

17 December 2013

ASX ANNOUNCEMENT

Restructure Plan, Board and Management Appointments

International recruitment and labour hire specialist Bluestone Global Limited (ASX:BUE) is pleased to advise that the Company has commenced a financial and operational restructure which comprises:

- A Deed of Compromise with the ATO ("ATO Deed") whereby debts of \$28.6 million can be compromised with a payment of \$6 million;
- Completing a Restructure Implementation Deed ("Deed") with Valdez Group Pty Limited on behalf of the Valdez Consortium ("VAL") whereby, subject to terms and conditions outlined below, VAL will invest \$4.5 million in BUE as follows:
 - Take up a 15% placement in BUE at a price of \$0.008
 - Provide a secured \$2 million loan facility
 - Participate in and sub-underwrite \$2 million in a proposed pro rata rights issue
- Board and management changes including the appointment of Anthony Kelson to the Board and Stephen Sasse as CEO, subject to terms and conditions outlined below.

ATO Deed of Compromise

The Company has reached a binding settlement with the Australian Taxation Office in relation to its outstanding tax liabilities. The ATO Deed requires the Company to make two payments over 12 months totalling \$6 million – being \$4 million within one month of the date of the ATO Deed and \$2 million within 12 months of the date of the ATO Deed. On the final payment, the ATO will compromise the debt of \$28.6 million as at 1 November 2013, together with any interest charges incurred between that date and settlement. Carried forward tax losses of the Consolidated Group will also be compromised and therefore will not be available for future offset against taxable income.

An attached proforma balance sheet (Appendix A) has been prepared based upon an unaudited balance sheet as at 31 October 2013. The proforma balance sheet has been prepared highlighting the amounts payable to the ATO and the impact of the tax liabilities compromised.

Restructure Implementation Deed – Valdez Consortium

BUE is also pleased to announce that it has entered into a Deed with VAL. The Deed remains conditional on a number of factors including receipt of regulatory approval, Board and management changes, shareholder approval, certain third party consents and the restructure of the put option granted by the Company in relation to the Guildford Receivable, as announced on 24 December 2012, such that the financial risk of the option being exercised is removed.

The Deed represents a fundamental step in the restructure of the Company's operations with the key elements of the Deed being as follows:

1. VAL will take up a 15% placement in BUE at a price of \$0.008, subject to the Company's available placement capacity ("Placement"). The Placement is conditional on BUE securing commitments for the additional \$2 million of the \$4 million secured loan facility outlined below.
2. VAL has agreed to provide BUE with \$2 million of a proposed 2 year, \$4 million secured loan facility ("Loan") at an interest rate of 10% per annum payable at repayment of the loan. BUE require commitments for an additional \$2 million in loan notes from other parties as a condition of the drawdown. The \$4 million will be used to satisfy the initial payment under the ATO Deed.
3. Subject to the drawdown of the Loan and the appropriate shareholder approvals including the receipt of an independent expert's report, BUE to issue 200,000,000 options to VAL (and 200,000,000 options to the other parties taking the loan notes) with an exercise price of \$0.012 per option exercisable at any time within a 24 month period from the date of the grant of the options.
4. BUE to conduct a pro-rata rights issue at a price of \$0.008 to raise approximately \$4 million. VAL has agreed to take up its full entitlements under the rights issue and will also sub-underwrite it by an amount of \$2 million. The timing and detailed terms of the proposed rights issue are subject to finalisation by the BUE Board.
5. Subject to receipt of the appropriate shareholder approvals, VAL to receive BUE shares linked to the pre-tax operating profit of BUE for the financial year ending 30 June 2016 (excluding the effect of any mergers, divestments or adjustments for non-recurring or abnormal matters) ("Performance Share Profit") as follows;
 - 164,598,945 shares if the Performance Share Profit meets or exceeds \$7.5 million;
 - 109,732,630 shares if the Performance Share Profit is between \$4.5 million and \$7.5 million; and
 - 78,817,702 shares if the Performance Share Profit is between \$4 million and \$4.5 million.

The impact on the capital structure of the Company as outlined by this Deed is explained further in Appendix B.

BUE will provide market updates as to the status of the implementation of the restructure.

Board and Management Changes

On completion of the Placement, the Board will appoint Mr Anthony Kelson as a Director of BUE and Mr Stephen Sasse as CEO.

Anthony has 15 years experience in the professional services sector having worked in the accounting and taxation field and in more recent years in various management positions and consulting on engagement structures for independent contractors.

Since 2004 Anthony has held the position of Chief Executive Officer of Freelance Global Limited, responsible for all aspects of the business including developing, implementing and reviewing the global strategic plan and preparing global and jurisdictional business plans. Anthony has a Bachelor of Business with a major in Accounting and Human Resource Management

The appointment of Stephen as CEO will bring to a close the search the Company has undertaken since July 2013 for a replacement CEO. Stephen has held senior executive roles in the Leighton Group, including Leighton Holdings, John Holland and Transfield Construction. His early career included human resources, industrial relations and WHS responsibilities for a number of blue chip companies, including Shell, ICI, Goodman Fielder and National Foods. He has an unparalleled track record in productivity improvement and cost reduction, including major restructures, acquisitions, mergers and shared service models; the effective delivery of major projects; and the design and development of WHS governance frameworks.

Since July 2013 Mr Baljit Singh has taken on the role of Executive Chairman of BUE responsible for the daily operations of the Company. Following the appointment of Mr Sasse as CEO, Mr Singh will no longer undertake the executive role and will also step down as Chairman, remaining as a Director of the Company. At this time Andrew Plympton will be appointed Chairman of the Company.

For further information, please contact:

Investor enquiries

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About Valdez Group Pty Ltd

Valdez Group Pty Ltd is a consortium of interested and experienced investors.

About Bluestone Global Limited

Bluestone Global Limited (ASX code: BUE) is a specialist labour hire, professional placement, mining services and international recruitment firm trading under three key brands: Bluestone Recruitment, ResCo Services and Ultimate Skills. With operations spanning Australia and the Philippines, Bluestone Global has 28 offices supplying a skilled workforce of more than 6,000 on a weekly basis to a client base of principally ASX Top 200 companies. The Group has core capabilities encompassing temporary, permanent and international recruitment with a focus on the skills and labour constrained industries, including energy (coal, oil & gas), resources, transport, logistics and financial services.

Appendix A: Proforma Balance Sheet

| BLUESTONE GLOBAL LIMITED | | |
|--|-----------------|---------------|
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | |
| AS AT 31 OCTOBER 2013 | | |
| | Unaudited | Proforma |
| | October | October |
| | 2013 | 2013 |
| | \$'000 | \$'000 |
| ASSETS | | |
| Current assets | | |
| Cash at bank | 904 | 904 |
| Trade and other receivables | 29,106 | 29,106 |
| Inventories | 1,021 | 1,021 |
| Prepayments and other current assets | 1,640 | 1,640 |
| Intangible assets | 11,000 | 11,000 |
| Total current assets | 43,671 | 43,671 |
| Non-current assets | | |
| Property, plant and equipment | 6,641 | 6,641 |
| Other financial assets | 405 | 405 |
| Other assets | 261 | 261 |
| Intangible assets | 12,131 | 12,131 |
| Investment in joint venture | 360 | 360 |
| Total non-current assets | 19,798 | 19,798 |
| Total assets | 63,469 | 63,469 |
| | | |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 10,500 | 10,500 |
| Interest bearing liabilities | 19,166 | 19,166 |
| Provisions | 13,841 | 13,841 |
| Other financial liabilities | 9,000 | 9,000 |
| Total current liabilities | 52,507 | 52,507 |
| Non-current liabilities | | |
| Interest bearing liabilities | 25,745 | 3,245 |
| Provisions | 1,092 | 1,092 |
| Other financial liabilities | 4,000 | 4,000 |
| Other liabilities | 114 | 114 |
| Total non-current liabilities | 30,951 | 8,451 |
| Total liabilities | 83,458 | 60,958 |
| NET ASSETS | (19,989) | 2,511 |
| EQUITY | | |
| Contributed equity | 91,402 | 91,402 |
| Reserves | 1,611 | 1,611 |
| Accumulated losses | (113,002) | (90,502) |
| TOTAL EQUITY | (19,989) | 2,511 |

Appendix B: Effect on Capital Structure

The capital structure of the Company following completion of the restructure, including the completion of the proposed rights offer and assuming all shareholder approvals are granted, is summarised in the table below;

| Shares | Number |
|---|----------------------|
| Shares currently on issue | 433,734,507 |
| New Shares to be issued pursuant to the Placement ¹ | 65,050,176 |
| Shares on issue on completion of the Placement ¹ | 498,784,683 |
| New Shares proposed to be issued pursuant to the Rights Issue ² | 500,000,000 |
| Shares on issue on completion of the Rights Issue ² | 998,784,683 |
| Options | |
| Unlisted options expiring 30 June 2017 exercisable at \$0.05 each | 21,000,000 |
| Unlisted options expiring 31 July 2017 exercisable at \$0.08 each | 12,500,000 |
| Unlisted options expiring 8 August 2017 exercisable at \$0.08 each | 8,500,000 |
| Unlisted options expiring 20 December 2017 exercisable at \$0.045 each | 2,500,000 |
| Unlisted options expiring 20 December 2017 exercisable at \$0.08 each | 2,500,000 |
| Unlisted options expiring 20 December 2017 exercisable at \$0.10 each | 2,500,000 |
| New Options expiring 24 months from date of grant exercisable at \$0.012 each ¹ | 400,000,000 |
| Options on issue on completion of the restructure¹ | 449,500,000 |
| Maximum number of Shares on a fully diluted basis following completion of the Rights Issue^{1,2} | 1,448,284,683 |

The above table does not take into account the entitlements that would attach to Shares that would be issued if any of the existing options described in the table were exercised before the record date of the Rights Issue.

- Note 1. The Company will convene a general meeting of Shareholders for the purpose of approving the issue of 400 million free options, exercisable at 1.2 cents (\$0.012) each within 24 months of the date of grant, to VAL and other holders. Until these options are issued, the total number of options on issue and the maximum number of Shares on a fully diluted basis specified in the table above will be 400 million less than specified in the table above.
- Note 2. The Company intends to conduct a pro-rata rights issue at a price of 0.8 cents (\$0.008) to raise approximately \$4 million, before the costs of the issue. However, until the timing and detailed terms of the rights issue are finalised, the total number of shares on issue and the maximum number of Shares on a fully diluted basis specified in the above table are indicative and may be subject to change.
- Note 3. Subject to receipt of the appropriate shareholder approvals, VAL to receive BUE shares linked to the pre-tax operating profit of BUE for the financial year ending 30 June 2016 (excluding the effect of any mergers, divestments or adjustments for non-recurring or abnormal matters) ("Performance Share Profit") being, 164,598,945 shares if the Performance Share Profit meets or exceeds \$7.5 million; 109,732,630 shares if the Performance Share Profit is between \$4.5 million and \$7.5 million and 78,817,702 shares if the Performance Share Profit is between \$4 million and \$4.5 million. The table above does not take into account the performance shares that would be issued if the performance milestones described above are achieved.