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## FACSIMILE TRANSMISSION

To **ASX Compliance**

Fax Number 1300 135 638

From Marcus Connor

Our Ref:MRC:110055

Date 13 February 2012

Subject **Giaconda Limited (Subject to Deed of Company Arrangement)**

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Dear Sir/Madam

**Attached** is an announcement for immediate release to the market.

Please call us if you have any questions.

Yours faithfully  
**O'Neill Partners**

**Marcus Connor**

Solicitor

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*Att*

**GIACONDA LIMITED**  
**(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**

**SHAREHOLDER AND CREDITOR UPDATE**

**Sydney, NSW, 13 February 2012** – Giaconda Limited (ASX:GIA) (the **Company**) today announced that a further meeting of creditors of the Company had been held last Friday 10 February 2012.

The purpose of that meeting was for creditors of the Company to consider and, if thought fit, approve the proposed amendments to the Deed Of Company Arrangement (**DOCA**) and a proposed \$5,000 provision for the Deed Administrator's anticipated costs and expenses. Both matters were approved by the creditors' meeting.

**DOCA amendments**

The DOCA was amended to remove a \$30,000 provision which had been made to compensate the holder of the sole remaining options over unissued shares in the Company if that person agreed to the early termination of their options.

The Company has been unable to obtain the sole option holder's consent to its proposal. That consent had been sought to enable the Company to undertake a capital raising without the Company having to wait until the expiry of those options on 4 July 2012 as the terms of those options are considered to be an impediment to raising capital.

Accordingly, the DOCA has been amended to remove the proposed capital raising as one of the proposed transactions. That amendment is intended to enable the Company to pay its creditors before 4 July 2012 using the monies advanced by Minimum Risk Pty Ltd (**Minimum Risk**) under the proposed convertible loan note.

The amended DOCA contemplates that:

- 1 Minimum Risk will provide a \$450,000 convertible loan to the Company once certain conditions have been satisfied;
- 2 the \$50,000 lent by Minimum Risk to the Company will be converted into fully paid ordinary shares in the Company once certain conditions have been satisfied;
- 3 Professor Thomas Borody will sell a significant part of his shareholding in the Company to Minimum Risk once certain conditions have been satisfied;
- 4 trade creditors with admitted claims will be paid 100 cents in the dollar once certain transactions costs have been paid;
- 5 related party creditors with admitted claims will be paid the balance of the available funds;
- 6 related party creditors whose admitted claims have not been fully satisfied will be provided with the opportunity to have their debt assumed in full by the Crohn's Benefit Company Pty Ltd (**CBC**);

- 7 the CBC will acquire rights to any royalties received from Myoconda, Heliconda or Picoconda subject to certain conditions being satisfied; and
- 8 the directors and management of the Company may change once certain conditions have been satisfied.

The Company intends to seek shareholder approval at its 2011 annual general meeting (**AGM**) for those transactions mentioned above which require that approval in accordance with the Corporations Act and ASX Listing Rules.

The Company is in the process of obtaining an independent experts report on the merits of the proposed transactions set out in paragraphs 3, 6 and 7 above and if those transactions are "fair and reasonable" to shareholders. That report will be provided to shareholders at the time the Company requisitions its 2011 AGM.

#### **Status of 2011 AGM preparations**

The Company is in the process of preparing for the 2011 AGM and intends to requisition that meeting as soon as the audit of its accounts and the preparation of an independent expert's report have been completed.

The Company has advised the Australian Securities and Investments Commission (**ASIC**) of that matter in a recent application for a further extension of time within which to hold that meeting. ASIC declined to approve that application.

#### **Inquiries**

If shareholders or creditors have questions in respect of this announcement, they may contact Mr Marcus Connor of O'Neill Partners on (02) 9232 1244.