

ASX ANNOUNCEMENT

16 August 2016

Proposed Grant of Options to Key Personnel

The Company announces that it proposes to seek Shareholder approval to the issue of options to key personnel, the Directors and the new proposed director of the Company.

The board will seek Shareholder approval to grant 45,405,000 options, which will represent 10% of the fully diluted capital of the Company, vesting on grant and exercisable at \$0.055 cents each for a period of 3 years (the "Options"). Pursuant to the Corporations Act and the ASX Listing Rules, shareholder approval will be sought for the Options at the AGM of the Company to be held in November.

The exercise price of the Options represent a 10% premium to the Rights Issue and placement price of 5c.

As recently announced, the Company is undertaking a non-renounceable Rights Issue which closes on 30 August 2016 to raise up to \$5.5 million, and subject to shareholder approval, complete a placement of a further \$1,050,000, for a total private placement of \$1,800,000.

The new Options granted will represent 10% of the fully diluted capital of the Company on the basis each of the Rights Issue and placement are completed. In the event the placement is not completed or the Rights Issue, including placement of any shortfall, raises less than the total amount of \$5.5 million, the number of new Options will be such that the number of new Options will not exceed 10% of the Company's capital. Any such adjusted amount will be reflected in the Notice of Meeting issued in relation the AGM.

Mr Ross MacLachlan, currently an executive director, is proposed to be appointed to the role of CEO upon completion of the fundraisings and is proposed to receive 23,300,000 Options.

Mr Timothy Horgan, an executive director, is proposed to receive 7,800,000 Options.

Mr Jeffry Myers, the proposed non-executive director, is proposed to receive 5,200,000 Options.

Mr John Byrne, the current chairman of the Company, is proposed to receive 2,600,000 Options.

Dr Malcolm Jacques, a non-executive director, is proposed to receive 1,000,000 Options

Other Key Personnel are proposed to receive a total of 5,305,000 Options.

For further information, please contact:

Tim Horgan
Executive Director

Alwyn Davey
Company Secretary

Ph: +61 (0)3 9236 2800