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CORPORATE RECOVERY

21 December 2012

ASX Markets Announcements Platform
20 Bridge Street
Sydney NSW 2000

Via facsimile: 1300 135 638

Dear Sir / Madam

**Henry Walker Eltin Group Limited (Administrators Appointed)
ACN 007 710 483 ("the Company")****Disclosure**

The Deed Administrators of the Company provide the following further update to the market on the progress of the administration and status of the Company.

- + The Company was placed into voluntary administration on 31 January 2005 and was suspended from official quotation on ASX on the same date. The Company's shares have been continuously suspended since that time.
 - + There has been no trading in the Company's shares throughout the period of its suspension.
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- + The Deed Administrators intend on distributing a letter to all shareholders of the Company shortly advising as to the estimated value of shares and current status of the Administration of the Company. A copy of the letter to shareholders is attached.
 - + Shareholders will in due course receive further communication from the Deed Administrators and/or the Company.

Yours faithfully

Henry Walker Eltin Group Limited (Subject to Deed of Company Arrangement)

J D Hayes
Joint and Several Deed Administrator

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**Henry Walker Eltin Group Limited
(Subject to Deed of Company Arrangement)
ACN 007 710 483 ("HWE")**

**Circular to Shareholders
21 December 2012**

You may recall that on 1 February 2005 we were appointed Voluntary Administrators of HWE and certain subsidiaries.

There have been a number of developments relevant to your shareholding, which we set out below.

We are writing to all shareholders of Henry Walker Eltin Group Limited ("HWE") to provide an update on the status of the company and the underlying administrations. We last corresponded with you on 3 March 2006. We indicated at this time there would be no return of capital and that you may be able to claim a capital loss on your investment in HWE depending on your circumstances.

Status of Shares

- + HWE's listing with Australian Securities Exchange ("ASX") is presently suspended; and
- + As a result of the finalisation of winding up the businesses of HWE and the realisation of the assets your shareholding in HWE now has value.

Deed of Company Arrangement

As many of you would know, on 22 March 2006 HWE (and other entities) executed a Deed of Company Arrangement ("DOCA") and in the intervening period the Deed Administrators of the DOCA have attended to a vast range of matters pertaining to the business of HWE and its subsidiaries, with a view to realising assets and maximising return.

In the events that have transpired, following, inter alia, the realisation of the businesses carried on by the subsidiaries and the substantial mining businesses operated by HWE, the Deed Administrators have now finalised:

- + The payment in full of all employees entitlements and settled all work related claims;
- + The payment in full of all creditor claims against HWE and its subsidiaries;
- + A payment of interest in accordance with the DOCA to all admitted creditors;
- + Finalised outstanding proceedings and claims against HWE and its subsidiaries;
- + Obtained relevant Court orders and directions facilitating the payment of creditor claims and interest;
- + Liaised with the remaining directors of HWE and the Australian Securities and Investments Commission ("ASIC") with respect to statutory obligations and regulatory reporting; and
- + Provided updates to ASX in relation to the position of HWE and its shareholders concerning its listing status.

The Deed Administrators now possess substantial funds which, upon termination of the DOCA will result in a substantial fund being made available to HWE (after allowing for administration costs).

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Meeting of Shareholders

In usual circumstances, upon the effectuation of a DOCA, control would return to the directors of the Company. However in these circumstances, HWE will be convening a meeting of shareholders to discuss the future of the company, which may, at such meeting, include resolutions with respect to:

- + Whether HWE should acquire a business to operate for the benefit of shareholders as a new going concern;
- + Whether HWE should seek to have its shares re-quoted on the ASX;
- + Whether there should be a partial or full reduction of capital or share purchase by HWE; and
- + Whether there should be paid to shareholders the balance of funds held, by way of liquidation or otherwise.

We intend to liaise with the remaining directors and ASIC and the Court in relation to the appropriate course.

Value of HWE Shares

We advise that your shareholding in HWE now has value and that your shares should not be disposed of or sought to be traded without the prior express written consent of the Deed Administrators. HWE cannot register any transfer of shares before the DOCA is finalised.

On present estimates, subject to necessary Court applications that will enable the Deed Administrators to release the balance of the funds held, we estimate that each share in HWE might, subject to costs and finalisation, have a value in the range of \$0.15-\$0.17 per share. The precise value may depend upon how any distribution is effected and what shareholders resolve at any forthcoming meeting, including whether or not HWE seeks to acquire a business to operate for the benefit of shareholders as a new going concern.

You do not need to do anything on receipt of this letter, other than to note your financial interest in HWE.

Next Steps

We are working with the directors and will be in contact again in relation to the conduct of the administration and the liquidation or hand over of HWE to its then Board. ASIC will be given notice of such correspondence as well, and such communications will also be posted on the ASX disclosure platform with respect to HWE.

Whilst you do not need to respond to this letter, should you have any enquiries, please contact Stephen Nikolovski on (02) 9248 9954.

If your address has changed you should notify the company's share registrar Computershare Investor Services Pty Limited GPO Box 2975, Melbourne VIC 3001.

Yours faithfully
Henry Walker Eltin Group Limited
(Subject to Deed of Company Arrangement)



Joseph Hayes
Joint and Several Deed Administrator