

ASX ANNOUNCEMENT

23 August 2016

Proposed Grant of Options to Harrington Global

The Company announces that it proposes to seek Shareholder approval to the issue of options to Harrington Global Limited.

The board will seek Shareholder approval to grant 17,500,000 options exercisable at \$0.05 cents each until 28 April 2017 (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 represents the same price as the options to be issued under the Rights Issue and placement, although with a shorter exercise period.

The board proposes to grant these options in consideration of the continued support of the Company demonstrated by Harrington as the Company's largest shareholder. The support provided by Harrington has allowed the Group to progress with its re-alignment and its revised business strategy and includes:

- Underwriting the Company's Rights Issue when sufficient external underwriting could not be obtained.
- Providing a \$2,500,000 loan to the Company ahead of this underwriting commitment
- Extending the time under the loan agreement in which the Rights Issue was to be completed on multiple occasions to allow the Rights Issue to proceed

Further in relation to the Underwriting by Harrington, after discussions with ASIC, it has been agreed that Shareholder approval will be sought for the acquisition by Harrington of any Shortfall Shares in excess of those which Harrington may take up in accordance with item 9 of section 611 of the Corporations Act. (The Corporations Act prohibits a shareholder holding voting power of more than 20% in a listed company from increasing its voting power, except in certain circumstances. Item 9 allows such a Shareholder to increase its voting power by not more than 3% above that which it held 6 months earlier).

Harrington will be able to apply, without shareholder approval, for a maximum of approximately 24,742,600 shares (\$1,237,130) assuming only the minimum subscription is raised in the Rights Issue. The maximum number of shares for which shareholder approval may subsequently be sought to enable Harrington to satisfy its underwriting obligation is approximately 25,257,380 (\$1,262,869), based on only the minimum subscription being raised by the Offer, and the underwriting by Pan Andean.

For further information, please contact:

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