (this "Agreement"). During the Engagement Period, as defined in the engagement letter entered into by and between the Company and the Dealer-Manager, dated October 10, 2016, as amended (the "Engagement Letter"), the Company will not solicit, negotiate with or enter into any agreement with any placement agent, financial advisor, dealer-manager, brokers, dealers or underwriters or any other person or entity in connection with the Rights Offering. On the basis of the representations and warranties and agreements of the Company contained in this Agreement and subject to and in accordance with the terms and conditions hereof, the Dealer-Manager agrees that as Dealer-Manager it will, in accordance with its customary practice and to the extent requested by the Company, use its commercially reasonable efforts to (i) advise on pricing, structuring and other terms and conditions of the Rights Offering, including whether to provide for transferability, tradability and oversubscription rights and limits (it being acknowledged that such services have been previously provided pursuant to the Engagement Letter without compensation therefor), (ii) provide guidance on general market conditions and their impact on the Rights Offering, (iii) assist the Company in drafting a presentation that may be used to market the Rights Offering to existing and potential investors, describing the proposed capital raising, the Company's history and performance to date, track records of key executives, highlights of the Company's business plan and the intended use of proceeds from the Rights Offering, (iv) advise on the selection of the Information Agent and Subscription Agent (it being acknowledged that such advice has been previously rendered pursuant to the Engagement Letter), (v) assist the Company with its understanding of state blue sky laws and retaining of Issuer counsel to assist with the blue sky filings related to the Rights Offering, (vi) solicit the holders of the Rights to encourage them to exercise such Rights and (vii) use its best efforts to place any unsubscribed Units at the Subscription Price for an additional period of up to 45 days. For the avoidance of doubt and notwithstanding anything that may be to the contrary in this Agreement, the Company and the Dealer-Manager hereby agree that the Dealer-Manager will not underwrite the Rights Offering, the Dealer-Manager has no obligation to act, and will not act, in any capacity as an underwriter in connection with the Rights Offering and the Dealer-Manager has no obligation to purchase or procure purchases of the Units offered in connection with the Rights Offering. Except as set forth herein, the Company agrees that it will not hold the Dealer-Manager liable or responsible for the failure of the Rights Offering in the event that the Rights Offering is not successfully consummated for any reason.

3. No Liability for Acts of Brokers, Dealers, Banks and Trust Companies The Dealer-Manager shall not be subject to any liability to the Company or any of the Company's Subsidiaries (as defined below) or "affiliates" ("Affiliates," as such term is defined in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act")) for any act or omission on the part of any broker or dealer in securities (other than the Dealer-Manager) or any natural person, partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other entity or organization (each, a "Person"), and the Dealer-Manager shall not be liable for its own acts or omissions in performing its obligations as advisor or Dealer-Manager hereunder or otherwise in connection with the Rights Offering or the related transactions, except for any losses, claims, damages, liabilities and expenses resulting directly from any such acts or omissions undertaken or omitted to be taken by the Dealer-Manager through its gross negligence or willful misconduct. The Dealer-Manager may appoint sub-placement agents and/or dealers in connection with the Rights Offering. In soliciting or obtaining exercises of Rights, the Dealer-Manager shall not be deemed to be acting as the agent of the Company or as the agent of any broker, dealer, bank or trust company, and no broker, dealer, bank or trust company shall be deemed to be acting as the Dealer-Manager's agent or as the agent of the Company. As used herein, the term "Subsidiary" means a Subsidiary of the Company as defined in Rule 405 of the Securities Act. Unless the context specifically requires otherwise, the term "Company" as used in this Agreement means the Company and its Subsidiaries collectively on a consolidated basis.

4. The Offer Documents.

(a) There will be used in connection with the Rights Offering certain materials in addition to the Registration Statement, Preliminary Prospectus and any Prospectus Supplement as filed (each as defined herein), including: (i) all exhibits to the Registration Statement which pertain to the conduct of the Rights Offering, (ii) any soliciting materials relating to the Rights Offering approved by the Company and (iii) any free writing prospectus with respect to the Rights Offering filed by the Company (collectively with the Registration Statement and the Prospectus, the "Offer Documents"). The Dealer-Manager shall be given an opportunity to review and comment upon the Offer Documents.

(b) The Company agrees to furnish the Dealer-Manager with as many copies as it may reasonably request of the final forms of the Offer Documents and the Dealer-Manager is authorized to use copies of the Offer Documents in connection with its acting as Dealer-Manager. The Dealer-Manager hereby agrees that it will not disseminate any written material for or in connection with the solicitation of exercises of Rights pursuant to the Rights Offering other than the Offer Documents.

(c) The Company represents and agrees that no solicitation material, other than the Offer Documents and the documents to be filed therewith as exhibits thereto (each in the form of which has been approved by the Dealer-Manager), will be used in connection with the Rights Offering by or on behalf of the Company without the prior approval of the Dealer-Manager, which approval will not be unreasonably withheld. In the event that the Company uses or permits the use of any such solicitation material in connection with the Rights Offering, then the Dealer-Manager shall be entitled to withdraw as Dealer-Manager in connection with the Rights Offering and the related transactions without any liability or penalty to the Dealer-Manager or any other Person identified in Section 11 hereof as an "indemnified party," and the Dealer-Manager shall be entitled to receive the payment of all fees and expenses payable under this Agreement or the Engagement Letter which have accrued to the date of such withdrawal or which otherwise thereafter become payable.

(d) As of the date hereof and at all times prior to and following the effectiveness of the Registration statement, the Company and its officers, directors and Affiliates shall abide by all rules and regulations of the Commission relating to public offerings, including, without limitation, those relating to public statements and disclosures of material non-public information.

5. Representations and Warranties. The Company represents and warrants to the Dealer-Manager that:

(a) The Company has prepared and filed with the Commission a registration statement, and an amendment or amendments thereto, on Form S-1 (File No. 333-214319) including a Preliminary Prospectus (as defined below) for the registration of the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants under the Securities Act, which Registration Statement, as so amended prior to the Effective Time (including post-effective amendments, if any), has been declared effective by the Commission and copies of which have heretofore been delivered to the Dealer-Manager. At the time of such filing, the Company met the requirements of Form S-1 under the Securities Act. Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the Securities Act (the "Securities Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the Securities Act Regulations. The information included in such prospectus that was omitted from such Registration Statement at the time it became effective but that is deemed to be part of such Registration Statement at the time it became effective pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information." The Preliminary Prospectus and each prospectus used before such Registration Statement became effective, and any prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is referred to herein as a "Preliminary Prospectus." For purposes of this Agreement, "Effective Time" means the date and the time as of which such registration statement, or the most recent post-effective amendment thereto, if any, was declared effective by the Commission; "Effective Date" means the date of the Effective Time; "Registration Statement" means such Registration Statement, as amended at the Effective Time, including any documents which are exhibits thereto; and "Prospectus" means such final prospectus, as first filed with the Commission pursuant to paragraph (1) or (4) of Rule 424(b) of the Securities Act, including the Preliminary Prospectus all information or reports under the Securities Exchange Act of 1934, as amended, incorporated in the Prospectus by reference. The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus. All references in this Agreement to the Registration Statement, a Preliminary Prospectus, and the Prospectus, or any amendments or supplements to any of the foregoing shall be deemed to include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("EDGAR"). The Prospectus delivered to the Dealer-Manager for use in connection with the Rights Offering will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T promulgated by the Commission.

(b) The Registration Statement (together with all exhibits filed as part of the Registration Statement) conforms, and any Preliminary Prospectus and the Prospectus and any further amendments or supplements to the Registration Statement conforms or will conform, when they are filed with or become effective by the Commission, as the case may be, in each case, in all material respects to the requirements of the Securities Act and collectively do not and will not, as of the applicable Effective Date (as to the Registration Statement and any amendment thereto) and as of the applicable filing date (as to the Prospectus and any amendment or supplement thereto) contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (with respect to the Prospectus, in the light of the circumstances under which they were made) not misleading; provided that no representation or warranty is made by the Company as to information contained in or omitted from the Registration Statement or the Prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Dealer-Manager specifically for inclusion therein, it being acknowledged and agreed that such information provided by or on behalf of the Dealer-Manager consists solely and exclusively of disclosure of the name of the Dealer-Manager acting in its capacity as dealer-manager for the Rights Offering contained in the Prospectus (collectively, the “Dealer-Manager Information”) under appropriate headings and in its final form as approved by the Dealer-Manager and its counsel.

(c) There are no contracts, agreements, plans or other documents which are required to be described in the Prospectus or filed as exhibits to the Registration Statement by the Securities Act which have not been described in the Prospectus or filed as exhibits to the Registration Statement or referred to in, or incorporated by reference into, the exhibit table of the Registration Statement as permitted by the Securities Act.

(d) The Company and each of its Subsidiaries have been duly incorporated and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the absence of such power or authority (either individually and in the aggregate) could not reasonably be expected to have a material adverse effect on: (i) the business, condition (financial or otherwise), results of operations, shareholders’ equity, properties or prospects (as such prospects are disclosed or described in the Prospectus) of the Company or its Subsidiaries; (ii) the long-term debt or capital stock of the Company or its Subsidiaries; or (iii) the Rights Offering or consummation of any of the other transactions contemplated by this Agreement, the Registration Statement or the Prospectus (any such effect being a “Material Adverse Effect”).

(e) This Agreement has been duly authorized, executed and delivered by the Company and, assuming the due authorization, execution and delivery by the Dealer-Manager, constitutes the valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and by general principles of equity.

(f) Neither the Company nor any of its Subsidiaries: (i) is in violation of its charter or by-laws, (ii) in default under or in breach of, and no event has occurred which, with notice or lapse of time or both, would constitute a default or breach under or result in the creation or imposition of any lien, charge, mortgage, pledge, security interest, claim, equity, trust or other encumbrance, preferential arrangement, defect or restriction of any kind whatsoever (each, a "Lien") upon any of their property or assets pursuant to, any material contract, agreement, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject, or (iii) is in violation in any respect of any law, rule, regulation, ordinance, directive, judgment, decree or order, foreign and domestic, to which it or its properties or assets may be subject or has failed to obtain any material license, permit, certificate, franchise or other governmental authorization or permit necessary to the ownership of its properties or assets or to the conduct of its business, except, in the case of clauses (ii) and (iii) above, any violation, default or failure to possess the same that would not have a Material Adverse Effect.

(g) Prior to or on the date hereof: (i) the Company and the Subscription Agent have or will have entered into a subscription agency agreement (the "Subscription Agency Agreement") if required by the Subscription Agent and (ii) the Company and Issuer Direct (the "Information Agent") have or will have entered into an information agency agreement (the "Information Agency Agreement") if required by the Information Agent. When executed by the Company, if applicable, each of the Subscription Agency Agreement and the Information Agency Agreement will have been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery by Subscription Agent or the Information Agent, as the case may be, will constitute a valid and legally binding agreement of the Company enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and by general principles of equity.

(h) The Rights, Units, Rights Shares and Warrants and to be issued and distributed by the Company have been duly and validly authorized and, when issued and delivered in accordance with the terms of the Offer Documents, will be duly and validly issued, and will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms, no holder of the Rights, Units, Rights Shares or Warrants is or will be subject to personal liability by reason of being such a holder, and the Rights, Units, Rights Shares and Warrants and conform to the description thereof contained in the Prospectus. The shares of Common Stock issuable upon conversion or exercise (as applicable) of any Rights Shares or Warrants have been duly and validly authorized and, when issued and delivered in accordance with the terms of the Rights Shares and Warrants, will be duly and validly issued, fully paid and non-assessable and will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms, no holder of the Common Stock is or will be subject to personal liability by reason of being such a holder, and the Common Stock conforms to the description thereof contained in the Prospectus.

(i) Except as disclosed in the Prospectus with respect to the Company's authorized capitalization, the Common Stock underlying the Rights Shares and Warrants has been duly and validly authorized and reserved for issuance upon conversion or exercise (as applicable) of the Rights Shares and Warrants and are free of statutory and contractual preemptive rights and are sufficient in number to meet the exercise requirements of the Rights Offering; and the Units, when so issued and delivered against payment therefore in accordance with the terms of the Rights Offering, will be duly and validly issued, fully paid and non-assessable, with no personal liability attaching to the ownership thereof, and will conform to the description thereof contained in the Prospectus.

(j) The Common Stock is quoted on the NASDAQ Capital Market ("Nasdaq"). The Company has not received an oral or written notification from Nasdaq or any court or any other federal, state, local or foreign governmental or regulatory authority having jurisdiction over the Company or any of its Subsidiaries or any of their properties or assets ("Governmental Authority") of any inquiry or investigation or other action that would cause the Common Stock to not be quoted on Nasdaq.

(k) The Company has an authorized capitalization as set forth under the caption "Capitalization" in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and have been issued in compliance with federal and state securities laws. None of the outstanding shares of Company capital stock were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any of its subsidiaries other than those accurately described in the Registration Statement. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the Registration Statement accurately and fairly presents in all material respects the information required to be shown with respect to such plans, arrangements, options and rights.

(l) The Company and its Subsidiaries own or lease all such assets or properties as are necessary to the conduct of its business as presently operated and as proposed to be operated as described in the Registration Statement and the Prospectus. Except to the extent leased by the Company or its Subsidiaries, the Company and its Subsidiaries have good and marketable title in fee simple to all assets or real property and good and marketable title to all personal property owned by them, in each case free and clear of any Lien, except for such Liens as are described in the Registration Statement and the Prospectus. Any assets or real property and buildings held under lease or sublease by the Company or any Subsidiary is held under valid, subsisting and enforceable leases with such exceptions as are not material to, and do not interfere with, the use made and proposed to be made as described in the Registration Statement and Prospectus of such property and buildings by the Company or such Subsidiary. Neither the Company nor any Subsidiary has received any notice of any material claim adverse to its ownership of any real or personal property or of any material claim against the continued possession of any real property, whether owned or held under lease or sublease by the Company or any Subsidiary.

(m) The Company and its Subsidiaries have all material consents, approvals, authorizations, orders, registrations, qualifications, licenses, filings and permits of, with and from all judicial, regulatory and other Governmental Authorities and all third parties, foreign and domestic (collectively, with the Licensing Requirements described below, the “Consents”), to own, lease and operate their properties and conduct their businesses as presently being conducted and as disclosed in the Registration Statement and the Prospectus, and each such Consent is valid and in full force and effect. The Company has not received notice of any investigation or proceedings which results in or, if decided adversely to the Company, could reasonably be expected to result in, the revocation of any Consent or reasonably be expected to have a Material Adverse Effect. No Consent contains a materially burdensome restriction not adequately disclosed in the Registration Statement and the Prospectus.

(n) The execution, delivery and performance of this Agreement by the Company, the issuance of the Rights in accordance with the terms of the Offer Documents, the issuance of the Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants in accordance with the terms of the Rights Offering, and the consummation by the Company of the transactions contemplated hereby, the Subscription Agency Agreement and the Information Agency Agreement, will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries or any of its Affiliates is a party or by which the Company or any of its Subsidiaries or its Affiliates is bound or to which any of the properties or assets of the Company or any of its Subsidiaries or its Affiliates is subject, nor will such actions result in any violation of the provisions of the charter or by-laws of the Company or any of its Subsidiaries or any statute or any order, rule or regulation of any Governmental Authority; and except for the registration of the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under the Exchange Act and applicable state securities laws in connection with the distribution of the Rights and the sale of the Units by the Company, no consent, approval, authorization or order of, or filing or registration with, any such court or Governmental Authority is required for the execution, delivery and performance of this Agreement by the Company and the consummation by it of the transactions contemplated hereby.

(o) Except as otherwise set forth in the Prospectus, there are no contracts, agreements or understandings between the Company and any Person granting such Person the right to require the Company to include such securities in the securities registered pursuant to the Registration Statement. No holder of any security of the Company has any rights of rescission or similar rights with respect to such securities held by them.

(p) Neither the Company nor any of its Subsidiaries has sustained, since the date of the latest balance sheet included in the Prospectus or after such date and as disclosed in the Prospectus, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree; and, since such date or after such date and as disclosed in the Prospectus, there has not been any change in the capital stock or long-term debt of the Company or any of its Subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity, results of operations or prospects (as such prospects are disclosed or described in the Prospectus) of the Company and its Subsidiaries (a "Material Adverse Change"). Since the date of the latest balance sheet presented in the Prospectus, the Company has not incurred or undertaken any liabilities or obligations, whether direct or indirect, liquidated or contingent, matured or unmatured, or entered into any transactions, including any acquisition or disposition of any business or asset, which are material to the Company, except for liabilities, obligations and transactions which are disclosed in the Registration Statement, any Preliminary Prospectus and the Prospectus.

(q) Cherry Bekaert LLP ("Cherry Bekaert"), whose reports relating to the Company are included in the Registration Statement, are independent registered public accountants as required by the Securities Act, the Exchange Act and the rules and regulations promulgated by the Public Company Accounting Oversight Board (the "PCAOB"). Cherry Bekaert, to the best of the Company's knowledge, is duly registered and in good standing with the PCAOB. Cherry Bekaert has not, during the periods covered by the financial statements included in the Registration Statement, the Preliminary Prospectus and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act.

(r) The financial statements, including the notes thereto, and any supporting schedules included in the Registration Statement, any Preliminary Prospectus and the Prospectus present fairly, in all material respects, the financial position as of the dates indicated and the cash flows and results of operations for the periods specified of the Company. Except as otherwise stated in the Registration Statement, any Preliminary Prospectus and the Prospectus, said financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis throughout the periods involved. Any supporting schedules included in the Registration Statement, any Preliminary Prospectus and the Prospectus present fairly, in all material respects, the information required to be stated therein. No other financial statements or supporting schedules are required to be included or incorporated by reference in the Registration Statement. The other financial and statistical information included in the Registration Statement, any Preliminary Prospectus and the Prospectus present fairly, in all material respects, the information included therein and have been prepared on a basis consistent with that of the financial statements that are included in the Registration Statement, such Preliminary Prospectus and the Prospectus and the books and records of the respective entities presented therein.

(s) There are no pro forma or as adjusted financial statements which are required to be included in the Registration Statement, any Preliminary Prospectus and the Prospectus in accordance with Regulation S-X under the Securities Act which have not been included as so required. The pro forma and/or as adjusted financial information included in the Registration Statement, any Preliminary Prospectus and the Prospectus has been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and include all adjustments necessary to present fairly, in all material respects, in accordance with generally accepted accounting principles the pro forma and as adjusted financial position of the respective entity or entities presented therein at the respective dates indicated and their cash flows and the results of operations for the respective periods specified. The assumptions used in preparing the pro forma and as adjusted financial information included in the Registration Statement, any Preliminary Prospectus and the Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein. The related pro forma and pro forma as adjusted adjustments give appropriate effect to those assumptions; and the pro forma and pro forma as adjusted financial information reflect the proper application of those adjustments to the corresponding historical financial statement amounts.

(t) The statistical, industry-related and market-related data included in the Registration Statement, any Preliminary Prospectus and the Prospectus are based on or derived from sources which the Company reasonably believes are reliable and accurate, and such data agree with the sources from which they are derived. All applicable third party consents have been obtained in order for such data to be included in the Registration Statement, any Preliminary Prospectus and the Prospectus.

(u) Except as disclosed in the Registration Statement and the Prospectus, the Company maintains a system of internal accounting and other controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with United States generally accepted accounting principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accounting for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) The Company's Board of Directors has validly appointed an audit committee, compensation committee and nominating and corporate governance committee whose composition satisfies the requirements of the rules and regulations of the Commission and the Company's Board of Directors and/or audit committee, compensation committee and the nominating corporate governance committee has each adopted a charter as described in the Registration Statement, and such charters are in full force and effect as of the date hereof. Neither the Company's Board of Directors nor the audit committee thereof has been informed, nor is any director of the Company aware, of: (i) except as disclosed in the Registration Statement and the Prospectus, any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(w) The Company is in material compliance with the provisions of the Sarbanes-Oxley Act of 2002, as amended ("~~Sarbanes-Oxley~~") applicable to the Company, and the rules and regulations promulgated thereunder and related or similar rules and regulations promulgated by any other Governmental Authority or self-regulatory entity or agency, except for violations which, singly or in the aggregate, are disclosed in the Prospectus or would not have a Material Adverse Effect.

(x) No relationship, direct or indirect, exists between or among any of the Company or any Affiliate of the Company, on the one hand, and any director, officer, shareholder, customer or supplier of the Company or any Affiliate of the Company, on the other hand, which is required by the Securities Act or the Exchange Act to be described in the Registration Statement or the Prospectus which is not so described as required. Except as disclosed in the Registration Statement and the Prospectus, there are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of their respective family members. The Company has not, in violation of Sarbanes-Oxley, directly or indirectly, including through any Affiliate of the Company (other than as permitted under Sarbanes-Oxley for depository institutions), extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer of the Company.

(y) Except as described in the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its Subsidiaries is a party or of which any property or asset of the Company or any of its Subsidiaries is the subject which, if determined adversely to the Company or any of its Subsidiaries, are reasonably likely to have a Material Adverse Effect; and to the best of the Company's knowledge, except as disclosed in the Prospectus, no such proceedings are threatened or contemplated by Governmental Authorities or threatened by others.

(z) The Company and its Subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns and have paid all taxes required to be paid by any of them and, if due and payable, any related or similar assessment, fine or penalty levied against any of them, except where the failure to make such filings or make such payments, either individually or in the aggregate, could not reasonably be expected to have, a Material Adverse Effect. The Company has made adequate charges, accruals and reserves in its financial statements above in respect of all federal, state and foreign income and franchise taxes for all periods as to which the tax liability of the Company or any of its Subsidiaries has not been finally determined.

(aa) Each of the Company and its Subsidiaries maintains insurance of the types and in the amounts which the Company believes to be reasonable and sufficient for a company of its size operating in the Company's industry, including, but not limited to: (i) directors' and officers' insurance (including insurance covering the Company, its directors and officers for liabilities or losses arising in connection with the Rights Offering, including, without limitation, liabilities or losses arising under the Securities Act, the Exchange Act and applicable foreign securities laws), (ii) insurance covering real and personal property owned or leased against theft, damage, destruction, acts of vandalism and all other risks customarily insured against and (iii) business interruption insurance. There are no claims by the Company or any of its Subsidiaries under any policy or instrument described in this paragraph as to which any insurance company is denying liability or defending under a reservation of rights clause. All of the insurance policies described in this paragraph are in full force and effect. Neither the Company nor any of its Subsidiaries has been refused any insurance coverage sought or applied for, and the Company has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(bb) The Company and its Subsidiaries own or possess or have the right to use on reasonable terms all patents, patent rights, patent applications, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names, service names and other intellectual property (collectively, “Intellectual Property”) necessary to carry on their respective businesses as described in the Prospectus and as proposed to be conducted; and neither the Company nor any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interests of the Company or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, individually or in the aggregate, might result in a Material Adverse Effect. All former and current employees of the Company or any of its Subsidiaries (and, to the Company’s knowledge, all other agents, consultants and contractors of the Company or any of its subsidiaries who contributed to or participated in the conception or development of any Intellectual Property for the Company or any of its Subsidiaries) have executed written contracts or agreements that assign to the Company all rights to any inventions, improvements, discoveries or information relating to the business of the Company and its subsidiaries, including without limitation all Intellectual Property owned, controlled by or in the possession of the Company or any of its subsidiaries. To the knowledge of the Company, there is no unauthorized use, infringement or misappropriation of any of the Intellectual Property by any third party, employee or former employee. Each agreement and instrument (each, a “License Agreement”) pursuant to which any Intellectual Property is licensed to the Company or any of its subsidiaries is in full force and effect, has been duly authorized, executed and delivered by, and is a valid and binding agreement of, the Company or the applicable subsidiary, as the case may be, enforceable against the Company or such subsidiary in accordance with its terms, except as enforcement thereof may be subject to bankruptcy, insolvency or other similar laws relating to or affecting creditors’ rights generally or by general equitable principles; the Company and its subsidiaries are in compliance with their respective obligations under all License Agreements and, to the knowledge of the Company, all other parties to any of the License Agreements are in compliance with all of their respective obligations thereunder; no event or condition has occurred or exists that gives or would give any party to any License Agreement the right, either immediately or with notice or passage of time or both, to terminate or limit (in whole or in part) any such License Agreement or any rights of the Company or any of its subsidiaries thereunder, to exercise any of such party’s remedies thereunder, or to take any action that would adversely affect any rights of the Company or any of its subsidiaries thereunder or that might have a Material Adverse Effect and the Company is not aware of any facts or circumstances that would result in any of the foregoing or give any party to any License Agreement any such right; and neither the Company nor any of its subsidiaries has received any notice of default, breach or non-compliance under any License Agreement.

(cc) Except as described in any Preliminary Prospectus, the Prospectus and the Registration Statement, the Company: (i) is and at all times has been in full compliance with all statutes, rules, regulations or guidance applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product manufactured, distributed or sold by the Company or any component thereof (such statutes, rules, regulations or guidance, collectively, “Applicable Laws”); (ii) has not received any notice of adverse finding, warning letter, untitled letter or other correspondence or notice from any Governmental Authority alleging or asserting noncompliance with any Applicable Laws or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws (“Authorizations”); (iii) possesses all Authorizations and such Authorizations are valid and in full force and effect and are not in violation of any term of any such Authorizations; (iv) has not received notice of any claim, suit, proceeding, hearing, enforcement, audit, investigation, arbitration or other action from any Governmental Authority or third party alleging that any product operation or activity is in violation of any Applicable Laws or Authorizations and has no knowledge that any such Governmental Authority or third party is considering any such claim, suit, proceeding, hearing, enforcement, audit, investigation, arbitration or other action; (v) has not received notice that any Governmental Authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations and has no knowledge that any such Governmental Authority is considering such action; (vi) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission), except, in the case of each of clauses (i), (ii) and (iii), for any default, violation or event that would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(dd) Neither the Company nor, to the Company’s knowledge, any of the Company’s directors, officers or employees has violated: (i) the Bank Secrecy Act, as amended, (ii) the Money Laundering Control Act of 1986, as amended, (iii) the Foreign Corrupt Practices Act, or (iv) the Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, and/or the rules and regulations promulgated under any such law, or any successor law, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect.

(ee) Neither the Company nor any of its Affiliates has, prior to the date hereof, made any offer or sale of any securities which are required to be “integrated” pursuant to the Securities Act with the offer and sale of the Units, Rights Shares and Warrants pursuant to the Registration Statement.

(ff) Except as described in the Registration Statement and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee or other compensation by the Company with respect to the issuance or exercise of the Rights or the sale of the Units, Rights Shares and Warrants or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, the Company's officers, directors and employees or Affiliates that may affect the Dealer-Manager's compensation, as determined by the Financial Industry Regulatory Authority, Inc. ("FINRA"). Except as previously disclosed by the Company to the Dealer-Manager in writing, no officer, director, or beneficial owner of 5% or more of any class of the Company's securities (whether debt or equity, registered or unregistered, regardless of the time acquired or the source from which derived) or any other Affiliate is a member or a Person associated, or affiliated with a member of FINRA. No proceeds from the exercise of the Rights will be paid to any FINRA member, or any Persons associated or affiliated with a member of FINRA, except as specifically contemplated herein. Except as previously disclosed by the Company to the Dealer-Manager, to the Company's knowledge, no Person to whom securities of the Company have been privately issued within the 180-day period prior to the initial filing date of the Registration Statement has any relationship or affiliation or association with any member of FINRA.

(gg) There are no contracts, agreements or understandings between the Company and any Person that would give rise to a valid claim against the Company or the Dealer-Manager for a brokerage commission, finder's fee or other like payment in connection with the transactions contemplated by this Agreement. Other than the Dealer-Manager, the Company has not employed any brokers, dealers or underwriters in connection with solicitation of exercise of Rights in the Rights Offering, and except provided for in Sections 6 and 7 hereof, no other commissions, fees or discounts will be paid by the Company in connection with solicitation of the exercise of Rights in the Rights Offering.

(hh) Neither the Company nor, to the Company's knowledge, any of the Company's officers, directors, employees or agents has at any time during the last five (5) years: (i) made any unlawful contribution to any candidate for foreign office, or failed to disclose fully any contribution in violation of law, or (ii) made any payment to any federal or state governmental officer or official, or other Person charged with similar public or quasi-public duties, other than payments that are not prohibited by the laws of the United States of any jurisdiction thereof.

(ii) The Company has not and will not, directly or indirectly through any officer, director or Affiliate of the Company or through any other Person: (i) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the issuance of the Rights or the sale or resale of the Units, Rights Shares, Warrants or Common Stock underlying the Rights Shares and Warrants, (ii) since the filing of the Registration Statement sold, bid for or purchased, or paid any Person (other than the Dealer-Manager) any compensation for soliciting exercises or purchases of, the Rights or the Rights Units and (iii) until the later of the expiration of the Rights or the completion of the distribution (within the meaning of Regulation M under the Exchange Act) of the Units, sell, bid for or purchase, apply or agree to pay to any Person (other than the Dealer-Manager) any compensation for soliciting another to purchase any other securities of the Company (except for the solicitation of the exercises of Rights pursuant to this Agreement). The foregoing shall not apply to the offer, sale, agreement to sell or delivery with respect to: (i) Units offered and sold upon exercise of the Rights, as described in the Prospectus, or (ii) any shares of Common Stock sold pursuant to the Company's employee benefit plans.

(jj) Each “forward-looking statement” (within the meaning of Section 27A of the Securities Act or Section 21E of the Exchange Act) included in the Registration Statement and the Prospectus has been made or reaffirmed with a reasonable basis and has been disclosed in good faith.

As used in this Agreement, references to matters being “material” with respect to the Company or any matter relating to the Company shall mean a material item, event, change, condition, status or effect related to the condition (financial or otherwise), properties, assets (including intangible assets), liabilities, business, prospects (as such prospects are disclosed or described in any Preliminary Prospectus or the Prospectus), operations or results of operations of the Company and its Subsidiaries, taken as a whole.

As used in this Agreement, the term “knowledge of the Company” (or similar language) shall mean the knowledge of the officers of the Company who are named in the Prospectus, with the assumption that such officers shall have made reasonable and diligent inquiry of the matters presented (with reference to what is customary and prudent for the applicable individuals in connection with the discharge by the applicable individuals of their duties as officers or directors of the Company).

6 . Compensation. In consideration for its services in the Rights Offering, the Dealer-Manager shall receive a cash fee equal to 8% of the dollar amount received by the Company from any cash exercise of the Rights issued to investors in the Rights Offering, as a 6% commission, which commission shall not exceed \$810,000 in the aggregate, and 1.8% non-accountable expense fee, which non-accountable expense fee shall not exceed \$243,000 in the aggregate, as well as an out-of-pocket accountable expense allowance of 0.2%, which accountable expense allowance shall not exceed \$27,000 in the aggregate. For any unsubscribed Units placed by the Dealer-Manager after the conclusion of the Rights Offering, the Dealer-Manager shall receive a placement fee equal to 6%, in lieu of the dealer-manager fee, along with continuing non-accountable and accountable expense allowances of 1.8% and 0.2%, respectively, with such placement fee and expenses to be calculated in respect of the total gross proceeds paid to and received by the Company for subscriptions accepted by the Company from investors in connection with such placement and such placement fee and expenses not to exceed the aggregate amounts that would have been otherwise received by the Dealer-Manager if the Rights Offering were fully subscribed. Neither the placement fee or expense allowances in connection with the placement of shares by the Dealer-Manager shall be payable with respect to any securities purchased as result of the exercise of any Basic Subscription Right or Over-Subscription Right. All payments to be made by the Company pursuant to this Section 6 shall be made, with respect to the Rights Offering, on the date of the consummation of the subscriptions for Units pursuant to the exercise of Rights (the “Closing Date”) or, with respect to the post-Rights Offering placement of Units by the Dealer-Manager, at the conclusion of such placement, by wire transfer of immediately available funds.

7. Expenses. In addition to the Dealer-Manager's compensation for services hereunder pursuant to Section 6 hereof, the Company shall pay or cause to be paid:

- (a) all expenses (including any taxes) incurred by the Company in connection with the Rights Offering and the preparation, issuance, execution, authentication and delivery of the Rights and the Units;
- (b) all fees, expenses and disbursements of the Company's accountants, legal counsel and other third party advisors;
- (c) all reasonable and documented costs and expenses of the Dealer-Manager as set forth in the Engagement Letter and Section 6 above and reimbursable upon any termination of this Agreement only as permitted by FINRA Rule 5110(f)(2)(D);
- (d) all fees and expenses of the Subscription Agent and the Information Agent;
- (e) all fees, expenses and disbursements (including, without limitation, fees and expenses of the Company's accountants and counsel) in connection with the preparation, printing, filing, delivery and shipping of the Registration Statement (including the financial statements therein and all amendments and exhibits thereto), each Preliminary Prospectus, the Prospectus, the other Offer Documents and any amendments or supplements of the foregoing and any printing, delivery and shipping of this Agreement, the costs of distributing the terms of any agreement relating to any organization of soliciting dealers, if any, to the members thereof by mail, fax or other means of communications;
- (f) all reasonable fees, expenses and disbursements relating to the registration or qualification of the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants under the "blue sky" securities laws of any states or other jurisdictions and all fees and expenses associated with the preparation of the preliminary and final forms of Blue Sky Memoranda;
- (g) all filing fees of the Commission;
- (h) all filing fees relating to the review of the Rights Offering by FINRA;
- (i) any applicable listing or other fees;
- (j) the cost of printing certificates representing the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants;
- (k) all advertising charges pertaining to the Rights Offering that have been pre-approved by the Company in writing;

(l) the cost and charges of the Company's transfer agent(s) or registrar(s); and

(m) all other costs and expenses incident to the performance of the Company's obligations hereunder for which provision is not otherwise made in this Section.

(n) All payments to be made by the Company pursuant to this Section 7 shall be made promptly after the termination or expiration of the Rights Offering or, if later, promptly after the related fees, expenses or charges accrue and an invoice therefor is sent by the Dealer-Manager. The Company shall perform its obligations set forth in this Section 7 whether or not the Rights Offering commences or any Rights are exercised pursuant to the Rights Offering, except that the Dealer-Manager's non-accountable expenses may only be reimbursed upon Closing. For the avoidance of doubt, except as reimbursed pursuant to the non-accountable expense fee, the Dealer-Manager shall be responsible for expenses it incurs with respect to the performance of its obligations under this Agreement, including without limitation expenses it incurs with respect to travel and lodging expenses in connection with "road show" trips and legal counsel and other third parties engaged by the Dealer-Manager.

8. Shareholder Lists; Subscription Agent; Information Agent.

(a) The Company will cause the Dealer-Manager to be provided with any cards or lists showing the names and addresses of, and the number of shares of Common Stock held by, the holders of shares of Common Stock as of a recent date and will use its best efforts to cause the Dealer-Manager to be advised from time to time during the period, as the Dealer-Manager shall request, of the Rights Offering as to any transfers of record of shares of Common Stock.

(b) The Company (i) has arranged for the Subscription Agent to serve as subscription agent in connection with the Rights Offering, (ii) will arrange for the Subscription Agent to advise the Dealer-Manager regularly as to such matters as the Dealer-Manager may reasonably request, including the number of Rights that have been exercised, and (iii) will arrange for the Subscription Agent to be responsible for receiving subscription funds paid.

(c) The Company has arranged for Issuer Direct to serve as the Information Agent in connection with the Rights Offering (together with the Subscription Agent, the "Agents") and to perform services in connection with the Rights Offering that are customary for an information agent.

9. Covenants of the Company. The Company covenants and agrees with the Dealer-Manager:

(a) To use its best efforts to cause the Registration Statement and any amendments thereto to become effective; to advise the Dealer-Manager, promptly after it receives notice thereof, of the time when the Registration Statement, or any amendment thereto, becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed and to furnish the Dealer-Manager with copies thereof; to prepare a Prospectus in a form approved by the Dealer-Manager (such approval not to be unreasonably withheld or delayed) and to file such Prospectus pursuant to Rule 424(b) under the Securities Act within the time prescribed by such rule; to advise the Dealer-Manager, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, of the suspension of the qualification of the Rights for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or suspending any such qualification, to use promptly its reasonable best efforts to obtain its withdrawal.

(b) To deliver promptly to the Dealer-Manager, at any such location as requested by the Dealer-Manager, such number of the following documents as the Dealer-Manager shall reasonably request: (i) conformed copies of the Registration Statement as originally filed with the Commission and each amendment thereto (in each case excluding exhibits other than this Agreement, any other Offer Documents filed as exhibits, the computation of the ratio of earnings to fixed charges and the computation of per share earnings), (ii) each Preliminary Prospectus, the Prospectus and any amended or supplemented Prospectus and (iii) any document incorporated by reference in the Prospectus (excluding exhibits thereto); and, if the delivery of a prospectus is required at any time during which the Prospectus relating to the Rights, Units, Rights Shares, Warrants or Common Stock underlying the Rights Shares and Warrants is required to be delivered under the Securities Act and if at such time any events shall have occurred as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Securities Act or the Exchange Act, to notify the Dealer-Manager and, upon its request, to file such document and to prepare and furnish without charge to the Dealer-Manager as many copies as the Dealer-Manager may from time to time reasonably request of an amended or supplemented Prospectus which will correct such statement or omission or effect such compliance.

(c) To file promptly with the Commission any amendment to the Registration Statement or the Prospectus or any supplement to the Prospectus that may, in the judgment of the Company or the Dealer-Manager, be necessary or advisable in connection with the distribution of the Rights or the sale of the Units or be requested by the Commission.

(d) Prior to filing with the Commission any: (i) Preliminary Prospectus, (ii) amendment to the Registration Statement, any document incorporated by reference in the Prospectus or (iii) any Prospectus pursuant to Rule 424 of the Securities Act, to furnish a copy thereof to the Dealer-Manager and counsel for the Dealer-Manager and obtain the consent of the Dealer-Manager to the filing (which consent shall not be unreasonably withheld).

(e) To furnish to the Dealer-Manager copies of all materials not available via EDGAR furnished by the Company to its shareholders and all public reports and all reports and financial statements furnished by the Company to the principal national securities exchange upon which any of the Company's securities may be listed pursuant to requirements of or agreements with such exchange or to the Commission pursuant to the Exchange Act or any rule or regulation of the Commission thereunder.

(f) To qualify or register the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants for sale under (or obtain exemptions from the application of) the state securities or blue sky laws of those jurisdictions designated by the Dealer-Manager, shall comply with such laws and shall continue such qualifications, registrations and exemptions in effect so long as required for the distribution of the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants. The Company shall not be required to qualify as a foreign corporation or to take any action that would subject it to general service of process in any such jurisdiction where it is not presently qualified or where it would be subject to taxation as a foreign corporation. The Company will advise the Dealer-Manager promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(g) To apply the net proceeds from the exercise of the Rights in the manner described under the caption "Use of Proceeds" in the Prospectus.

(h) To take such steps as shall be necessary to ensure that neither the Company nor any Subsidiary shall become an "investment company" within the meaning of such term under the Investment Company Act of 1940 and the rules and regulations of the Commission thereunder.

(i) To advise the Dealer-Manager, directly or through the Subscription Agent, from time to time, as the Dealer-Manager shall request, of the number of Units subscribed for, and arrange for the Subscription Agent to furnish the Dealer-Manager with copies of written reports it furnishes to the Company concerning the Rights Offering.

(j) To commence mailing the Offer Documents to record holders of the Common Stock not later than the second business day following the record date for the Rights Offering, and complete such mailing as soon as practicable.

(k) To reserve and keep available for issue upon the exercise of the Rights such number of authorized but unissued shares of Common Stock underlying the Rights Shares and Warrants as will be sufficient to permit the exercise in full of all Rights, except as otherwise contemplated by the Prospectus.

(l) To not take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the issuance of the Rights or the sale or resale of the Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants.

10. Conditions of Dealer-Manager's Obligations. The obligations of the Dealer-Manager hereunder are subject to (and the occurrence of any Closing shall be conditioned upon) the accuracy, as of the date hereof and at all times during the Rights Offering, of the representations and warranties of the Company contained herein, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) (i) The Registration Statement shall have become effective and the Prospectus shall have been timely filed with the Commission in accordance with the Securities Act; (ii) all post-effective amendments to the Registration Statement shall have become effective; (iii) no stop order suspending the effectiveness of the Registration Statement or any amendment or supplement thereto shall have been issued and no proceedings for the issuance of any such order shall have been initiated or threatened, and (iv) any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise) shall have been disclosed to the Dealer-Manager and complied with to the Dealer-Manager's reasonable satisfaction.

(b) The Dealer-Manager shall not have been advised by the Company or shall have discovered and disclosed to the Company that the Registration Statement or the Prospectus or any amendment or supplement thereto, contains an untrue statement of fact which in the Dealer-Manager's opinion, or in the opinion of counsel to the Dealer-Manager, is material, or omits to state a fact which, in the Dealer-Manager's opinion, or in the opinion of counsel to the Dealer-Manager, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Rights, Units, Rights Shares, Warrants, Common Stock underlying the Rights Shares and Warrants, the Registration Statement and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the Dealer-Manager, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(d) On the Closing Date, there shall have been furnished to the Dealer-Manager the signed opinion (addressed to the Dealer-Manager) of Libertas Law Group, Inc., counsel for the Company, dated as of the Closing Date and in form and substance satisfactory to counsel for the Dealer-Manager, to the effect of the opinions set forth on Exhibit A hereto.

(e) The Company shall have furnished to the Dealer-Manager a certificate, dated as of the Closing Date, of its Chief Executive Officer or President and its Chief Financial Officer stating that:

- i. To the best of their knowledge after reasonable investigation, the representations, warranties, covenants and agreements of the Company hereof are true and correct in all material respects;
- ii. The conditions set forth in this Agreement have been fulfilled;
- iii. Neither the Company nor any of its Subsidiaries has sustained any material loss or interference with its business, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding;
- iv. Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any Material Adverse Change or any development involving a prospective Material Adverse Change; and
- v. They have carefully examined the Registration Statement and the Prospectus and, in their opinion (A) the Registration Statement and the Prospectus, as of the Effective Date, did not include any untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (B) since the Effective Date no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement or the Prospectus.

(f) Neither the Company nor any of its Subsidiaries shall have sustained since the date of the latest audited financial statements included in the Prospectus any Material Adverse Change, the effect of which is, in the judgment of the Dealer-Manager, so material and adverse as to make it impracticable or inadvisable to proceed with the Rights Offering.

(g) Neither FINRA nor Nasdaq shall have objected to the Rights Offering.

(h) All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Dealer-Manager. If any of the conditions specified in this Section 10 shall not have been fulfilled when and as required by this Agreement, this Agreement and all obligations of the Dealer-Manager hereunder may be canceled at, or at any time during the Rights Offering, by the Dealer-Manager. Any such cancellation shall be without liability of the Dealer-Manager to the Company. Notice of such cancellation shall be given the Company in writing, or by telegraph or telephone and confirmed in writing.

11. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Dealer-Manager and its affiliates and any officer, director, employee or agent of Source or any such affiliates and any Person controlling (within the meaning of Section 20(a) of the Exchange Act) the Dealer-Manager or any of such affiliates (collectively, the “Indemnified Parties”) from and against any and all losses, claims, damages, liabilities and expenses whatsoever, under the Securities Act or otherwise (as incurred or suffered and including, but not limited to, any and all legal or other expenses incurred in connection with investigating, preparing to defend or defending any lawsuit, claim or other proceeding, commenced or threatened, whether or not resulting in any liability, which legal or other expenses shall be reimbursed by the Company promptly after receipt of any invoices therefore from the Dealer-Manager), (A) arising out of or based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in the Offer Documents or any amendment or supplement thereto, in any other solicitation material used by the Company or authorized by it for use in connection with the Rights Offering, or in any blue sky application or other document prepared or executed by the Company (or based on any written information furnished by the Company) specifically for the purpose of qualifying any or all of the Rights, Units, Rights Shares, Warrants or Common Stock underlying the Rights Shares and Warrants under the securities laws of any state or other jurisdiction (any such application, document or information being hereinafter called a “Blue Sky Application”) or arising out of or based upon the omission or alleged omission to state in any such document a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than statements or omissions made in reliance upon and in conformity with the Dealer-Manager Information), (ii) any withdrawal or termination by the Company of, or failure by the Company to make or consummate, the Rights Offering, (iii) any actions taken or omitted to be taken by an Indemnified Party with the consent of the Company or in conformity with actions taken or omitted to be taken by the Company or (iv) any failure by the Company to comply with any agreement or covenant, contained in this Agreement or (B) arising out of, relating to or in connection with or alleged to arise out of, relate to or be in connection with, the Rights Offering, any of the other transactions contemplated thereby or the performance of Source’s services to the Company with respect to the Rights Offering; provided, however, that in the case of clause (B) only, the Company shall not be responsible for any liabilities or expenses of any Indemnified Party that have resulted primarily from such Indemnified Party’s (x) gross negligence, bad faith or willful misconduct in connection with any of the advice, actions, inactions or services referred to herein or (y) use of any Offering materials or information concerning the Company in connection with the Offer that were not authorized for such use by the Company and which use constitutes negligence, bad faith or willful misconduct.

(b) If the indemnification provided for in the foregoing paragraph is judicially determined to be unavailable (other than in accordance with the terms hereof) to any Indemnified Party otherwise entitled to indemnity in respect of any losses, claims, damages or liabilities referred to herein, then, in lieu of indemnifying such person hereunder, whether or not the Dealer-Manager is the person entitled to indemnification or reimbursement, the Company shall contribute to the amount paid or payable by the Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and the Dealer-Manager, on the other hand, of the Rights Offering or (ii) if the allocation provided for in clause (i) above is not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of each of the Company and the Dealer-Manager, as well as any other relevant equitable considerations; provided, however, in no event shall the Dealer-Manager’s aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by the Dealer-Manager under this Agreement. For the purposes of this Agreement, the relative benefits to the Company and to the Dealer-Manager of the engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid or received or contemplated to be received by the Company in the Rights Offering, whether or not the Rights Offering is consummated, bears to (b) the fees paid or to be paid to the Dealer-Manager under this Agreement.

(c) The Company also agrees that neither the Dealer-Manager, nor any other Indemnified Party, shall have any liability to the Company for or in connection with the Dealer-Manager's engagement as Dealer-Manager, except for any such liability for losses, claims, damages, liabilities or expenses incurred by the Company which have resulted primarily from the Dealer-Manager's bad faith, willful misconduct, or gross negligence. The foregoing agreement shall be in addition to any rights that the Dealer-Manager, the Company or any Indemnified Party may have at common law or otherwise, including, but not limited to, any right to contribution. For the sole purpose of enforcing and otherwise giving effect to the provisions of this Agreement, the Company hereby consents to personal jurisdiction and service and venue in any court in which any claim which is subject to this agreement is brought against the Dealer-Manager or any other indemnified party.

(d) The Company agrees that it will not, without the prior written consent of the Dealer-Manager, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the Dealer-Manager is an actual or potential party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release, reasonably satisfactory in form and substance to the Dealer-Manager, releasing the Dealer-Manager from all liability arising out of such claim, action, suit or proceeding.

(e) The Company agrees to reimburse each Indemnified Party for all expenses as they are incurred in connection with enforcing such Indemnified Party's rights hereunder.

12. Effective Date of Agreement; Termination.

(a) This Agreement shall become effective upon the later of the time on which the Dealer-Manager shall have received notification of the effectiveness of the Registration Statement and the time which this Agreement shall have been executed by all of the parties hereto.

(b) This Agreement shall terminate upon the earliest to occur of (a) the consummation, termination or withdrawal of the Rights Offering, and (b) the withdrawal by the Dealer-Manager pursuant to Section 4.

13. Survival of Certain Provisions. The agreements contained in Sections 3, 6, 7 and 13 through 21 hereof and the representations, warranties and agreements of the Company contained in Section 5 hereof shall survive the consummation of or failure to commence the Rights Offering and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party; provided, that the Company's obligations under Section 7 to reimburse the Dealer-Manager for accountable expenses are subject to FINRA Rule 5110 (f)(2)(D) in that such expenses are only reimbursable to the extent actually incurred and only if the Offering actually closes.

14. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered personally, (b) sent by facsimile with immediate telephonic confirmation or (c) sent by registered or certified mail, return receipt requested, postage prepaid, to the parties hereto as follows

If to the Dealer-Manager:

Source Capital Group, Inc.
276 Post Road West
Westport, CT 06880
Attention: Mr. Richard H. Kreger, Snr. Managing Director, Investment Banking
Email: rkreger@sourcegrp.com

With a copy to:

Olshan Frome Wolosky LLP
1325 Avenue of the Americas
New York, NY 10019
Attention: Spencer G. Feldman, Esq.
Email: sfeldman@olshanlaw.com
Facsimile: (212) 451-2222

If to the Company:

Chanticleer Holdings, Inc.
7621 Little Avenue, Suite 414
Charlotte, NC 28226
Attention: Michael D. Pruitt, Chief Executive Officer
Email: []
Facsimile: []

With a copy to:

Libertas Law Group, Inc.
225 Santa Monica Boulevard, 5th Floor
Santa Monica, CA 90401
Attention: Ruba Qashu, Esq.
Email: ruba@libertaslaw.com
Facsimile: (310) 356-1922

15. Parties. This Agreement shall inure to the benefit of and be binding upon the Dealer-Manager, the Company and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those Persons, except that the representations, warranties, indemnities and agreements of the Company contained in this Agreement shall also be deemed to be for the benefit of the Person or Persons, if any, who control the Dealer-Manager within the meaning of Section 15 of the Act. Nothing in this Agreement shall be construed to give any Person, other than the Persons referred to in this Section, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

16. Amendment. This Agreement may not be amended or modified except in writing signed by each of the parties hereto.

17. Governing Law; Venue. This Agreement shall be deemed to have been executed and delivered in New York and both this Agreement and the transactions contemplated hereby shall be governed as to validity, interpretation, construction, effect, and in all other respects by the laws of the State of New York, without regard to the conflicts of laws principals thereof (other than Section 5-1401 of The New York General Obligations Law). Each of the Dealer-Manager and the Company: (a) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted exclusively in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York, (b) waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, and (c) irrevocably consents to the jurisdiction of Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York in any such suit, action or proceeding. Each of the Dealer-Manager and the Company further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York and agrees that service of process upon the Company mailed by certified mail to the Company's address or delivered by Federal Express via overnight delivery shall be deemed in every respect effective service of process upon the Company, in any such suit, action or proceeding, and service of process upon the underwriters mailed by certified mail to the Dealer-Manager's address or delivered by Federal Express via overnight delivery shall be deemed in every respect effective service process upon the Dealer-Manager, in any such suit, action or proceeding. THE COMPANY (ON BEHALF OF ITSELF AND, TO THE FULLEST EXTENT PERMITTED BY LAW, ON BEHALF OF ITS RESPECTIVE EQUITY HOLDERS AND CREDITORS) HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE REGISTRATION STATEMENT, ANY PRELIMINARY PROSPECTUS AND THE PROSPECTUS.

18. Entire Agreement. This Agreement, together with the exhibit attached hereto and as the same may be amended from time to time in accordance with the terms hereof, contains the entire agreement among the parties hereto relating to the subject matter hereof and there are no other or further agreements outstanding not specifically mentioned herein. Notwithstanding anything herein to the contrary, the Engagement Letter shall continue to be effective and the term therein shall continue to survive and be enforceable by the parties thereto, in accordance with its terms.

19. Assignment. Neither this Agreement nor any right or interest hereunder shall be assignable by the Company or the Dealer-Manager without the prior written consent of the other party hereto; provided, however, that nothing in this Section 19 shall preclude the Dealer-Manager from (i) assigning any rights hereunder to a corporation or other entity acquiring all or substantially all the assets and business, whether by operation of law or otherwise, of the Dealer-Manager, provided such entity is a registered broker-dealer, or (ii) designating another broker-dealer to perform services hereunder if the Dealer-Manager is unable to do so, provided such firm includes some or all of the Dealer-Manager's former investment banking staff.

20. Severability. If any term or provision of this Agreement or the performance thereof shall be invalid or unenforceable to any extent, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement and this Agreement shall be valid and enforced to the fullest extent permitted by law.

21. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

22. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Delivery of a signed counterpart of this Agreement by facsimile or other electronic transmission shall constitute valid and sufficient delivery thereof. If the foregoing correctly sets forth your understanding, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among us.

Very truly yours,

CHANTICLEER HOLDINGS, INC.

By: _____

Name: Michael D. Pruitt

Title: Chief Executive Officer

Accepted and agreed as of the date first written above:

SOURCE CAPITAL GROUP, INC.

By: _____

Name: Richard H. Kreger

Title: Snr. Managing Director, Investment Banking

By: _____

Name: Bruce Ryan

Title: Vice Chairman

[Signature Page to Dealer-Manager Agreement]

EXHIBIT A

1. The Company is incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, the Offer Documents and the Prospectus and to enter into and perform its obligations under the Dealer-Manager Agreement and the Rights.
2. The Company's authorized capital consists of [_____].
3. The Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants to be issued and sold by the Company pursuant to the Registration Statement have been duly and validly authorized and, when issued and delivered to and paid for, will be duly and validly issued and fully paid and nonassessable and will conform to the descriptions thereof contained in the Registration Statement, the Offer Documents and the Prospectus; and the issuance of such Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants is not subject to any preemptive or similar rights.
4. The Dealer-Manager Agreement has been duly authorized, executed and delivered by the Company and the Company has all the requisite corporate power and authority to enter into the Dealer-Manager Agreement and to perform their obligations thereunder.
5. The issue and sale of the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants to be sold by the Company pursuant to the Registration Statement, the execution of the Dealer-Manager Agreement by the Company and the compliance by the Company with all of the provisions of the Dealer-Manager Agreement and the consummation of the transactions therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument, included as an exhibit to the Registration Statement or as an exhibit to any other registration statement or report filed by the Company with the Commission, to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of the Subsidiaries is subject, nor will such action result in any violation of the provisions of the certificate or articles of incorporation or by-laws (or other organizational documents) of the Company or any of its subsidiaries or, to our knowledge, result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties; and, to our knowledge, no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants to be sold by the Company pursuant to the Registration Statement or the consummation by the Company of the transactions contemplated by the Dealer-Manager Agreement, except the registration under the Securities Act of the Rights, Units, Rights Shares, Warrants and Common Stock underlying the Rights Shares and Warrants and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or blue sky laws, as to which we express no opinion.

6. Other than as set forth in the Registration Statement, the Offer Documents and the Prospectus, to our knowledge, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, individually or in the aggregate, would have or may reasonably be expected to have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, considered as one enterprise, or would prevent or impair the consummation of the transactions contemplated by the Dealer-Manager Agreement, or which are required to be described in the Registration Statement, the Offer Documents and the Prospectus; and, to our knowledge, no such proceedings are threatened or contemplated by governmental authorities or others.
7. The Company is not and, after giving effect to the offering and sale of the Rights and Units as contemplated herein and the application of the net proceeds therefrom as described in the Registration Statement, the Offer Documents and the Prospectus, will not be an "investment company," as such term is defined in the Investment Company Act of 1940.
8. The Registration Statement, including any Rule 462(b) Registration Statement, has been declared effective under the Securities Act; any required filing of the Prospectus pursuant to Rule 424(b) under the Securities Act has been made in the manner and within the time period required by Rule 424(b); all material required to be filed by the Company pursuant to Rule 433(d) under the Securities Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433 under the Securities Act; and no stop order suspending the effectiveness or use of the Registration Statement, the Offer Documents and the Prospectus has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to our knowledge, threatened by the Commission.
9. To our knowledge, there are no statutes or regulations that are required to be described in the Registration Statement, the Offer Documents and the Prospectus that are not described as required.
10. The Company has duly notified Nasdaq regarding the Rights Offering and no objection was raised by Nasdaq.
11. The Registration Statement, the Offer Documents and the Prospectus and any further amendments and supplements thereto made by the Company (other than the financial statements, related schedules and other financial data therein, as to which we do not express an opinion), comply as to form in all material respects with the requirements of the Securities Act and the rules and regulations thereunder; and we do not know of any amendment to the Registration Statement, the Offer Documents and the Prospectus required to be filed or of any contracts or other documents of a character required to be filed as an exhibit to the Registration Statement or required to be described in the Registration Statement, the Offer Documents and the Prospectus which are not filed or described as required.

12. The documents incorporated by reference in the Registration Statement, the Offer Documents and the Prospectus, or any further amendment or supplement thereto made by the Company (other than the financial statements and related schedules therein, as to which we express no opinion), when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder.
13. To our knowledge, except as disclosed in the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to shares of Common Stock or other securities to include such shares of Common Stock or other securities as part of the offering contemplated hereby.

In addition, although we are not passing upon and do not assume any responsibility for nor have we independently verified, the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Offer Documents and the Prospectus, in connection with the preparation of the Registration Statement, the Offer Documents and the Prospectus, we have participated in conferences with representatives and counsel of the Dealer-Manager and with certain officers and employees of, and counsel and independent certified public accountants for, the Company, at which conferences the contents of the Registration Statement, the Offer Documents and the Prospectus and related matters were discussed, and we advise the Dealer-Manager that nothing has come to our attention that would lead us to believe that:

- as of its effective date, the Registration Statement (other than the financial statements, related schedules and other financial data therein, as to which we do express no opinion), contained an untrue statement of a material fact required to be stated therein or necessary to make the statements therein not misleading,
- as of the Effective Time, the Offer Documents (other than the financial statements, related schedules and other financial data therein, as to which express no opinion) contain an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or
- as of its date or as of the applicable time of delivery, the Prospectus (other than the financial statements, related schedules and other financial data therein, as to which we express no opinion) contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements made or the information contained in, incorporated by reference in, or omitted from, the Registration Statement, the Offer Documents or the Prospectus, and we do not express any view or belief with respect to the financial statements and the related notes thereto or financial schedules or other financial, statistical or accounting data or information or assessments of or reports on the effectiveness of internal control over financial reporting included in, incorporated by reference in, or omitted from, the Registration Statement, the Offer Documents or the Prospectus.

The purpose of our engagement was not to establish or confirm factual matters set forth in the Registration Statement, the Offer Documents or the Prospectus, and we have not undertaken any obligation to verify independently any of the factual matters set forth in the Registration Statement, the Offer Documents or the Prospectus.

CHANTICLEER HOLDINGS, INC.

CERTIFICATE OF DESIGNATION OF
9% REDEEMABLE SERIES 1 PREFERRED STOCK, SETTING FORTH THE POWERS,
PREFERENCES, RIGHTS, QUALIFICATIONS, LIMITATIONS AND
RESTRICTIONS OF SUCH SERIES OF PREFERRED STOCK

Pursuant to Section 151 of the Delaware General Corporation Law, Chanticleer Holdings, Inc., a Delaware corporation (the "Corporation"), DOES HEREBY CERTIFY:

The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") confers upon the Board of Directors of the Corporation (the "Board of Directors") the authority to provide for the issuance of shares of preferred stock in series and to establish the number of shares to be included in each such series and to fix the powers, preferences, rights, qualifications, limitations and restrictions of the shares of each such series and any qualifications, limitations or restrictions thereof. On December 2, 2016 the Board of Directors duly adopted the following resolution creating a series of preferred stock designated as the 9% Redeemable Series 1 Preferred Stock, comprised initially of 1,000,000 shares and such resolution has not been modified and is in full force and effect on the date hereof:

RESOLVED that, pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Certificate of Incorporation, a series of the class of authorized preferred stock, par value \$0.0001 per share, of the Corporation is hereby created and that the designation and number of shares thereof and the powers, preferences and rights of the shares of such series, and the qualifications, limitations and restrictions thereof are as follows:

1. Designation and Amount. The shares of such series shall be designated as the 9% Redeemable Series 1 Preferred Stock (the "Series 1 Preferred"). The number of shares initially constituting the Series 1 Preferred Stock shall be 1,000,000, which number may be increased or decreased by the Board of Directors without a vote of shareholders; provided, however, that such number may not be decreased below the sum of the number of then outstanding shares of Series 1 Preferred.

2. Ranking. The Series 1 Preferred shall, with respect to payment of dividends, redemption payments and rights upon liquidation, dissolution or winding-up of the affairs of the Corporation, rank senior and prior to the common stock, par value \$0.0001 per share, of the Corporation (the "Common Stock"), and any additional series of preferred stock which may in the future be issued by the Corporation.

3. Dividends. Dividends on Series 1 Preferred will be paid out of legally available funds at the rate of nine percent (9.0%) of the Preference Amount (defined in Section 6 below) per year, or \$1.215 per share of Series 1 Preferred, from the issuance date of the Series 1 Preferred through the earlier of the seventh (7th) anniversary of the issuance date or the date of redemption or surrender thereof. Dividends on Series 1 Preferred shall be fully cumulative, accruing, without interest, and, to the extent so declared by the Board of Directors, shall be payable quarterly in arrears on the last day of March, June, September and December, commencing March 31, 2016 (pro-rated for partial months), except that if such date is not a Business Day then to the extent so declared by the Board of Directors the dividend shall be payable on the first immediately succeeding Business Day (as used herein, the term "Business Day" shall mean any day except a Saturday, Sunday or day on which banking institutions are legally authorized to close in New York, New York) (each such date being hereinafter referred to as a "Dividend Payment Date"). Dividends on the Preferred Shares shall be paid in cash; provided, however, the Corporation may pay such dividends, at the Corporation's option, in fully paid and nonassessable, registered shares of Common Stock (such dividends paid in such form being herein called "Stock Dividends"). Stock Dividends shall be paid by delivering to each record holder of Series 1 Preferred a number of registered shares of Common Stock ("Stock Dividend Shares") determined by dividing (x) the total aggregate dollar amount of dividends accrued and unpaid with respect to Series 1 Preferred Shares owned by such record holder on the record date for the applicable Dividend Payment Date (rounded to the nearest whole cent) by (y) the applicable Stock Dividend Price. Stock Dividend Shares will be delivered in physical certificates unless the Corporation is notified, at least twenty (20) days prior to a particular Dividend Payment Date, of the recipient's election to receive Stock Dividend Shares through DTC (and, if so, the account number to be credited). If the Corporation delivers Stock Dividend Shares in lieu of cash with respect to accrued dividends, it must do so with respect to all (but not less than all) of such dividends payable for the applicable Dividend Payment Date. The Corporation shall not issue fractional shares of Common Stock to which Holders may become entitled pursuant to this subparagraph, but in lieu thereof, the Corporation shall round the number of shares to be issued up to the next whole number. Each dividend shall be paid to the holders of record of Series 1 Preferred Shares as they appear on the stock register of the Corporation on the record date, not more than 10 days after the applicable Dividend Payment Date, as shall be fixed by the Board of Directors. Dividends payable on each Dividend Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months and rounded to the nearest cent. Dividends on account of arrearages for any past Dividend Payment Date may be declared and paid at any time, without reference to any scheduled Dividend Payment Date, to holders of record on such date, as may be fixed by the Board of Directors of the Corporation. Dividends shall accrue regardless of whether the Corporation has earnings, whether there are funds legally available therefor and/or whether declared. No interest shall be payable with respect to any dividend payment that may be in arrears. The holders of Series 1 Preferred are not entitled to any dividends other than the dividends provided for in this paragraph 3.

As used herein,

"Stock Dividend Price" means a ten percent (10%) discount to the five-day VWAP per share of Common Stock prior to the Dividend Payment Date.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the majority in interest of the holders of Series 1 Preferred then outstanding and reasonably acceptable to the Corporation, the fees and expenses of which shall be paid by the Corporation.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

4. Voting Rights. Except as otherwise required by law, the Series 1 Preferred will be non-voting. Each holder of shares of Series 1 Preferred shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation. Holders of the Series 1 Preferred will vote as a class on any amendment altering or changing the powers, preferences or rights of the Series 1 Preferred so as to affect them adversely.

5. No Conversion. The Series 1 Preferred will not be convertible into or exchangeable for shares of our common stock or any other security, except through the exercise of Series 1 Warrants.

6. Preference and Participation Upon Liquidation, Dissolution or Winding Up. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, each holder of Series 1 Preferred Stock shall be entitled to receive, out of the assets of the Corporation available for distribution, \$13.50 per share of Series 1 Preferred held by such holder (the "Preference Amount") plus accrued and unpaid dividends in preference to any distribution to the holders of Common Stock. After the payment of the Preference Amount to the holders of shares of Series 1 Preferred, the remaining assets will be distributed among and paid to the holders of Common Stock on a pro rata basis. For purposes of this Section 6, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include the sale, conveyance, exchange or transfer of all or substantially all of the property or assets of the Corporation.

7. Redemption. On the seventh (7th) anniversary of the issuance date, the Corporation shall, out of legally available funds, redeem all outstanding shares of Series 1 Preferred at the Preference Amount per share plus accrued and unpaid dividends.

8. Transferability. Each share of Series 1 Preferred Stock was issued as a component of a unit, each unit comprised of one share of Series 1 Preferred Stock and one Series 1 Warrant. The shares of Series 1 Preferred Stock are not detachable and are not separately transferable.

9. Other Preferences. The Series 1 Preferred shall have no other powers, preferences, rights, qualifications, limitations and restrictions

10. Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on December 2, 2016.

CHANTICLEER HOLDINGS, INC

By: /s/ Michael D. Pruitt

Name: Michael D. Pruitt

Title: Chief Executive Officer

[FORM OF UNIT CERTIFICATE]

[FACE OF SECURITY]

Number _____

_____ Shares

UNITS, EACH UNIT CONSISTING OF ONE SHARE OF 9% REDEEMABLE SERIES 1 PREFERRED STOCK, PAR VALUE \$0.0001 PER SHARE, AND ONE SERIES 1 WARRANT

CHANTICLEER HOLDINGS, INC.

SEE REVERSE SIDE FOR CERTAIN TERMS AND DEFINITIONS

This Certifies that _____ is the owner of _____ fully paid and non-assessable Units of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation.

• Dated _____

• _____
President

Secretary

[REVERSE OF SECURITY]

Each Unit represented by this certificate is comprised of one share of 9% Redeemable Series 1 Preferred Stock ("Preferred Stock") and one Series 1 Warrant ("Warrant"). The Preferred Stock and the Warrants are components of the Units, are not detachable and are not separately transferable. The terms and provisions of the Warrants included herein shall in all respects be subject to the Series 1 Warrant certificate issued to the holder, as the same may be corrected, supplemented or amended from time to time (the "Warrant Certificate"). The powers, preferences, rights, qualifications, limitations and restrictions and other terms and provisions of the Preferred Stock included herein shall in all respects be subject to the provisions of the Certificate of Designation of 9% Redeemable Series 1 Preferred Stock of the Corporation dated _____, 2016, as the same may be corrected, supplemented or amended from time to time (the "Certificate of Designation"). The Corporation will provide a copy of the Certificate of Designation to a Holder without charge upon written request to the Corporation at its principal place of business. This certificate shall be held subject to all of the provisions of the Certificate of Incorporation and the Bylaws of the Corporation and any amendments thereto, copies of which are on file at the office of the Corporation and made a part hereof as though the provisions of said Certificate of Incorporation and Bylaws were imprinted in full on this certificate, to all of which the holder of this certificate, by acceptance hereof, assents and agrees to be bound.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations. Additional abbreviations may also be used though not in the list.

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties
JT TEN – as joint tenants with right of survivorship

UNIF GIFT MIN ACT - _____ Custodian _____ (Minor)
under Uniform Gifts to Minors Act _____ (State)
UNIF TRF MIN ACT - _____ (Custodian) _____ (Minor)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

For value received, the undersigned hereby sells, assigns and transfers unto

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

_____ Shares

represented by the within Certificate, and hereby irrevocably constitutes and appoints _____
_____ Attorney to transfer the said shares on the books of the within-named Corporation with full
power of substitution in the premises.

Dated, _____ In presence of _____

FORM OF SERIES 1 WARRANT
CHANTICLEER HOLDINGS, INC.

Warrant Shares: _____

Initial Exercise Date: _____, 2016

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after _____, 2016 (the "Initial Exercise Date") and on or prior to the close of business on the seventh year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Chanticleer Holdings, Inc., a Delaware corporation (the "Company"), up to _____ shares of the Company's Common Stock, subject to adjustment hereunder, the "Warrant Shares"). This Warrant was issued as part of a unit, each unit consisting of one Warrant and one share of the Company's 9% Redeemable Series 1 Preferred Stock ("Series 1 Preferred"). The shares of Series 1 Preferred and Series 1 Warrants are components of the units, are not detachable and are not separately transferable. The purchase price of ten (10) shares of Common Stock under this Warrant shall be equal to the surrender of one share of Series 1 Preferred, the ("Exercise Price").

Section 1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings set forth below:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“SEC Reports” all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

“Transfer Agent” means Securities Transfer Corporation, the current transfer agent of the Company and any successor transfer agent of the Company.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part (in increments of ten (10) Warrant Shares, subject to adjustment as provided herein), at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed and completed facsimile copy (or e-mail attachment) of the Notice of Exercise in the form annexed hereto and surrender of applicable number of shares of Series 1 Preferred for payment of Exercise Price. If shares of Series 1 Preferred are held by Holder in certificated form, Holder will be required to physically surrender the certificates to the Company for cancellation within three (3) Trading Days of the applicable Notice of Exercise. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. **The Holder, by acceptance of this Warrant, acknowledges and agrees that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per ten (10) whole shares of the Common Stock under this Warrant shall be equal to the surrender of one share of Series 1 Preferred, subject to adjustment hereunder (the "Exercise Price"). Exercise under this Warrant must be made only in increments of ten (10) whole shares of the Common Stock, subject to adjustment as provided herein.

c) Automatic Exercise. If the Company's Common Stock trades above \$3.00 per share for five consecutive trading days on the Trading Market, the Series 1 Warrants will automatically be exercised.

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. Warrant Shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). For purposes of Rule 200 under Regulation SHO of the Securities Act, the Warrant Shares shall be deemed to have been issued, and Holder shall be deemed for all such purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised upon delivery of the Notice of Exercise and for purposes of Delaware corporate law, the Warrant Shares shall be deemed to have been issued, and Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised upon delivery of the Notice of Exercise and the aggregate Exercise Price, irrespective of the date of delivery of the Warrant Shares; provided the Exercise Price and all taxes required to be paid by the Holder, if any, are received within three (3) Trading Days of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder.

iv. Closing of Books. The Company will not close its stockholder books or records in any manner that prevents the timely exercise of this Warrant, pursuant to the terms hereof.

v. Notice of Automatic Exercise. The Company shall promptly deliver to the Holder by facsimile or email a notice setting forth a brief statement of the facts triggering such automatic exercise and procedures required to cancel the Warrants and Series 1 Preferred and effect issuance of Warrant Shares, if any.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two (2) Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Splits. If the Company, at any time while this Warrant is outstanding: (i) subdivides outstanding shares of Common Stock into a larger number of shares, (ii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iii) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Calculations. All calculations under this Section 3 shall be made to the nearest whole share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

c) Notice to Holder.

i. Adjustment to Warrant Shares. Whenever the number of Warrant Shares issuable upon exercise of this Warrant is adjusted, pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

Section 4. Transfer of Warrant. This Warrant is part of a unit, each unit consisting of one Series 1 Warrant and one share of Series 1 Preferred. This Warrant is neither detachable from the Series 1 Preferred nor separately transferable.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the laws of the state of Delaware.

f) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile or e-mail at or prior to 5:30 p.m. (Eastern City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile or e-mail on a day that is not a Trading Day or later than 5:30 p.m. (Eastern time) on any Trading Day, (c) the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The addresses for such notices and communications shall be, for the Company, as set forth in the Company's most recent SEC Report or provided by the Company's Secretary from time to time and, for a Holder, as set forth in the Company's books and records, which may be updated by Holder from time to time by notice to the Company's Secretary. To the extent that any notice provided constitutes, or contains, material, non-public information regarding the Company, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

g) Successors and Assigns. This Warrant is part of a unit, each unit consisting of one Series 1 Warrant and one share of Series 1 Preferred. This Warrant is neither detachable from the Series 1 Preferred nor separately transferable. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

h) Amendment. This Warrant may be modified or amended by the Company in its sole discretion for correction of typographical errors. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder. This Warrant also may be modified or amended or the provisions hereof waived with the written consent of the Company and the holders of Warrants representing a majority of the Warrant Shares issuable under Warrants then outstanding as of the date such consent is sought; provided, however, that (i) no such amendment shall adversely affect any Holder differently than it affects all other Holders, unless such Holder consents thereto and (ii) no amendment may increase the Exercise Price, decrease the number of shares or class of shares obtainable upon exercise of this Warrant or decrease the time period in which this Warrant can be exercised without the written consent of the Holder.

i) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

j) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

k) Acceptance. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

CHANTICLEER HOLDINGS, INC.

By:
Name:
Title:

NOTICE OF EXERCISE

TO: CHANTICLEER HOLDINGS, INC.

(1) The undersigned hereby elects to purchase _____ (increments of ten (10) only) Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

the cancellation of such number of Series 1 Preferred as is necessary with respect to the maximum number of Warrant Shares purchasable hereunder, in increments of ten (10) Warrant Shares.

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

December 5, 2016

Chanticleer Holdings, Inc.
7621 Little Avenue, Suite 414
Charlotte, North Carolina 28226

Re: Registration Statement on Form S-1 (Registration No. 333-214319)

Ladies and Gentlemen:

We are acting as counsel to Chanticleer Holdings, Inc., a Delaware corporation (the "Company"), in connection with the Registration Statement on Form S-1, filed on October 28, 2016, as amended by Amendment No. 1 filed on November 18, 2016 and Amendment No. 2 filed on December 5, 2016 (the "Registration Statement"), under the Securities Act of 1933, as amended (the "Act"). The Registration Statement covers: (i) 1,000,000 nontransferable subscription rights (the "Rights") to be distributed in connection with a rights offering (the "Rights Offering") by the Company to the holders of record as of the close of business on the record date declared by the Board of Directors (the "Holders") of up to 1,000,000 units (the "Units"), each Unit consisting of one share of the Company's 9% Redeemable Series 1 Preferred Stock, par value \$0.0001 per share (the "Series 1 Preferred Stock"), and one 7-year Series 1 Warrant ("Warrant") to purchase up to 10 shares of common stock, \$0.0001 par value ("Common Stock"); (ii) up to 10,000,000 shares of Common Stock issuable upon the exercise of the Warrants; and (iii) shares of Common Stock issuable, if and when declared, as payment of dividends on the Series 1 Preferred Stock. The Rights, Units, Series 1 Preferred Stock, Warrants and Common Stock are referred to herein, collectively, as the "Securities".

In rendering the opinions set forth below, we have examined originals or copies, identified to our satisfaction, of such other documents, corporate records, instruments and other relevant materials as we deemed advisable and have made such examination of statutes and decisions and reviewed such questions of law as we have considered necessary or appropriate. In our examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies and the authenticity of the originals of such copies, the conformity of the text of each document filed with the Securities and Exchange Commission (the "Commission") through the Commission's Electronic Data Gathering, Analysis and Retrieval System to the printed document reviewed by us and the accuracy of the matters set forth in the documents, agreements and instruments we reviewed. As to facts material to this opinion letter, we have relied upon certificates, statements or representations of public officials and of officers and representatives of the Company, without any independent verification thereof. We have also assumed that the Securities will, when issued, be evidenced by appropriate certificates that have been properly executed and delivered and that dividends on Series 1 Preferred Stock will be declared and paid in Common Stock only to the extent the issuance of such Common Stock will not exceed authorized capital of the Company.

The opinion expressed herein is limited to the General Corporation Law of the State of Delaware, including the applicable provisions of the Delaware Constitution and the reported judicial decisions interpreting such law, in each case as currently in effect, and we express no opinion as to the effect of the laws of any other jurisdiction. While we are not licensed to practice law in the State of Delaware, we have reviewed applicable provisions of the Delaware General Corporation Law as we have deemed appropriate in connection with the opinions expressed herein.

Based upon the foregoing, we are of the opinion that:

- (1) The Rights to be issued by the Company have been duly authorized and, when issued by the Company in the manner described in the Registration Statement, will be legally issued, fully paid, nonassessable and binding obligations of the Company under the laws of the State of Delaware.
- (2) The Units to be issued by the Company have been duly authorized and, when issued by the Company in the manner described in the Registration Statement, will be legally issued, fully paid, nonassessable and binding obligations of the Company under the laws of the State of Delaware.
- (3) The shares of Series 1 Preferred Stock to be issued and sold by the Company have been duly authorized and, when issued and sold by the Company in the manner described in the Registration Statement, will be legally issued, fully paid and nonassessable.
- (4) The Warrants to be issued and sold by the Company have been duly authorized and, when issued and sold by the Company in the manner described in the Registration Statement, will be legally issued, fully paid and nonassessable and be binding obligations of the Company under the laws of the State of Delaware.
- (5) The shares of Common Stock, when issued upon exercise of the Warrants, in accordance with their terms, will be legally issued, fully paid and non-assessable.
- (6) The shares of Common Stock that may be issued in lieu of cash payments as dividends on the Series 1 Preferred Stock, when and if declared, in accordance with their terms, will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this letter as an exhibit to the Registration Statement and to the reference to this firm under the caption "Legal Matters" in the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act. This opinion is expressed as of the date of effectiveness of the Registration Statement unless otherwise expressly stated, and we disclaim any undertaking to advise you of any subsequent changes in the facts stated or assumed herein or of any subsequent changes in applicable laws after that date.

Very truly yours,

/s/ Libertas Law Group, Inc.



December 5, 2016

Ladies and Gentlemen:

We have acted as advisers to Chanticleer Holdings, Inc., a Delaware corporation (the "Company"), in connection with the filing by the Company with the Securities and Exchange Commission (the "Commission") of a registration statement on Form S-1 (Registration No. 333-214319) (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration under the Securities Act of (i) subscription rights of the Company (the "Rights"), (ii) units, consisting of shares of 9% Redeemable Series 1 Preferred Stock ("Series 1 Preferred") and Series 1 Warrants to purchase common stock, \$0.0001 par value, of the Company, deliverable upon the exercise of the Rights ("Units") (iii) Series 1 Preferred (iii) Series 1 Warrants, and (iv) common stock, \$0.0001 par value, of the Company issuable upon exercise of the Series 1 Warrants and payable as in-kind dividends on the Series 1 Preferred, and in connection with the distribution of the Rights to purchase the Units by the Company to record holders of its common stock, \$0.0001 par value, and public warrants (the "Rights Offering").

In connection therewith, we have participated in the preparation of the discussion set forth under the caption "Material U.S. Federal Income Tax Consequences" in the Registration Statement (the "Discussion").

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the Registration Statement and the exhibits thereto and such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

In rendering our opinion, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies, and the authenticity of the originals of such latter documents.

In rendering our opinion, we have assumed, with your permission, that (i) the Rights Offering will be consummated as described in the Registration Statement and (ii) the statements concerning the terms of the Rights Offering set forth in the Registration Statement are, and will remain, true, complete and correct at all times up to and including the consummation of the Rights Offering.

Our opinion is based on current provisions of the Internal Revenue Code of 1986, as amended, Treasury Regulations promulgated thereunder, published pronouncements of the Internal Revenue Service and case law, any of which may be changed at any time with retroactive effect. Any change in applicable laws or the facts and circumstances surrounding the Rights Offering after the date of effectiveness of the Registration Statement, or any inaccuracy in the statements, facts and assumptions upon which we have relied, may affect the continuing validity of our opinion as set forth herein. We assume no responsibility to inform you of any such change or inaccuracy that may occur or come to our attention. Finally, our opinion is limited to the tax matters specifically covered hereby. No opinion should be inferred as to (i) any other tax consequences of the Rights Offering or (ii) the tax consequences of the Rights Offering under any state, local or foreign law, or with respect to other areas of U.S. Federal taxation. We express no opinion as to matters governed by any laws other than the Federal income tax laws of the United States of America.

Based on the foregoing and subject to the qualifications set forth herein, we hereby confirm that the Discussion set forth under the caption "Material U.S. Federal Income Tax Consequences" in the Registration Statement constitutes the opinion of Cherry Bekaert LLP as to the material United States Federal income tax consequences of the Rights Offering.

Our opinion is not binding on the Internal Revenue Service or a court. There can be no assurance that the Internal Revenue Service will not take a contrary position or that a court would agree with our opinion if litigated. In addition, we must note that our opinion represents merely our best legal judgment on the matters presented and that others may disagree with our conclusion.

We hereby consent to the filing of this opinion with the Commission as Exhibit 8.1 to the Registration Statement. We also consent to the reference to our opinion under the caption "Material U.S. Federal Income Tax Consequences" in the included in such Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the U.S. Securities and Exchange Commission.

Very Truly Yours

A handwritten signature in cursive script that reads "Cherry Bekaert LLP". The ink is dark and the signature is written in a fluid, connected style.

Cherry Bekaert, LLP

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in this Registration Statement of Chanticleer Holdings Inc. and Subsidiaries on Form S-1 Amendment # 2 [File No. 333-214319] of our report dated April 14, 2015 with respect to our audit of the consolidated balance sheet and related consolidated statement of operations and comprehensive loss, stockholders' equity and cash flows of Chanticleer Holdings, Inc. and Subsidiaries as of December 31, 2014 and for the year then ended December 31, 2014. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus, which is part of this Registration Statement.

/s/ Marcum llp

Marcum llp
New York, NY
December 5 , 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the reference of our firm under the caption "Experts" in this Amendment No. 2 to Registration Statement on Form S-1 of Chanticleer Holdings, Inc. (the "Company"), and to the incorporation by reference in this Registration Statement of our report, dated March 30, 2016, appearing in the Annual Report on Form 10-K of Chanticleer Holdings, Inc. as of and for the year ended December 31, 2015, filed March 31, 2016 with the U.S. Securities and Exchange Commission.

/s/ Cherry Bekaert LLP

Charlotte, North Carolina
December 5, 2016
