

Summary of First and Interim Dividend and Update

20 September 2006

Henry Walker Eltin Group Limited ACN 007 710 483

**Capena Contracting Pty Limited ACN 009 625 138
(Formerly Henry Walker Eltin Contracting Pty Limited)**

**Capena IO Pty Limited ACN 072 445 179
(Formerly HWIO Pty Limited)**

**Capena Environmental Pty Limited ACN 009 627 490
(Formerly Henry Walker Environmental Pty Limited)**

**Capena Underground Pty Limited ACN 007 649 274
(Formerly Henry Walker Underground Pty Limited)**

**Capena Surface Mining Pty Limited ACN 062 450 113
(Formerly Eltin Surface Mining Pty Limited)**

**(All Subject to Deed of Company Arrangement)
Collectively referred to as "the Mining Pool"**

I refer to the Deed of Company Arrangement ("DOCA") executed for the Mining Pool companies on 22 March 2005 and to the previous circular to creditors and notice calling for submission of formal proof of debt forms dated 24 May 2006.

1. Summary Update on Estimated Returns to Mining Pool Creditors

It is anticipated that unsecured creditors of the Mining Pool companies will ultimately receive total distributions of 100 cents in the dollar on admitted claims. The purpose of this circular is to provide a brief update on matters that have transpired since our previous correspondence.

2. First and Interim Dividend

In accordance with Clause 8.1 of the DOCA, a first and interim dividend at the rate of 50 cents in the dollar was declared on 20 September 2006 for each of the Mining Pool companies. Enclosed is a cheque representing payment of that dividend on your admitted claim together with Form 549, Notice of First and Interim Dividend.

To assist in the administration of this matter, it would be appreciated if you would present your cheque promptly upon receipt.

3. Creditor Claims Adjudication

Since our previous report to creditors dated 17 February 2006, the Administrators have been adjudicating on the claims received since their appointment.

All claims admitted by the Administrators have been verified against all HWE accounting systems to ensure that all appropriate controls and procedures in approving invoices were adopted. In this regard significant time has been spent by the Administrators to ensure that all creditor claims represent debts appropriately authorised for the supply of goods and services to the Mining Pool companies.

4. Administration Update and Estimated Future returns to Creditors

In our previous report to the Mining Pool creditors dated 17 February 2006, it was estimated that the trade creditors would receive a dividend distribution of between 55 and 65 cents in the dollar. In our circular of 24 May 2006 the estimated return was revised to between 65 to 75 cents in the dollar.

As stated on page 17 of the report to creditors dated 17 February 2006, should Financial Creditors receive payment of their admitted claims in full, the trade creditors of the Non-Core Pool will be permitted to claim against the balance of the Mining Pool Assets. Following payment of the first and interim dividend from the Mining Pool, the financial creditors will have received payment of their admitted claims in full. In this regard, both Mining Pool and Non-Core trade creditors will be entitled to claim *pari passu* against any surplus funds that remain under the Deed Administrators control.

We anticipate that Mining Pool trade creditors will ultimately receive distributions equal to their admitted claims (100 cents in the dollar), however the final distribution rate is dependent upon the following:

- The ultimate value of admitted ordinary unsecured creditor claims of the Mining Pool;
- Shareholders claims being not considered admissible to rank as ordinary unsecured claims;
- Resolution of disputes; and
- Final realisations of remaining assets.

Should no significant complexities arise from the adjudication process, it is estimated a further distribution to Mining Pool trade creditors will be made in either late 2006 or early 2007.

The increase in funds available for distribution from the Mining Pool is a result of the following:

- Successful resolution of a number of major disputes;
- Better than expected outcome of unwinding the Administrators' working capital position;
- Claims from Trade Creditors in both the Non-Core and Mining Pool being less than anticipated;
- Interest earned on the Deed Fund;
- Asset realisations at the high end of expectations; and
- Reduced levels of employee priority claims as a result of the sales of both the Mining Operations and the NT Civil businesses, being the majority of employees of the Mining Pool.

The Administrators consider this is a most favourable outcome.

5. Conclusion

In summary, the Administrations of the Mining Pool entities are proceeding satisfactorily and the estimated return will exceed estimates in our earlier reports.

If you have any queries in relation to the dividend, please contact either Brad Leahy on (02) 9338 2603 or Matthew Mann on (02) 9338 2648.

Yours faithfully



S Kershaw
Joint Deed Administrator



J D Hayes
Joint Deed Administrator