



11 May 2015

SHAREHOLDER UPDATE

The Board of Sugar Dragon Limited ("Sugar Dragon") (formerly Vesuvius Minerals Limited) would like to take this opportunity to update shareholders on recent developments with the Company and in particular the recent Transaction with Resource Star Limited (ASX: RSL). Extracts from the RSL ASX Announcement follow:

RSL AGREES TO ACQUIRE A 60% INTEREST IN SUGAR DRAGON LIMITED

Highlights

- Resource Star Limited (ASX: RSL) has conditionally agreed to acquire a 60% interest in a holding company, Sugar Dragon Limited which owns a 72.5% interest in Okmno Asia Limited, a leading manufacturing and distribution company with operations in Greater China.
- Okmno Asia Limited holds the exclusive license to produce and distribute Candy Crush branded confectionery in the Greater China region.
- Candy Crush is a global mobile gaming brand with over 120 million daily active users globally and over 48 million subscribers in the China following its recent launch in August 2014.
- Investment in Okmno Asia Limited strategically positions RSL in the Asian market, with the confectionery market in the Greater China region having grown to an estimated US\$13.9 billion.
- Leverages the strong existing partnerships which Okmno Asia Limited holds with King.com, Tencent (via King), Trolli, HaiTao, LF Asia and Miti Corporation, all leading manufacturers, importers and distributors in Greater China.
- Sales from Candy Crush confectionery products are expected to bring material revenue stream to the RSL business, with 18 tonnes of product sold to date, and generate substantial profit margin growth.

Background

On 23 April 2015 Resource Star Limited (ASX: RSL) ("RSL" or the "Company") announced the intended acquisition of a 60% interest in Sugar Dragon, subject to due diligence to be completed within 7 days of execution and shareholder and regulatory approvals.

The investment will fund the growth of Okmno Asia Limited ("Okmno Asia") a company in which Sugar Dragon owns a majority stake of 72.5%.

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Transaction Overview

The Company intends to subscribe for Sugar Dragon shares to obtain a 60% shareholding interest in Sugar Dragon.

The consideration payable for the subscription in Sugar Dragon is:

- A \$300,000 refundable deposit within 2 days of execution.
- A \$200,000 convertible loan within 21 days of execution. The loan will be unsecured and interest free. The loan will convert at settlement.
- A \$3,625,000 payment at settlement.

The deposit is refundable in the event the transaction does not proceed due to the due diligence condition not being satisfied (or the ASX Listing Rules or applicable laws do not permit conversion into Sugar Dragon shares) and payment to the Company is due within 60 days after such an event subject to Sugar Dragon having financial capacity and otherwise at such later date the Company has financial capacity. The loan is repayable in the event the ASX Listing Rules or other applicable laws do not permit conversion into Sugar Dragon Shares and repayment to the Company is due at the same time as for repayment of the deposit.

Otherwise the deposit and loan are convertible into 4,615,384 Sugar Dragon shares and 3,076,923 Sugar Dragon shares respectively (representing 15% of the undiluted share capital of Sugar Dragon post conversion of those two amounts) at settlement or, subject to the ASX Listing Rules or other applicable laws permitting conversion, where settlement does not occur, other than due to the due diligence condition not being satisfied in respect of the deposit, with the conversion to occur at settlement or, where settlement does not occur, within 2 days of written notice from the Company of the occurrence of an event resulting in settlement not being able to occur.

Subsequent Events

Subsequent to the execution and announcement of the Transaction, RSL has completed its due diligence and forwarded the deposit and loan monies.

A Shareholder Meeting will be called by Sugar Dragon in due course to enable Sugar Dragon shareholders to consider this Transaction.

Having now conditionally secured a cornerstone investor, Sugar Dragon is seeking a liquidity event via an IPO, RTO/backdoor listing or other transaction on Australian, Hong Kong, UK or other exchanges and is well advanced in discussions with various parties in this regard.

For further details regarding Sugar Dragon, Okmno Asia or the Transaction, please review the Shareholder Presentation and other information available at www.sugardragon.com.au

Kind Regards



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