



Australian Government

Takeovers Panel

MEDIA RELEASE

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Emerald Capital Limited – Panel Receives Application

The Panel has received an application from Mr Frank Villante, Mrs Tracy Fraser and Warman Investments Pty Ltd (**the applicants**) in relation to the affairs of Emerald Capital Limited.¹

On 8 May 2009, Emerald lodged a Prospectus with ASIC for a 5 for 1 non-renounceable rights issue at an issue price of 2 cents per share. The rights issue is not underwritten and is scheduled to close on 15 June 2009.

The applicants submit that the rights issue, as well as the conversion of existing convertible notes, have potential control implications and give rise to unacceptable circumstances. For example, the applicants submit that, if only companies associated with Emerald directors Tim Kestell and Peter Pynes exercise their rights under the rights issue and convert their convertible notes, they will obtain voting power of up to 42.4% and 41.8% in Emerald respectively.

The applicants also submit that the prospectus for the rights issue inadequately discloses the potential control impact of the rights issue and makes a number of other submissions in relation to the convertible notes.

The applicants seek interim orders, including that Emerald be restrained from issuing any shares under the rights issue until conclusion of the Panel proceedings. The applicant seeks final orders including orders to address the information deficiency and that any application moneys subscribed under the rights issue prospectus be returned.

A sitting Panel has not been appointed at this stage and no decision has been made as to whether to conduct proceedings. The Panel makes no comment on the merits of the application.

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¹ Emerald was delisted from ASX in January 2008 at the request of the board.