



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

MARKET ANNOUNCEMENT

RETURN OF FUNDS TO SHAREHOLDERS

Following discussions with its advisors the Board of Directors has decided to return funds to Shareholders by way of a special dividend and to undertake a capital reduction, details of which follow:

Special Dividend

The Board has resolved to declare a 'special' fully franked dividend of 15 cents per share, payable on 3 July 2006, to Shareholders on the register at the close of business on 23 June 2006.

Capital Reduction

The Board has resolved to undertake a capital reduction of 50% of its issued capital at approximately \$2.70 per share (current market price adjusted for indexation) subject to an acceptable Private Tax Ruling from the Australian Taxation Office and approval by Shareholders at a General Meeting.

Upon receipt of the Private Tax Ruling a General Meeting of Shareholders will be convened to approve the terms of the capital reduction. It is anticipated that this meeting will be held in July 2006.

Subject to approval by Shareholders, funds will be returned to Shareholders approximately two weeks after the appropriate resolutions are passed.

S.L. MASON
Finance Director

23 March 2006