

ASX RELEASE**3 November 2014****Proposed Acquisition in Cambodia**

Donaco International Limited (the **Company**) is pleased to announce that it has signed an exclusive term sheet, and is currently conducting due diligence, for a proposed material acquisition of a significant gaming and hospitality business in Cambodia.

Cambodia has a well-established gaming industry, which is supported by the Government as a driver of tourism, since local citizens are not permitted to enter casinos. The business proposed to be acquired is well-established and profitable, with good growth prospects. The market that it serves is distinct from the Company's existing China-facing business at the Aristo International Hotel. The proposed acquisition thus provides diversification as well as scale benefits.

Parts of the signed term sheet are binding, including an exclusive negotiation period extending into early 2015. This will enable the Company to complete its due diligence investigations, and to finalise and sign long-form agreements.

The acquisition will take place at a multiple of six times earnings before interest, tax, depreciation, and amortisation (6x EBITDA) for the financial year of the business ending on 31 December 2014. The acquisition will be funded from the Company's existing cash reserves, and new debt facilities, together with an equity component for the vendor.

Based on the range of financing scenarios reviewed by the Board, the proposed acquisition is expected to provide strong earnings per share accretion for the Company's shareholders.

Further details will be provided to the market when the long form agreements are finalised.

For further information:

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ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

Donaco International Limited operates leisure and entertainment businesses across the Asia Pacific region.

Our flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam. Donaco operates the business and owns a 95% interest, in a joint venture with the Government of Vietnam.

Donaco is a pioneer casino operator in Vietnam. The business was established in 2002, and is located on the border with Yunnan Province, China. The property has recently been expanded to a brand new five star resort complex with 428 hotel rooms.

To learn more about Donaco visit www.donacointernational.com
