

7 July 2014

Funding Update

On 6 June 2014, the Company announced the Rights Issue and Share Purchase Plan in order to provide adequate funding to meet its short-term and medium-term obligations.

As previously announced, the Company's major shareholder, Mr Jerry Ren, did not take up any entitlements under the Rights Issue and Share Purchase Plan. Further, the Company was not able to obtain a material underwriting commitment or commitment to subscribe for any material number of shortfall shares. The Directors retain the right to issue shortfall shares within two months of the opening date of the Rights Issue.

As at the closing date of 4 July 2014, acceptances to raise a total of \$ 80,880 had been received by the Company under the Rights Issue.

The Share Purchase Plan closed on 30 June 2014. Acceptances for to raise a total of \$92,000 had been received by the Company under the Share Purchase Plan.

Accordingly, the amounts raised under the Rights Issue and Share Purchase Plan are insufficient to meet the Company's short-term and medium-term obligations. However, the Directors remain optimistic regarding the prospects of securing alternative funding necessary to find the Company's operations.

The Company is in discussions with its major lender that would, if successful, permit the Company to draw-down up to \$10 million in cash that is currently held in escrow under the Company's major debt facility. That cash would otherwise have only be released to the Company upon obtaining the Environmental Impact Statement approval for its major project, which is now expected to be obtained by no later than the end of August 2014.

Those discussions are in preliminary stages and the Company cannot give any assurance that they will lead to the release of such cash within the timeframes required.

Should the Company be unable to obtain secure the release of such cash over the coming days, the Company's ability to continue its operations as a going concern will be uncertain. In such circumstances the Directors may consider options relating to the external administration of the Company.

The shares subject of applications under the Rights Issue and Share Purchase Plan will not be issued (and monies received under the Rights Issue and Share Purchase Plan will be held on trust) until resolution of the continuing funding discussions.

Rodney Illingworth
Executive Chairman

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