

MCN+

McGRATHNICOL

CORPORATE RECOVERY

ION Limited (ACN 009 106 272)

Yollatsac Limited (formerly Castalloy Limited) (ACN 007 528 583)

Yollatsac Manufacturing Pty Ltd (formerly Castalloy Manufacturing Pty Ltd)
(ACN 007 838 986)

Yollatsac Wheels Pty Ltd (formerly Castalloy Wheels Pty Ltd) (ACN 007 894 984)

Core Cast Limited (ACN 097 447 660)

ION Light Metal Castings Pty Ltd (ACN 104 930 181)

ION Automotive Group Limited (ACN 104 279 156)

XIAS Pty Ltd (formerly ION Automotive Systems Pty Ltd) (ACN 104 930 109)

XITMS Pty Ltd (formerly ION Transmissions Pty Ltd) (ACN 099 982 180)

XCTA Pty Ltd (formerly Cootes Transport Pty Ltd) (ACN 010 383 016)

XCTS Pty Ltd (formerly Cootes Tanker Service Pty Ltd) (ACN 004 495 765)

XIRC Pty Ltd (formerly I.R. Cootes Pty Ltd) (ACN 004 801 076)

XLC Pty Ltd (formerly Liquip Corp Pty Limited) (ACN 082 859 970)

XLO Pty Ltd (formerly Liquip Overseas Pty Ltd) (ACN 094 440 589)

XLS Pty Ltd (formerly Liquip Sales Pty Ltd) (ACN 001 595 222)

XLSE Pty Ltd (formerly Liquip Service Pty Ltd) (ACN 082 859 989)

XLSV Pty Ltd (formerly Liquip Sales (Vict.) Pty Ltd) (ACN 005 691 761)

XST Pty Ltd (formerly Stevenson Transport Pty Ltd) (ACN 006 271 352)

**(All subject to Deed of Company Arrangement)
(Collectively "ION DOCA Group")**

Deed Administrators' Update

8 December 2011

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McGrathNicol Partnership ABN 41 945 982 761. Liability limited by a scheme approved under *Professional Standards Legislation* mcgrathnicol.com

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1. Introduction

Following the last update to creditors dated 23 November 2011, we now provide a further update on the proposed third interim distribution.

2. Third interim distribution

As notified in the last Update, the Deed Administrators delayed the payment of the third interim distribution pending the outcome of a legal issue. The Deed Administrators have now filed an Application with the Federal Court seeking the Court's directions in regard to the distribution.

The purpose of the application is to facilitate a further distribution being made as soon as possible to relevant creditors under the ION deeds of company arrangement.

The Application is listed for hearing on **20 December 2011**. A copy of the Originating Process filed with the Court is published on the ION Limited and McGrathNicol websites for the information of creditors.

All shareholders potentially affected by the outcome of the Application should have regard to the **attached Notice** which is of particular relevance to any shareholder who has received a Form 537 Notice of Rejection of Formal Proof of Debt or Claim dated on or before 1 November 2011 and has not appealed against the Deed Administrators' determination.

The Deed Administrators will issue a further update following the hearing of the Application by the Court and will indicate at that time the likely timing of the next distribution. In the meantime, if you require further information in relation to the matters dealt with this Update, please contact the Deed Administrators at (03) 9038 3133 or ionshareholder@mcgrathnicol.com.

ION Limited (Subject to Deed of Company Arrangement)



Keith Crawford
Deed Administrator

ION Limited ACN 009 106 272 and various subsidiaries (subject to Deed of Company Arrangement)

NOTICE TO ANY SHAREHOLDER WHO HAS RECEIVED A FORM 537 NOTICE OF REJECTION OF FORMAL PROOF OF DEBT OR CLAIM DATED ON OR BEFORE 1 NOVEMBER 2011 AND HAS NOT APPEALED THE DEED ADMINISTRATORS' DETERMINATION.

The Deed Administrators refer to the Form 537 Notice of Rejection of Formal Proof of Debt or Claim previously sent to you in which you were notified that your proof of debt had been rejected in whole or in part. In that Notice you were also informed that if you were dissatisfied with the Deed Administrators' determination of your proof of debt, as set out in the Notice, you may appeal against it no later than 14 days after the service of the Notice, or if the Court allows, within any further period, to the Federal Court of Australia.

The time within which you may appeal against the Deed Administrators' determination of your proof of debt has expired. To date you have not lodged any appeal, nor have you sought the Court's permission to extend the time within which you may appeal.

In the circumstances, the Deed Administrators will be proceeding with future distributions from the Fund maintained by them under the ION Deeds of Company Arrangement on the assumption that:

- the rejected portion of your claim has been finally determined; and
- you have no entitlement to a distribution from the Fund in relation to the rejected portion of your claim.

The Deed Administrators have filed an application with the Federal Court for directions to that effect. A copy of the Deed Administrators' Originating Process pursuant to which such directions are sought has been posted on the McGrathNicol and ION Limited website www.ionlimited.com. The application will be heard in the Federal Court, 305 William Street Melbourne, Victoria at **10.15 am on Tuesday, 20 December 2011**. If you wish to be heard in relation to this application, you should contact the Deed Administrators' office immediately, and in any event no later than **4pm on Friday, 16 December 2011**.

Please note that if you take no action now and subsequently apply to the Court for an extension of the time in which to appeal the Deed Administrators' determination of your proof of debt, the Deed Administrators will oppose that application on the basis that their position, and the position of other creditors of the ION DOCA Group, will be prejudiced.

If you do not understand this Notice or require assistance with it, you should seek independent legal advice.

ION Limited (Subject to Deed of Company Arrangement)



Keith Crawford
Deed Administrator