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2 February 2010

Powerlan Limited  
Board of Directors  
Dr Ian Campbell, Chairman  
Level 3, 15 Blue Street  
North Sydney NSW 2060

Dear Dr Campbell,

**WITHDRAWAL OF TAKEOVER OFFER FOR POWERLAN LIMITED**

On behalf of Alpha Growth International (Australia) Pty Ltd (**Alpha**), I refer to the off-market takeover offer (**Takeover Offer**) made by Alpha to acquire all of the issued shares in Powerlan Limited (**Powerlan**) that was announced to the market on 15 January 2010.

Alpha's Takeover Offer was subject to a number of conditions (**Defeating Conditions**), including that during the period from the announcement of the Takeover Offer to the end of the offer period, Powerlan does not issue or agree to issue any new shares in Powerlan.

Powerlan has confirmed that pursuant to a prospectus dated 15 January 2010, it intends to issue up to 330,107,288 new Powerlan shares under a rights issue (**Rights Issue**) which will result in up to a five fold increase in Powerlan's issued share capital.

As the Rights Issue is a Defeating Condition under Alpha's Takeover Offer, Alpha hereby withdraws its Takeover Offer for Powerlan.

Yours sincerely,



Dr Tomislav Matic