

18 February 2015

CommStrat Limited (Administrators Appointed) ACN 008 434 802 ASX:COJ (the Company)

ASX Announcement – Circular to Shareholders

To the shareholder

Further to our appointment as Voluntary Administrators ('the Administrators') on 13 February 2015, we advise as follows:

1 Important Information for Shareholders

1.1 Suspension of Trading

At the date of our appointment (13 February 2015) trading in the shares in the company had already been voluntarily suspended on the Australian Stock Exchange ("ASX"). Whether this suspension will be lifted such that the shares can once again be traded on the ASX will depend on the outcome of the administration and also possibly any offer to restructure the company.

Should it eventuate that a restructure is proposed, you will receive appropriate written notification.

1.2 Transfer of shares

Pursuant to section 437F of the Corporations Act, a transfer of shares in a company, or an alteration in the status of the members of a company that is made during the administration of a company, is void except so far as the Court orders.

1.3 Capital Gains Tax

A recent amendment to the *Income Tax Assessment Act 1997* allows an Administrator, in certain circumstances, to declare shares or financial instruments worthless, with the effect of creating a loss on the shareholding.

Pursuant to Schedule 8 – CGT Event G3 to the *Taxation Laws Amendments (2004 Measure Number 6) Act 2005*, an Administrator can only make this declaration if there is no likelihood that shareholders in the company, or shareholders of the relevant class of shares, will receive any further distribution for their shares.

It is our opinion that potential still exists for the recapitalisation of the company, and accordingly I am currently unable to make this declaration for shareholders.

1.4 Relief from financial reporting obligations

In a letter addressed to the Australian Securities and Investment Commission (**ASIC**) dated 16 February 2015, the Company has sought to rely on the financial reporting relief available under Part 2M.6 of the *Corporations Act 2001* (**Act**), and in particular ASIC Class Order CO 03/392, to seek a deferral of the requirements to lodge reports (that is, half yearly financial report) with ASIC for the half yearly reporting period ending 31 December 2014 in accordance with the prescribed time limits contained in section 320(1) of the Act until the date being 6 months after their date of appointment (namely 13 August 2015).

When the company has obtained the relevant financial reporting relief from ASIC, this will be announced to the market together with the ASIC order.

2 Further information

With respect to the provision of further information appraising you of developments in the Administration, we will not write to shareholders until the earlier of circumstances arising that enables me to provide details of a restructure or recapitalisation, or to make the aforementioned tax declaration, or just prior to the end of the financial year to appraise you of the developments since the Administrators' appointment.

Please note that general updates will be placed on the ASX website from time to time.

Further explanatory information for shareholders may also be found in the ASIC insolvency information sheet available from their website at www.asic.gov.au/insolvencyinfosheets.

All queries should be directed Mr Gautam Agnihotri of Deloitte on (03) 9671 8089 or gaagnihotri@deloitte.com.au.



Glen Kanevsky
Joint and Several Voluntary Administrator