

EXPLANATORY MEMORANDUM

ITEM 2 – APPROVAL TO ISSUE 40,000,000 CDIs AT A MINIMUM OF US\$1.00

As noted at the last Annual General Meeting and the Information Memorandum the Company intended to dual list on the Frankfurt Stock Exchange (FSE) and issue up to 40,000,000 ordinary shares and CDIs representing them at a minimum US\$1.00 per CDI.

The dual listing on the FSE has yet to occur but the Company expects this to happen.

Pursuant to NSX Listing Rules 6.25 the Directors cannot issue more than 15% of the number of securities on issue in any 12 month period without shareholder approval. The approval sought in item 2 of the Notice of Annual General Meeting will permit the Company to issue up to 40,000,000 Ordinary Shares and the CDIs representing them at a minimum of US\$1.00 each between the date of the meeting and 30 June 2017 being the current financial year.

ITEM 3 – APPROVAL TO ISSUE 23,529,412 CDIs

As previously announced the Company has entered into an agreement to secure a USD 20,000,000 Structured Debt facility. The Company through further negotiations agreed for Leaders Group Asia Ltd to become a cornerstone shareholder in the Company by the issue of 23,529,412 CDIs , at US\$0.85 each upon payment of the USD 20,000,000.

The investment by Leaders Group Asia Ltd has been delayed due to carious banking issues. They payment is expected to be made in three instalments with the first instalment of US\$500,000 being received shortly.

At the previous General Meeting the Company approved the issue of 10,000,000 CDIs to Leaders Group Asia Ltd as part of the same transaction. The 10,000,000 CDIs is part of the 23,529,412 balance was to be issued out of the then available number of CDIs that the Board could issue without approval. To maintain maximum flexibility in respect of the issue of Securities the Board now seeks approval for the total number of CDIs to be issued to Leaders Group Asia Ltd.

If the resolution is approved the Company will have on issue 94,648,533 CDIs of that Leaders Group Asia Ltd will hold 23,529,412 CDIs or 24.86% of the CDIs on issue.