



KordaMentha

10 August 2012

Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

**Arafura Pearls Holdings Limited (Subject to Deed of Company Arrangement)
ACN 092 266 067 ("the Company")**

We refer to our appointment as Deed Administrators of the Company pursuant to the Deed of Company Arrangement dated 12 March 2012.

Notice of Financial Reporting Relief for the 2012 Financial Year

We advise that on 22 June 2012 an application was lodged with the Australian Securities and Investments Commission ("ASIC") seeking relief from the Company's financial reporting obligations under Part 2M.3 of the *Corporations Act 2001* ("the Act"). Pursuant to our application, ASIC has advised that it has granted an extension until no later than 31 March 2013.

In our opinion, compliance with the disclosure and reporting obligations of Part 2M.3 of the Act would impose an unreasonable burden on the Company and the Company's creditors as contemplated by Section 342(1)(c) of the Act.

Notice of Extension of time in which to hold the Company's 2012 Annual General Meeting

On 7 August 2012 a further application was lodged with ASIC seeking an extension of time in which to hold the Company's 2012 Annual General Meeting ("AGM"). ASIC has confirmed that it has granted an extension of time to hold the AGM until no later than 30 June 2013.

We consider that holding an AGM at this time would amount to an unreasonable burden on the administration which would not be offset by any obvious material benefit to those entitled to attend. Furthermore, following ASIC's approval for the deferral of the Company's annual reporting obligations, we note that there would be few, if any, matters for discussion at the AGM.

Should you have any queries please contact Mr Alex Hawke or Ms Fiona Panagis on (08) 8212 6322.

Yours faithfully

C R POWELL / S J DUNCAN
Deed Administrators

Corporate Recovery Services
Turnaround & Restructuring Services
Real Estate Advisory
Forensics

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