

1st May 2014

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
Sydney, NSW. 2000

Dear Sir,

Recapitalisation Proposal - Update

On 19 September 2013 the Company advised the ASX of terms of an amended recapitalisation proposal, having raised \$415,000, the key part of which was a prospectus capital raising to be conducted at \$0.02 per share.

Within that announcement a timetable was provided which would have resulted in the Company being reinstated before the end of 2013. Shareholders voted and approved those terms on 28th October 2013.

At the time the Company believed it would be able to achieve the outcomes timetabled as it had contracted with a party who had agreed to underwrite the Public Raising through the prospectus.

The Board had confirmed that party's bona fides through the pre-condition of a \$300,000 investment in the Company, which was part of the aforementioned \$415,000.

Regrettably, in spite of great patience shown by the Company towards that individual, many deadlines were ignored, and the party has failed to perform under its obligations.

Whilst the party remains a significant shareholder in the Company, the Board's responsibility is to all shareholders. That party has recently missed a final deadline nominated by itself in respect of providing funds to support the underwriting.

The Board has no other choice other than to seek to move forward with the Company's reinstatement to the ASX in another form.

We are in discussions with other parties seeking to assist the reinstatement and anticipate being able to announce a new recapitalisation plan shortly.

The new proposal will necessarily involve a new shareholder meeting and a timetable will be provided as part of that next announcement.

Yours sincerely,

Simon Lill
Director

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