

4 August 2010

The Manager  
Company Announcements Platform  
Australian Securities Exchange Limited

Issue of Securities  
(Subject to Shareholder Approval)

The company advises that it is proposed to grant options to subscribe for shares in the company to the following Directors.

Anthony Bigum (Chairman) 3,000,000 options  
Michael Capocchi (CEO) 10,000,000 options  
John McCormack (Director) 5,000,000 options

The options will be exercisable at \$0.0125 which is more than double the current market value of the company's shares and will be cancelled if the Director's appointment terminates or if the options have not been exercised by the 31 December 2015.

The company's present issued securities are as follows:

- 657,906,777 shares
- Secured notes which can be converted into 322,222,222 shares
- Options for the issue of 134,906,250 shares

The issue of the above 18,000,000 options to the Director's would result in a dilution of approx 2.7% of the interests of existing shareholders or 1.6% of the interests of existing shareholders and additional shareholders if existing options are exercised and secured notes are converted.

The grant of these options will be in lieu of an increase in the present remuneration of Directors and to provide further incentive to Directors by providing a benefit which will only have value if there is a material increase in the market value of the company's shares.

The grant of these options will be subject to shareholder approval in accordance with the Corporations Act and ASX Listing Rules, at the next annual general meeting of the company.

Yours faithfully,



A. Bigum  
Chairman