

DGW:AS:DK:L2

14 April 2010

**GREAT SOUTHERN LIMITED ACN 052 046 536
(In Liquidation)(Receivers and Managers Appointed)(“GSL”)**

UPDATE TO SHAREHOLDERS

TAXATION IMPLICATIONS

ADELAIDE
BRISBANE
MELBOURNE
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SHANGHAI
SINGAPORE
TOKYO

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I refer to the appointment of Martin Jones, Andrew Saker, James Stewart and I as Joint and Several Administrators of GSL on 16 May 2009 and our subsequent appointment as Joint and Several Liquidators on 19 November 2009.

I further refer to a number of recent queries we have received in relation to the taxation implications for shareholders resulting from the liquidation of GSL.

I note that should the Liquidators determine that they have reasonable grounds to believe that there is no likelihood that shareholders of the company will receive any distribution from the liquidation of the company they may provide a declaration to shareholders pursuant to section 104-145 of the *Income Tax Assessment Act* (“ITAA”) that the shares in the company are worthless. Such a declaration would enable shareholders to take the potential benefit of any capital loss on their shares.

I advise that one of the pre-conditions of the Liquidators issuing a declaration pursuant to section 104-145 of the ITAA is that the Liquidator must have “reasonable grounds to believe (at the time of the declaration) that there is no likelihood that shareholders in the company, or shareholders of the relevant class of shares, will receive any further distribution for their shares”.

Accordingly, as the returns to shareholders of GSL are yet to be determined and will ultimately be dependent upon the realisation of the company’s assets and any recoveries that may be available to the Liquidators for breaches of the Corporations Act (“the Act”) the Liquidators are unable to issue a declaration pursuant to section 104-145 of the ITAA at this time.

I have received correspondence from the Receivers and Managers indicating that they do not anticipate finalising the sale of GSL’s assets until around 30 September 2010. In this regard, I will provide a further update to shareholders closer to this date.

Shareholders should take their own independent advice in respect of their ability to claim a capital loss in respect of the shares in the meantime.



Should you have any queries in relation to the above, please do not hesitate to contact Derek Keir of this office.

A handwritten signature in black ink that reads 'D Weaver'.

DARREN WEAVER
Joint and Several Liquidator of
Great Southern Limited

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