

**- ASX Release -**

**Statement of Claim served on Messrs Ernst & Young**

London City Equities Limited ("London City") advises that it has commenced legal proceedings and served on Messrs Ernst & Young a Statement of Claim regarding that firm's role as auditor of Penrice Soda Holdings Limited (In Liquidation) ("Penrice").

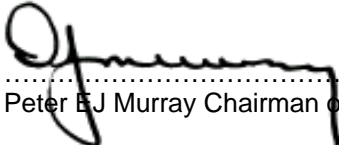
The Statement of Claim submits that Ernst & Young failed, inter alia, to meet its obligations as auditor of Penrice. As a result, London City suffered serious losses by investing in Penrice. Together with three other parties London City seeks relief comprising damages, interest and costs.

Shareholders are aware that book losses of \$6.7 million were recorded by London City arising from investments made in Penrice during 2008 and 2009. It is a matter of record that significant losses were incurred by Penrice between 2011 and 2013. Penrice was placed in Voluntary Administration on 11 April 2014 and into Liquidation on 31 July 2014 with Messrs McGrath Nicol acting in both roles.

Particulars of the quantum of the loss claimed by London City will be furnished to the Court in due course upon the service of expert evidence. At present the Board of London City is not in a position to give any guidance as to the potential sums that might be recovered from the legal proceedings.

London City is being represented by Mr David Armstrong of Armstrong Law Partners as solicitors and Messrs Julian Sexton SC and Hugh Somerville as Senior and Junior Counsel respectively.

For and on behalf of the Board



Peter EJ Murray Chairman of Directors

31 January 2018

