



30<sup>th</sup> August 2017

As shareholders may be aware, from approximately March 2017 to June 2017 Mr Cottee on behalf of the Board of Directors stated that it was not possible for the company to locate any immediate and necessary source of funding, and argued with great alacrity that the best outcome for the shareholders was to vote to accept the Scheme of Arrangement (SOA) proffered by Macquarie Bank in March 2017. This is in stark contrast to recent announcements that the Company has now been able to locate funds. Shareholder trust in the current Board of Directors has clearly been affected by these juxtaposed events, which act as confirmation that the current Board of Directors needs to be removed.

#### **New Direction Discussions with CTP Chairman**

Once the SOA was defeated by the CTP shareholders in June, the New Direction Team immediately entered into discussions with the Chairman of CTP, those discussions were extensive, professional and extended over several weeks, and included the Chairman meeting with the proposed financier backer of New Direction.

It was always the New Direction Team's position that immediate changes were (and are) required at Board level. Accordingly, any discussions with the Chairman in relation to the availability of up to US\$100 Million, were predicated on board changes being made in an orderly manner.

Discussions concluded when New Direction Team were advised by the Chairman that there was no interest in CTP continuing discussions.

#### **Capital Raising and Balance Of Power**

In the event of a voluntarily transition at Board level not occurring, it was originally the New Direction Team's intention to serve a s.249N notice on the Company, so that appropriate and relevant motions could be placed on the agenda at the next Annual General meeting. However, on Thursday 10 August 2017 the Board of Directors formally announced that a capital raising had been initiated and that the Company had already placed \$9.2M with institutional and sophisticated investors.

A further \$18M was being offered to the existing shareholders, underwritten by Macquarie Capital (Australia) Limited (Macquarie) and Morgans Corporate Limited (Morgans).

On the basis that the \$27M “placement and entitlement offer” is being issued at 10 cents per share (270 Million shares), the New Direction Team observes that the number of existing issued shares will now increase from 433 Million to 703 Million shares.

The New Direction Team is of the opinion that it is highly likely that a significant percentage of the “*placement and entitlement offer*” will now end up in the hands of shareholders which might be considered ‘Board friendly’ and likely to vote in favour of any future SOA (or similar) and/or against any future Board spill.

Significant shareholder support (greater than 50%) will be needed to change the Company’s current direction and accordingly, the New Direct Team is no longer actively progressing its previous strategy.

[ENDS]