

ASX RELEASE**23 June 2015****Transaction and Trading Update**

Donaco International Limited (**the Company**) is pleased to confirm that its acquisition of the business of the Star Vegas Resort & Club in Poipet, Cambodia (**the Transaction**) is on track for completion on 1 July 2015.

Execution of Binding Loan Agreements

The Company has signed binding long-form agreements for its USD100 million loan facility with Mega International Commercial Bank Co, Ltd of Taiwan (**Mega Bank**). The long-form agreements implement the terms of the binding Commitment Letter executed by the parties in March 2015.

The key elements of the loan package are as set out in the Shareholder Booklet for the Extraordinary General Meeting held on 27 March 2015.

Conditions Precedent

Due diligence has been successfully completed. All conditions precedent for the execution of the loan agreements have been satisfied. The remaining conditions precedent for the completion of the Transaction are expected to be satisfied by 1 July 2015.

Completion Arrangements

If all conditions precedent are satisfied, completion of the Transaction will take place on 1 July. The Company will obtain ownership and control of the Star Vegas business on and from that date.

The Company will then pay to the vendors USD135 million in cash, which is additional to the deposit of USD5 million paid in February 2015. The Company will also issue 147,199,529 ordinary shares to the vendors (or their nominees), with an agreed value of USD120 million.

The remaining USD100 million will initially be placed in escrow, until Mega Bank registers its security documentation in Cambodia. Once that is done, the funds will be released to the vendors. This is expected to occur by late July 2015.

Working Capital Facility

The Company also intends to sign agreements for a working capital facility, providing debt funding in the amount of USD20 million. This will be used to support the working capital needs of the expanded casino operations in Cambodia and Vietnam.

It is expected that the facility will be unsecured, other than via a guarantee from the Company. It will require repayments of interest only, on a quarterly basis, with the principal repayable in full within 39 months of drawdown. Early repayment will be permitted, subject to a minimum interest charge period of 12 months. The interest rate will be 10%.

Trading Update – Aristo International Hotel

The Company's casino operations in Vietnam have experienced positive and improving conditions in the past four months. Casino visitation continues to grow, reaching a new monthly record high of 10,254 players in May 2015. This is 19% higher than the previous monthly record, set in April 2015.

Hotel occupancy also reached a new record high of 75%, with the average revenue per occupied room remaining at USD62 per night.

Gaming turnover was also robust in May, totaling USD207 million. The win rate on VIP table games has continued to be volatile, reaching 1.29% in May, compared to the theoretical rate of 2.85%. This matter is being carefully monitored and reviewed by the Board and management.

As a result of the positive and improving conditions, the Aristo has seen a need to increase the size of its workforce, in order to handle the increased business volume. The Company is currently seeking to recruit 60 new staff members at the Aristo, in positions including dealers and VIP hosts.

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

