

# Folkestone

FOLKESTONE LIMITED  
ABN 21 004 715 226

## Information Booklet

FOR

a 2 for 1 Renounceable rights issue of shares at 15 cents with a right to apply for oversubscriptions, to raise up to approximately \$9.5 million before costs

**THIS OFFER CLOSSES ON 30 SEPTEMBER 2009**

**This offer is underwritten by Patersons Securities Limited to \$8.2 million**



### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If, after reading this Information Booklet, you have any questions about the offer, then you should consult your stockbroker, accountant or other professional adviser without delay.

If you decide not to take up all or part of your rights, you should consider selling your rights prior to the end of rights trading on 23 September 2009 rather than do nothing. It is important that you consider whether to take action to either take up or sell your rights.

For personal use only

## Important Information

Any information or representation concerning the offer that is not contained or referred to in this Information Booklet should not be relied upon as having been authorised by the Company.

**Please be aware that your rights have value since the offer is renounceable. This enables you to sell (renounce) all or some of your rights. It is important that you consider your alternatives in relation to your rights as set out in this Information Booklet.**

The offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. The Information Booklet is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly this Information Booklet does not contain all information which a person may require to make an investment decision and it does not contain all of the information which would otherwise be required by law to be disclosed in a prospectus. The information in this Information Booklet does not constitute a securities recommendation or financial product advice.

This Information Booklet (and the accompanying Entitlement and Acceptance Form) do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Information Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Information Booklet should seek advice on and observe any such restrictions.

## Summary of the offer

Issue price	15 cents
Your entitlement	2 shares for every 1 share held on 4 September 2009 ("Record Date") with the ability to apply for oversubscriptions

## Timetable

Rights trading on ASX ends	23 September 2009
<b>Closing date for receipt of acceptances and payment</b>	<b>30 September 2009</b>
Issue of shares	7 October 2009
Dispatch of transaction confirmation statements	8 October 2009

The Company, in consultation with Patersons Securities Limited as Underwriter, reserves the right to extend these dates without prior notice subject to ASX Listing Rules.

## Enquiries

For any enquiries please call Link Market Services Limited as Share Registry on 1300 554 474.

**Folkestone Limited**

ACN 004 715 226

Level 24 / 360 Collins Street  
Melbourne, Victoria 3000

Telephone: 03) 9670 7028

Facsimile: 03) 9642 1081

email: [office@folkestone.com.au](mailto:office@folkestone.com.au)website: [www.folkestone.com.au](http://www.folkestone.com.au)

8 September 2009

Dear Shareholder,

**Chairman's Letter**

As advised to shareholders by letter dated 26 August 2009, I am pleased to invite you to participate in a renounceable rights issue.

You are being offered **2 shares for every 1** existing share held by you with the ability to apply for oversubscriptions. The shares will be issued at **15 cents** each to raise up to approximately \$9.5 million before costs. Acceptances close on **30 September 2009**. The offer is underwritten to \$8.2 million by Patersons Securities Limited. Your directors intend to take up their full entitlements and some have elected to sub-underwrite their respective entitlements under the rights issue.

This entitlement of shareholders to acquire shares at 15 cents per share provides value to shareholders where the share price exceeds 15 cents per share.

Your entitlement to shares is set out on your accompanying Entitlement and Acceptance Form. You can also apply for **more than** your entitlement at 15 cents a share by providing payment for the full amount applied for including additional shares. You should refer to the Entitlement and Acceptance Form for details of how to apply.

The offer is a renounceable one which enables you to sell (renounce) all or some of the rights on the ASX. If you decide not to take up all or part of your rights, you should consider selling them prior to the end of rights trading on the ASX. To do so you should complete the section headed "Sale of your entitlement in full or part by your stockbroker and acceptance of the balance" on your Entitlement and Acceptance Form or contact your broker and provide details. Rights trading ends on 23 September 2009. Please be aware that your rights have value and it is important to consider your alternatives in relation to them as set out in this Information Booklet rather than do nothing.

Details of a Presentation in relation to the Company were sent to shareholders on 26 August 2009 together with a letter to shareholders which you should have regard to. Amongst other things, the documentation explains the Company's full year results to 30 June 2009, provides a Company overview, explains the Company's existing activities, sets out the Company's strategic plan, explains how the Company intends to implement the strategic plan, and sets out risks relating to the Company. If you would like a further copy of this documentation please let us know.

If you have any queries in relation to the offer, please contact our share registry Link Market Services Limited on 1300 554 474.

On behalf of your directors, I thank you for your past support and look forward to your participation in the rights issue and the future of your company.

Yours sincerely,



Alister T L Maitland  
Chairman

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## 1 Details of the offer

### 1.1 The offer

The Company is offering shares on the basis of 2 shares for every 1 existing share held at close of business on the Record Date at 15 cents per share by way of a renounceable rights issue. The number of shares to which you are entitled is shown on your accompanying Entitlement and Acceptance Form.

### 1.2 Closing date

The offer will close at 5.00 p.m. Australian Eastern Standard Time on 30 September 2009 or any later date the Directors in their absolute discretion determine in consultation with the Underwriter subject to the ASX Listing Rules.

### 1.3 Capital structure

The following sets out the Company's capital structure both pre and post the successful completion of the rights issue.

Shares on issue as at the date of the Information Booklet	31,801,357
Shares to be issued via rights issue (maximum)	63,602,714
Total shares on issue after rights issue (maximum)	95,404,071
Employee Performance Rights on issue as at the date of the Information Booklet	303,000

### 1.4 Use of funds

The Company intends to use the funds raised to:

- partly or fully de-gear the Millers Road Altona project;
- enable the Company to meet its obligations on the Donnybrook Road Mickleham project; and
- meet working capital requirements over the 2.5 year life of existing projects.

### 1.5 Effect of the offer

If all entitlements are accepted by shareholders to the full extent, the rights issue will not result in any change to the control of the Company. If all entitlements under the rights issue are not accepted to the full extent then the shareholding interest of non-participating shareholders will be diluted. Shareholders may apply for oversubscriptions and the percentage interests of shareholders who receive shares by way of oversubscriptions will increase. Shareholders may sell their rights under the rights issue and those persons who receive shares through the acquisition of rights under the rights issue will also increase their interest in the Company.

Based on advice from the Underwriter having regard to sub-underwriting commitments received and based on indications from major existing shareholders regarding their expected acceptances, if no other shareholders take up their entitlements under the offer, neither the Underwriter nor any sub-underwriters will hold an interest in the Company of more than 20%.

### 1.6 ASX listing of shares

The Company is presently admitted to the official list of the ASX and its shares are quoted on the ASX. Application has been made for the shares to be allotted or issued under the offer to be listed for official quotation. If approval is not granted by the ASX within 3 months of the date of this Information Booklet, the Company will not allot or issue any shares and will repay all application monies within the time limit prescribed under the Corporations Act without interest.

## **1.7 Issue of shares**

The shares are expected to be issued on 7 October 2009 and transaction confirmation statements dispatched on 8 October 2009. It is the responsibility of shareholders applying for shares to determine their allocation of shares prior to trading in those shares. Shareholders who purport to sell their shares before they receive their statement do so at their own risk. The Company disclaims any liability to persons who trade in shares before receiving their statements.

## **1.8 Underwriting**

The Company has entered into an Underwriting Agreement with the Underwriter whereby the Underwriter has agreed to underwrite the offer to \$8.2 million.

The Underwriter may terminate its obligations under the Underwriting Agreement in circumstances typically found in underwriting agreements of this nature. The Underwriter may also terminate the Underwriting Agreement if either the All Ordinaries Index or the All Industrial Index drops by 10% or more from the level as at close of trading on 25 August 2009. This also includes if on any 3 consecutive days where a trade in the Company's shares occurs and 30,000 or more shares trade on each of those days at a price less 15 cents.

The Company is to pay the Underwriter a management fee of \$60,000, a selling fee of 1% of the amount raised under the rights issue, an underwriting commission equal to 5% of the dollar amount being underwritten and GST. The Company must also reimburse the Underwriter for all reasonable expenses incurred by it in connection with the rights issue. The Underwriter is responsible for paying sub-underwriting fees to any sub-underwriters.

The Directors have reserved the right to place any shortfall following the completion of the offer.

## **1.9 Allocation policy and scale-back**

All shareholders will be allocated shares applied for equal to their entitlement. Shareholders may also apply for additional shares in excess of their entitlement. If there are excess oversubscription applications, the Company will determine an appropriate allocation policy in conjunction with the Underwriter. Any scale-back of applications for additional shares will be made at the Company's discretion in conjunction with the Underwriter, and any such decision on the number of shares to be allocated will be final.

## **1.10 Withdrawal of offer**

The Company reserves the right to withdraw the offer at any time, in which case the Company will refund any application monies already received in accordance with the Corporations Act and will do so without interest.

## **1.11 Market prices**

The last traded price for shares was 16.5 cents on 2 September 2009 shortly prior to the date of this Information Booklet. During the three months prior to that date, the shares traded on the ASX within a range of 38 cents to 17.5 cents.

## 2 Action Required

### 2.1 Choices available

The number of shares to which you are entitled is shown on your accompanying Entitlement and Acceptance Form. You may:

- take up all or part of your rights;
- take up all of your rights and apply for shares in excess of your entitlement;
- sell your rights in full on the ASX;
- sell part of your rights on the ASX and take up the balance;
- transfer all or part of your rights to another person other than on the ASX; or
- do nothing.

### 2.2 If you wish to take up all or part of your rights

If you wish to take up all or part of your rights you can do either of the following:

- If you wish to pay by BPay, you do not need to return your Entitlement and Acceptance Form. Refer to the section titled "Option 1: Paying by BPay" on the Entitlement and Acceptance Form for further details. Payment must be received via BPay before 5:00 pm AEST on 30 September 2009. By paying by BPay you will be deemed to have completed an Entitlement and Acceptance Form for the number of shares the subject of your application payment.
- If you wish to pay by cheque, bank draft or money order, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in that form. Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order for the application money. Cheques, bank drafts or money orders must be in Australian currency only, made payable to "Link Market Services Limited – Folkestone Limited Account" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued.

Entitlement and Acceptance Forms should be sent in the accompanying pre-paid envelope to Link Market Services Limited, the Company's share registry as detailed below, to arrive no later than **5.00 p.m. AEST on 30 September 2009**:

By delivery: Folkestone Limited, C/- Link Market Services Limited, Level 12, 680 George Street, Sydney, New South Wales, 2000

By post: Folkestone Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South, New South Wales 1235

By either returning the Entitlement and Acceptance Form with payment or making payment received by BPay you provide authorisation to be registered as a holder of shares subscribed for by you and agree to be bound by the Company's constitution.

If in any doubt as to how to deal with this Information Booklet or how to apply, you should consult your stockbroker, accountant, lawyer or other professional adviser. Applicants with queries on how to complete the Entitlement and Acceptance Form should contact the Share Registry on 1300 554 474.

### 2.3 If you wish to take up all of your rights and apply for shares in excess of your entitlement

You may apply for shares in excess of your entitlement. If so, please complete the Entitlement and Acceptance Form accordingly and follow the instructions set out on it or as set out in section 2.2 above.

Your application for additional shares in excess of your entitlement may not be successful (wholly or partially). The decision of the Company on the number of additional shares in excess of your entitlement to be allocated to you will be final. No interest will be paid on any application monies received and returned.

#### **2.4 If you wish to sell all of your rights on the ASX**

If you wish to sell all of your rights on the ASX you should contact your broker and verbally provide details. Alternatively, you should, complete the section titled "Sale of your entitlement in full or part by your stockbroker and acceptance of the balance" on your Entitlement and Acceptance Form and lodge the form with your broker as soon as possible. All sales on the ASX must be effected by 23 September 2009 when rights trading ends on the ASX.

#### **2.5 If you wish to sell part of your rights on the ASX and take up the balance**

If you wish to sell part of your rights on the ASX and take up the balance, you should contact your broker verbally and provide details. Alternatively, you should complete the section titled "Sale of your entitlement in full or part by your stockbroker and acceptance of the balance" on your Entitlement and Acceptance Form and lodge the form with your broker as soon as possible. All sales on the ASX must be effected by 23 September 2009, when rights trading ends on the ASX (together with payment for the portion taken up if no alternative arrangements have been made). Refer to section 2.2 and the Entitlement and Acceptance Form to determine how to take up the balance of your entitlements under the offer.

#### **2.6 If you wish to transfer all or part of your rights to another person other than on the ASX**

If you wish to transfer all or part of your rights to another person other than on the ASX, forward a completed standard renunciation form (which can be obtained through the Share Registry) together with the accompanying Entitlement and Acceptance Form and the applicable transferee's cheque payment, to reach the Share Registry no later than 5.00pm AEST on 30 September 2009. If the Share Registry receives both a completed renunciation form and a completed Entitlement and Acceptance Form in respect of the same rights, the renunciation will be given effect in priority to the acceptance.

#### **2.7 Rights not taken up - if you do nothing**

If you decide not to sell all or part of your rights and do not take up your rights before 30 September 2009 or do nothing in relation to your rights, then those rights not taken up will lapse. In that event, they will be subscribed for by the Underwriter or any person nominated in accordance with the Underwriting Agreement or fall to the directors' discretion to place them. In this event, you will receive no value for them. If you do nothing, although you will continue to own the same number of shares, your percentage shareholding will be diluted.

## **3 Additional Information**

### **3.1 Rights attaching to shares**

The shares issued under the offer will rank equally in all respects with all existing issued shares in the Company. A shareholding in the Company is held subject to the Company's constitution that is similar to those of other publicly listed limited companies, a copy of which is available for inspection at the Company's registered office, and states that the ASX Listing Rules prevail in the event of any inconsistency. In particular, shareholders are entitled to receive notices of and attend and vote at general meetings where they have one vote on a show of hands and one vote per share on a poll. Subject to the Company's constitution, the Corporations Act and the ASX Listing Rules, shares are freely transferable.

### **3.2 Taxation implications**

Each person's position is different and taxation consequences will depend on each person's particular circumstances. You should seek and rely on your own taxation advice concerning your taxation position in relation to an investment.

### **3.3 Risk factors**

There are a number of risk factors, both specific to the Company and of a general nature, which may have an impact on the future operating and financial performance of the Company and the value of an investment in the Company. For details of some of these risk factors you should have regard to the Company's Presentation which was announced to the ASX and sent to shareholders recently on 26 August 2009. If you would like a further copy of this documentation please let us know.

### **3.4 Continuous disclosure aspects**

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under the Listing Rules (subject to certain exceptions) to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or the value of shares. All such disclosures are available at [www.asx.com.au](http://www.asx.com.au). You have the opportunity to access any information about the Company which has previously been disclosed to ASX. You should also have regard to any further announcements which may be made by the Company to ASX after the date of this Information Booklet.

### **3.4 Treatment of Non Resident Shareholders**

The Information Booklet and Entitlement and Acceptance Form will be sent only to shareholders with registered addresses in Australia and New Zealand, and will not be sent to and does not constitute an offer in any other jurisdiction. The Company is of the view that it is unreasonable to extend the offer to other shareholders ("Non Resident Shareholders") having regard to their small number and the number and value of shares which would be offered to them and the cost of complying with the legal requirements and requirements of the regulatory authorities in those overseas jurisdictions. The Company has written to its Non Resident Shareholders advising them that the offer will not be made to them.

The Company intends to appoint a broker to sell on the ASX the rights to which those Non Resident Shareholders would have otherwise been entitled if there is a viable market in the rights and if a premium over the expenses of sale can be obtained. Any sale will be made at prices and otherwise in such a manner as any such broker may in its absolute discretion determine. Any proceeds of sale will be distributed to those Non Resident Shareholders for whose benefit the rights have been sold in proportion to their shareholdings after deducting brokerage, commission and other expenses. The Company will not be liable for a failure to sell rights or to sell rights at any particular price. If there is no viable market for the rights, those rights will be treated as though the Non Resident Shareholders have done nothing with their rights.



**Folkestone Limited**

ACN 004 715 226  
Level 24 / 360 Collins Street  
Melbourne, Victoria 3000  
Telephone: 03) 9670 7028  
Facsimile: 03) 9642 1081  
email: [office@folkestone.com.au](mailto:office@folkestone.com.au)  
website: [www.folkestone.com.au](http://www.folkestone.com.au)

8 September 2009

Dear Shareholder,

**NOTIFICATION TO NON RESIDENT SHAREHOLDERS**

On 26 August 2009, Folkestone Limited wrote to you in relation to a renounceable pro-rata entitlement offer to shareholders with registered addresses in Australian and New Zealand to raise up to approximately \$9.5 million before costs. Under the offer, 2 shares are being offered for every 1 existing share held at an offer price of 15 cents per share. The offer is underwritten to \$8.2 million.

The Company has determined that it would be unreasonable to extend the offer to shareholders such as you with registered addresses in countries outside Australia and New Zealand having regard to their small number and the number and value of shares which would be offered to them and the cost of complying with the legal requirements and requirements of the regulatory authorities in those overseas jurisdictions. Accordingly and consistent with regulatory requirements the Company wishes to advise you that it will not be extending the offer to you and you will not be able to subscribe for shares under the offer.

The Company is appointing a broker to sell on the ASX the rights to which you would have otherwise been entitled if there is a viable market in the rights and if a premium over the expenses of sale can be obtained. Any sale will be made at prices and otherwise in such a manner as any such broker may in its absolute discretion determine. Any proceeds of sale will be distributed to you after deducting brokerage, commission and other expenses. The Company will not be liable for a failure to sell rights or to sell rights at any particular price. If there is no viable market for the rights, those rights will be treated as though you have done nothing with your rights and they will lapse.

You are not required to do anything in response to this letter. However, if you have any questions in relation to any of the above matters, please contact Link Market Services Limited on 1300 554 474.

Yours sincerely



Alister T L Maitland  
Chairman

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SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as  
at the Record Date, 7:00pm (AEST)  
on 3 September 2009:

Entitlement to New Shares  
(on 2 New Shares for 1 basis):

Amount payable on full acceptance  
at A\$0.15 per Share:

<b>Offer Closes 5:00pm (AEST):</b>	<b>30 September 2009</b>
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### ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 2 New Shares for every 1 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.15 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made on the basis of the accompanying Information Booklet which contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Information Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Information Booklet.

#### PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

##### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 30 September 2009. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of Shares subject of your application payment.

##### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 30 September 2009.



Billers Code: 115691  
Ref:

##### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form. If you do not take up or sell your rights, you may not receive any value for them. It is important that you decide whether to accept or sell your rights in accordance with the Information Booklet.

**THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.**



Folkestone Limited  
ABN 21 004 715 226  
(Incorporated in Victoria)

Please detach and enclose with payment

SRN/HIN:

Entitlement Number:

**A** Number of New Shares accepted (being not more than your Entitlement shown above)

**B** Number of additional New Shares

**C** Total number of New Shares accepted (add Boxes A and B)

<input type="text"/>	+	<input type="text"/>	=	<input type="text"/>
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**D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Link Market Services Limited – Folkestone Limited Account” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

**E CONTACT DETAILS** – Telephone Number

Telephone Number – After Hours

Contact Name

<input type="text"/>	<input type="text"/>	<input type="text"/>
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# FOLKESTONE LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Information Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®.

- you represent and warrant that you have read and understood the Information Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Folkestone Limited.

## HOW TO APPLY FOR NEW SHARES

### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.15.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

#### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

#### B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Folkestone Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

## 6. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Information Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

#### Mailing Address

Folkestone Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

#### Hand Delivery

Folkestone Limited  
C/- Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 30 September 2009. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Folkestone Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

### C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

### D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Link Market Services Limited – Folkestone Limited Account" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Folkestone Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

### E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

## 3. SALE OF YOUR ENTITLEMENT IN FULL OR IN PART BY YOUR STOCKBROKER AND ACCEPTANCE OF THE BALANCE

If you wish to sell all of your Rights through your stockbroker or if you wish to sell part of your Rights through your stockbroker and accept the balance you should contact your stockbroker and provide details as requested which appear overleaf.

You should complete the "Instructions to your Stockbroker" panel below and forward this Entitlement and Acceptance Form to your stockbroker.

### Instructions to your Stockbroker

I/We have accepted

New Shares as per reverse side

And attach a cheque/bank draft for

**A\$**

being acceptance monies at A\$0.15  
per New Share

I/We wish to sell

Rights to Ordinary Shares

## 4. DISPOSAL OF YOUR ENTITLEMENT OTHER THAN THROUGH A STOCKBROKER

A renunciation form must be used for all other transactions. These forms may be obtained from the Folkestone Limited Registry or your stockbroker.

## 5. OVERSEAS SHAREHOLDERS

The Information Booklet and Entitlement and Acceptance Form do not constitute an offer of securities in any jurisdiction outside of Australia or New Zealand or to any person to whom it would not be lawful to issue the Information Booklet. By applying for New Shares under this Entitlement and Acceptance Form or by accepting this offer, you represent and warrant that applying for New Shares does not breach any law in any relevant overseas jurisdiction.