

8 September 2017

Company Announcements

Australian Securities Exchange

Via: www.asxonline.com

NON RENOUNCEABLE RIGHTS ISSUE CLEANSING NOTICE

Under Section 708AA(2)(f) of the Corporations Act 2001 (Cth.)

On 6 September 2017, the Company announced a placement to institutional investors of 5.5 million new Shares at \$0.50 each to raise \$2.75 million (**Placement**) and a non-renounceable pro rata Rights Issue to raise approximately \$5.8 million before offer costs and expenses (**Rights Issue** or **Offer**).

The Offer entitles eligible shareholders registered in Australia and New Zealand (**Eligible Shareholders**) to subscribe for 1 new fully paid ordinary share (**New Share**) for every 8 fully paid ordinary shares (**Shares**) held at 7.00pm (AEST) on Friday, 15 September 2017, at an issue price of \$0.50 per New Share.

The Offer is fully underwritten by Taylor Collison Limited (the **Underwriter**).

New Share entitlements not taken up by Eligible Shareholders will form part of a Top-Up facility and may be allocated by the Company at its discretion to Eligible Shareholders who applied for additional New Shares under the Top-Up facility or to the Underwriter. There is no guarantee that Eligible Shareholders who apply under the Top-Up Facility will receive any New Shares in excess of their Entitlement.

In accordance with section 708AA(7) of the Corporations Act, the Company hereby states that:

- 1) the Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2) this notice is being given under section 708AA(2)(f) of the Corporations Act;
- 3) as at the date of this notice, the Company has complied with:
 - a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - b) section 674 of the Corporations Act;
- 4) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act that is required to be set out in this notice under section 708AA(7) of the Corporations Act; and

- 5) As at the date of this notice, the issue of the New Shares under the Offer is not expected to have a material effect or consequence on the control of the Company, given the pro rata nature of the Offer and the fact that each of the directors of the Company together with Desmond Bryant, the largest substantial Shareholder, have committed to take up their entitlements in full.

The potential effect that the issue of the New Shares will have on the control of the Company or the consequences of that effect will depend on a number of factors, including Eligible Shareholders' interest in taking up their entitlements as well as their level of participation in taking up additional New Shares under the Top-Up facility. Accordingly:

- a) If all Eligible Shareholders take up their entitlements under the Offer, the issue of New Shares under the Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Offer;
- b) Eligible Shareholders who do not subscribe for their full entitlement of Shares under the Offer and Ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their entitlement; and
- c) Additional New Shares not taken up by Eligible Shareholders will form part of a Top-Up facility and may be allocated by the Company at its discretion to Eligible Shareholders who have applied for additional New Shares under a Top-Up facility or to the Underwriter, provided that no Top-Up Shares will be issued to an Eligible Shareholder if such issue would result in the increase of that Eligible Shareholder's voting power in the Company above 19.99%. Having regard to the number of New Shares to be issued under the Offer, even if a substantial shortfall eventuated, a participant in the Top-Up Facility would not be in a position to exercise any substantive control in the Company.

The Underwriter is not a related party of the Company for the purpose of the Corporations Act. Any Shares issued to the Underwriter pursuant to the Underwriting Agreement will increase the Underwriter's voting power in the Company.

Steven Dadich

Company Secretary