MEMO

To: Board of Directors

From: Company Secretary

Subject: **PROSPECTUS WITHDRAWAL**

You have asked what do we have to do to withdraw the prospectus our wholly-owned subsidiary (ERGL) has issued (ie, lodged with ASIC and have invited public applications) now that the Board has made the decision to accept a takeover offer for the business rather than proceed with the IPO (Initial Public Offer).

From all my investigations, it seems that the Corporations Act does not specifically provide for how a prospectus can be withdrawn. So, I have spoken to a senior lawyer at ASIC who confirmed this and advised the steps that ASIC required the company to take to withdraw the prospectus.

Withdrawal Steps

These are:

1. As we are an ASX listed company we should release an ASX announcement confirming that the directors of ERGL have resolved not to proceed with the offer and that ERGL will apply to ASIC to withdraw the prospectus.

2. ERGL must then file an ASIC Form 106 "Request to Withdraw a Lodged Document", setting out the reasons why ASIC should remove the prospectus from the ASIC database, and attach a covering letting confirming that the company understands that withdrawing the prospectus will have the following effect:
   o   that it cannot use the prospectus to raise any funds; and
   o   that it must remove the prospectus from circulation; and
   o   that all application monies received must be refunded (and how they intend to achieve that).

3. All application money already received must be returned to applicants as soon as practicable in accordance with section 722 of the Corporations Act.