

ASX Announcement

01 October 2009

PearlStreet Board Rejects Campbell Brothers' Proposal

The board of PearlStreet Limited (**PearlStreet**) has rejected the proposed offer by Campbell Brothers Limited (**Campbell Brothers**) for all of the shares in PearlStreet at 56 cents per share as not being in the best interests of shareholders.

Prior to the announcement, PearlStreet had been in confidential discussions with Campbell Brothers in relation to a potential acquisition of PearlStreet at this price, and had granted Campbell Brothers access to conduct due diligence on the company. After carefully considering both Campbell Brothers' proposal and the recapitalisation proposal from Catalyst Investment Managers Pty Limited (**Catalyst**), which was announced on 29 September 2009, the PearlStreet board has concluded that the Catalyst recapitalisation proposal provides a better outcome for all PearlStreet shareholders.

The board had carefully considered the competing proposals and was of, and remains of, the view that the Catalyst recapitalisation proposal is a superior proposal and in the best interests of all shareholders. The recapitalisation proposal will enable PearlStreet to participate in identified growth opportunities within the energy, resources and infrastructure sectors, benefiting all shareholders. The recapitalisation proposal, made at a significant premium to the PearlStreet share price on the day prior to the announcement of the recapitalisation proposal, gives PearlStreet access to a strong financial partner and will enable the company to significantly reduce its debt levels.

PearlStreet's chairman, Mr David Eiszele, said: "Based on the view it has taken to date, the board has unanimously resolved not to recommend Campbell Brothers' proposed offer. Instead, in the absence of any superior offer, the board will continue to work on implementing the Catalyst recapitalisation proposal, which we believe represents a significant opportunity for all shareholders."

In light of its decision, the board also believes that it is not in the best interests of PearlStreet shareholders to release Campbell Brothers from the confidentiality and standstill obligations which were a condition of PearlStreet allowing Campbell Brothers due diligence access.

In addition, the PearlStreet board has been advised by the Managing Director, Mr Anthony Wooles, who owns 50.7% of the shares in the company, that he currently supports the Catalyst recapitalisation proposal and therefore does not intend to accept the proposed offer from Campbell Brothers for his shares.

The result is that four of the six defeating conditions to Campbell Brothers' proposed offer, set out in Annexure A to its announcement of 1 October 2009, will not be satisfied:

- condition (a), requiring PearlStreet board recommendation;
- condition (b), requiring minimum acceptance of 90%;
- condition (e), release of Campbell Brothers from its confidentiality and standstill obligations; and
- condition (f), release of PearlStreet from the Catalyst recapitalisation proposal.

Consequently, the board does not expect that the proposed offer will be presented to shareholders.

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