

8 July 2011

To Creditors

Dear Sir/Madam

**Sonray Capital Markets Pty Ltd (In Liquidation) (“Sonray”)
ACN 104 482 993**

I refer to my previous update of 11 March 2011 and now provide a further update as follows.

Mediation

As previously foreshadowed, the mediation between Sonray, Saxo Bank A/S, HLB Mann Judd, Russell Johnson, Scott Murray and an Investor Advisory Group comprising Andrew Lythgo, Richard Seaborn, Daniel Faigen and representatives from Arnold Bloch Leibler and Slater & Gordon commenced on 6 June 2011 and continued on 7 June 2011 as scheduled before the appointed mediator, Manny Garantziotis SC.

The discussions between the parties were positive and although no agreement had been reached by late in the evening of 7 June 2011, it was apparent that there was some merit in continuing the mediation on another day to see if the parties could reach a resolution.

The parties reconvened on 14 June 2011 and discussions concluded with a proposal from Saxo Bank A/S and HLB Mann Judd being left open for further consideration by the liquidators and the Investor Advisor Group.

The liquidators and the Investor Advisory Group have since met on several occasions and discussions have continued with Saxo and HLB to achieve an appropriate outcome.

As you will appreciate, the mediation discussions are confidential and the subject of strict confidentiality undertakings and therefore we cannot reveal what offers have been made, however we will advise investors as soon as either the terms of a settlement are agreed or the mediation is concluded.

The liquidators have not finalised any settlement with Russell Johnson or Scott Murray as at the time of this update. However, Mr Murray has voluntarily agreed to give up to the liquidators all his available assets and to that end has already made a payment of \$199,116.15 to us representing his share of the proceeds of sale of his residence. Discussions with Mr Johnson are continuing and we are optimistic that a contribution will shortly be made in this regard.

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Court directions

Concurrent with the ongoing mediation discussions, on 5 July 2011 the liquidators made an application to the Federal Court seeking directions on how to determine the rights of investors to certain cash and property and how they may distribute the available cash and property. A copy of the application and supporting affidavit excluding the exhibits can be reviewed in the Sonray section of the Ferrier Hodgson website. There are 17 volumes of exhibits and it is not practical to either email these or post them on our website but can be made available upon request.

Since our appointment we have maintained that it is prudent to seek directions to ensure that we deal with the property held on behalf of investors in an appropriate manner and a manner that is binding.

We will shortly invite contradictors to represent the different categories of investors identified in the application.

A directions hearing will be held on 2 August 2011 at which time we expect that a timetable will be agreed in relation to the contradictors making submissions to the Court and further submissions by the parties in respect of the questions raised.

It is likely to take some months after the initial directions hearing before the Court makes any orders in respect of the application, given the complexity of the issues. It is important for the Liquidators to obtain these directions to enable us to determine how any available funds are to be allocated.

I wish to take the opportunity to thank the Investor Advisory Group for their time and contribution to the mediation thus far.

We will continue to update you on further developments as they arise. Should you have any queries, please email us at sonray@fh.com.au.

Yours faithfully

Sonray Capital Markets Pty Ltd

A handwritten signature in blue ink, appearing to read 'George Georges'.

George Georges
Liquidator