

Bluestone Global Limited
ASX:BUE

ASX Announcement

8 May 2014

Pro Rata Rights Issue and amendments to Notice of Meeting

The board of directors of Bluestone Global Limited ACN 009 296 324 (**Bluestone**) (ASX: BUE) is pleased to announce that Bluestone is undertaking a pro-rata non-renounceable rights issue on the basis of 1 fully paid ordinary share in Bluestone (**Share**) for every Share held at an issue price of \$0.008 per Share (**Rights Issue**). Shareholders who are registered at 5.00pm AEST on Wednesday, 14 May 2014 will be eligible to participate in the Rights Issue.

The Rights Issue will result in the issue of approximately 498,784,683 Shares (**New Shares**) to raise a total of approximately \$4 million. The funds raised under the Rights Issue will be used for working capital and general corporate purposes.

The Company had been in discussions to underwrite the Rights Issue, however, these were unsuccessful and the Rights Issue is not underwritten. So, while the Company disclosed in its Notice of Meeting dated 14 April 2014 (**Notice of Meeting**) that Valdez Group Pty Limited as trustee of the VC Unit Trust (**Valdez**) and Tiga Trading Pty Limited (**Tiga**) would partially sub-underwrite the Rights Issue, this underwriting will now not occur. The Company is, however, able to confirm as at the date of this Announcement, that Valdez will subscribe for its full entitlements under the Rights Issue. This represents a financial commitment of approximately \$0.52m.

Bluestone also gives to the ASX a notice in accordance with section 708AA(7) of the Corporations Act 2001 (Cth) (**Corporations Act**) in compliance with section 708AA(2)(f) of the Corporations Act.

Further details regarding the Rights Issue are set out in the offer document accompanying this announcement. Also attached is an Appendix 3B which relates to the Rights Issue.

Update to Notice of Meeting

As outlined above, the Rights Issue is now not underwritten. This change in circumstance necessitates minor amendments to the Notice of Meeting. In particular, the maximum voting rights of each of Valdez and Tiga as calculated in the Notice of Meeting will be reduced to only reflect them subscribing their Entitlements and not sub-underwriting the Rights Issue. These amendments are set out in the attached schedule.

As Anthony Kelson has now resigned as a Director, the resolution relating to his re-election, being Resolution 7 of the Notice of Meeting, is also withdrawn and will not be voted on.

The Independent Expert, Grant Thornton Corporate Finance Pty Ltd, has confirmed that the fact the Rights Issue is not underwritten **does not** alter its opinion that the resolutions relating to the issue of options to Valdez and Tiga as set out in the Notice of Meeting (Resolutions 1 and 2) are **fair and reasonable to non-associated shareholders**.

The directors of Bluestone continue to **unanimously recommend** that shareholders vote in favour of resolutions relating to the issue of options to Valdez and Tiga as set out in the Notice of Meeting.

If you have already voted on the resolutions in the Notice of Meeting and wish to maintain your previous position, you need not take any action.

If you have not yet voted on the resolutions in the Notice of Meeting and wish to do so, or if you have already voted but wish to change your vote, you may send a new proxy form.

The valid lodgement by a shareholder of a new proxy form will automatically revoke any proxy forms that have previously been lodged.

The deadline for the lodgement of proxies remain the same being 10:30am (AEST) on Wednesday, 14 May 2014.

Shareholders who require a new proxy form can obtain one by contacting Bluestone's company secretary, Sophie Karzis on +61 3 9286 7500.

For further information, please contact:

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Schedule: Notice of Meeting amendments

Update to Notice of Meeting

For the reasons described in the announcement, certain updates to the Notice of Meeting are required. These updates are described below. To the extent that there is any inconsistency between these updates and the Notice of Meeting, the updates in this announcement prevail. Section references are references to sections of the Explanatory Statement.

Section 1.1(e) is amended as follows

Section 1.1(e), including the footnote in this Section, is deleted in its entirety and replaced with the following:

- "(e) *Assuming that all Valdez Options are exercised immediately after their issue and that no other Shares, including the Shares to be issued pursuant to the Rights Issue, have been issued by the Company at the time of their exercise, Valdez's and Mr Kelson's voting power would, upon exercise of all the Valdez Options, increase to approximately 37.93% of the issued share capital of the Company. Their voting power in the Company will decrease to 27.56% if Valdez subscribes its full entitlement under the Rights Issue and exercises all the Valdez Options (assuming that no other Options are exercised and that 498,784,683 Shares will be issued under the Rights Issue).*

Further details of Valdez's voting power are set out in Section 4.4(b)."

Section 1.1(f) is amended as follows:

Section 1.1(f), including the footnote in this Section, is deleted in its entirety and replaced with the following:

- "(f) *Assuming that all Tiga Options are exercised immediately after their issue and that no other Shares, including the Shares to be issued pursuant to the Rights Issue, have been issued by the Company at the time of their exercise, Tiga's voting power would, upon exercise of all the Tiga Options, increase to approximately 27.03% of the issued share capital of the Company. This percentage will decrease to 20.99% if Tiga subscribes its full entitlement under the Rights Issue and exercises all the Tiga Options (assuming that no other Options are exercised and that 498,784,683 Shares will be issued under the Rights Issue).*

Further details of Tiga's voting power are set out in Section 4.4(g)."

Section 2.1 is amended as follows:

Under the heading "Summary of the Restructure" on page 11 of the Notice of Meeting, the text from "As announced by ..." to "... below)) as follows:" is deleted and replaced with the following:

*"As announced by the Company on 17 December 2013, the Company has commenced a Restructure. As part of the Restructure, this Company has entered into a Restructure Implementation Deed (**Restructure Deed**) with*

Valdez whereby Valdez has agreed to invest a total amount of \$4,520,401.41 into the Company as follows:

Under the heading "Summary of the Restructure" on page 11 of the Notice of Meeting, the text from "Under the Restructure Deed ..." to "... Shareholders approving Resolution 1." is deleted.

Under the heading "Terms of the Note Deed", the text on on page 12 of the Notice of the Meeting from "Under the Note Deed ..." to "... general corporate purposes." is deleted and replaced with the following:

"Under the Note Deed, the Company must apply \$2 million raised from the Rights Issue to repay \$1 million of the Valdez Loan and \$1 million of the Loan Notes from other Loan Noteholders. The Company has now secured the required waivers from the Loan Noteholders of its obligation to repay these amounts out of the proceeds of the Rights Issue. Accordingly, the proceeds of the Rights Issue will be applied as working capital and for general corporate purposes."

Section 4.3 is amended as follows:

All text under the heading "Valdez Transaction" and before the heading "Tiga Transaction" is deleted and replaced with the following:

"Valdez and Mr Kelson currently have relevant interests in 65,050,176 Shares being approximately 13.04% of the current issued share capital of Bluestone⁴. As Mr Kelson is the sole shareholder of Valdez, by virtue of Mr Kelson controlling Valdez and pursuant to section 608(3) of the Corporations Act, Mr Kelson has relevant interest in the securities in Bluestone held by Valdez. The issue of Shares as a result of the exercise of all Valdez Options would result in Valdez and Mr Kelson acquiring a relevant interest in an additional 200,000,000 Shares. Accordingly, assuming that all Valdez Options are exercised immediately after their issue and that no other Shares, including the Shares to be issued pursuant to the Rights Issue, have been issued by the Company at the time of their exercise, Valdez's and Mr Kelson's voting power would, upon exercise of all the Valdez Options, increase to approximately 37.93% of the issued share capital of the Company⁵. Their voting power in the Company will decrease to 27.56% if Valdez subscribes its full entitlement under the Rights Issue and exercises all the Valdez Options (assuming that no other Options are exercised and that 498,784,683 Shares will be issued under the Rights Issue)."

All text under the heading "Tiga Transaction" until the Section 4.4 heading is deleted and replaced with the following:

"Tiga currently has relevant interests in 69,145,935 Shares being 13.86% of the current issued share capital of Bluestone⁷. The issue of Shares as a result of the exercise of all Tiga Options would result in Tiga acquiring a relevant interest in an additional 90,000,000 Shares. Accordingly, assuming that all Tiga Options are exercised immediately after their issue and that no other Shares, including the Shares to be issued pursuant to the Rights Issue, have been issued by the Company at the time of their exercise, Tiga's voting power would, upon exercise of all the Tiga Options, increase to approximately 27.03% of the issued share capital of the Company⁸. This percentage will

decrease 20.99% if Tiga subscribes its full entitlement under the Rights Issue and exercises all the Tiga Options (assuming that no other Options are exercised and that 498,784,683 Shares will be issued under the Rights Issue)."

Section 4.4(b) is amended as follows:

The table and associated footnotes on pages 23 and 24 are deleted and replaced with the following:

| Valdez's and Mr Kelson's voting power in Bluestone | Number of Shares | Voting Power |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|
| As at the date of the notice of meeting | 65,050,176 | 13.04% |
| As a result of the exercise of the Valdez Options¹ | 265,050,176 | 37.93% |
| As a result of subscribing its full entitlement under the Rights Issue and exercising the Valdez Options² | 330,100,352 | 27.56% |

¹ This figure assumes that no further Shares are issued including as a result of the exercise of any options (which includes the Loan Options) prior to the date of the exercise of Valdez Options by Valdez with the Valdez Options being the only Loan Options which are exercised.

² It is assumed that Valdez will subscribe its full entitlement under the Rights Issue, 498,784,683 Shares will be issued under the Rights Issue and Valdez will exercise the Valdez Options (with no other options being exercised).

Section 4.4(g) is amended as follows:

The table and associated footnotes on page 27 are deleted and replaced with the following:

| Tiga's voting power in Bluestone | Number of Shares | Voting Power |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|
| As at the date of the notice of meeting | 69,145,935 | 13.86% |
| As a result of the exercise of the Tiga Options¹ | 159,145,935 | 27.03% |
| As a result of participating in the Rights Issue as set out above and exercising the Tiga Options² | 228,291,870 | 20.99% |

¹ This figure assumes that no further Shares are issued including as a result of the exercise of any options (which includes the Loan Options) prior to the date of the exercise of TIGA Options by TIGA with the TIGA Options being the only Loan Options which are exercised.

² It is assumed that TIGA will subscribe its full entitlement under the Rights Issue, 498,784,683 Shares will be issued under the Rights Issue and TIGA will exercise the TIGA Options (with no other options being exercised).

Section 4.6(a) is amended as follows:

All text between the words "*The proposed issue ...*" to "*... the Loan Noteholders*)." on page 29 is deleted and replaced with the following:

"The proposed issue of the Loan Options is part of the financial and operational Restructure being implemented by the Company to bring the Company forward. This has resulted in Valdez committing to invest a total amount of \$4,520,401.41 into the Company and the Loan Noteholders will provide a loan of \$2 million."

All text between the words "*Furthermore, Valdez's obligation ...*" to "*... under the Rights Issue*" in the fourth paragraph on page 30 is d