



Wallace Absolute  
Return Limited

21 June 2010

Via: E Lodgement/ OR  
Fax – Company announcements: 1300 135 638

Australian Securities Exchange  
Continuous Disclosure Area

### **AGREEMENT TO SETTLE PANEL APPLICATION AND PROCEED WITH TAKEOVER OFFER**

Wallace Absolute Return Limited ("WAB") refers to Armidale Investment Company Pty Limited's ("AIC") recent application to the Australian Takeovers Panel ("Panel") lodged on 8 June 2010 ("Panel Application") in relation to the renounceable rights issue announced by WAB on 5 May 2010 ("Rights Issue").

WAB announces that it has reached an agreement with AIC and E-quest Capital Pty Limited ("E-quest"), and as a result AIC:

- has withdrawn its Panel Application; and
- will continue with its takeover offer for up to 100% of WAB shares at 5.9 cents in cash per share ("Offer")<sup>1</sup>.

AIC has agreed to serve a bidder's statement in relation to the Offer on WAB by 25 June 2010, on the basis that:

- WAB withdraws the Rights Issue and refunds all application monies (without interest) that it received under the prospectus for the Rights Issue;
- WAB and E-quest terminate the underwriting agreement between them in relation to the Rights Issue ("Underwriting Agreement");
- E-quest withdraws the nomination of Mr Spiro Paule and Mr Anthony Roussos to the WAB board of directors ("Board") and WAB not, by Board resolution, appoint Mr Paule and Mr Roussos to the Board within a period of 4 months; and
- WAB appoints to the Board an independent director nominated by AIC once AIC has voting power in at least 20% of WAB, subject to the Board approving the relevant nominee and AIC complying with the terms of the agreement.

In addition WAB advises shareholders that:

- WAB will pay E-quest:
  - a fee equivalent to the underwriting commission E-quest would otherwise have earned under the Rights Issue (for which AIC will indemnify WAB) for the termination of the Underwriting Agreement; and
  - the legal fees and disbursements incurred by E-quest in relation to the underwriting, the Rights Issue and the Panel Application; and
- subject to an independent expert's report opining that the Offer is fair and reasonable, the Board expects that, in the absence of a superior proposal, it will recommend the Offer.

<sup>1</sup> The Offer is on substantially the same terms as the offer made on 4 June 2010, other than with respect to the waiver of the 50.1% minimum acceptance condition. The Offer is subject only to prescribed occurrences (see section 652C of the Corporations Act 2001 (Cth)) and no disposal of WAB's investment in HAL Data Services Pty Limited.

Further information regarding AIC's Offer will be made available to shareholders as soon as possible.

For Shareholders with any questions in relation to the Rights Issue or this announcement, contact:

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