



LEMARNE CORPORATION LIMITED
A.C.N. 004 834 584

SALE OF PACIFIC COMPOSITES

EXEL DISPUTE SETTLED

On 31 August 2006 we reported that we had received a claim from Exel Oyj alleging breach of warranties provided in the Share Sale Agreement relating to the sale of the Pacific Composites Group and claiming damages of \$6.5 million, which we strongly refuted.

We are now pleased to advise that the dispute with Exel Oyj has been settled today. The terms of the settlement are confidential however, the damages claim of Exel, our obligation to pay for certain rectification costs and Exel's obligation to pay the net asset adjustment have all been finalised as part of the settlement.

As the Exel dispute was adequately provided for in our accounts for the year ended 30 June 2006, the settlement of it will not adversely impact on Lemarne's profitability for the current financial year.

The settlement will also result in our Solicitors releasing the funds in the retention account, from which we will receive just over \$1,000,000 including interest.

S.L. MASON
Company Secretary

26 February 2007