AMCIL Limited

ACN 073 990 735

101 Collins Street
Melbourne Victoria 3000
GPO Box 2114S
Melbourne 3001
Telephone 03 9650 9944
Facsimile 03 9650 9100
Email: invest@amcil.com.au
Internet: http://www.amcil.com.au

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Australian Stock Exchange Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

MARKET ANNOUNCEMENT

AVAILABILITY OF TAX LOSSES FOR CAPITAL GAINS TAX PURPOSES

Leading up to the recapitalisation of the Company in January 2004, it was uncertain whether capital losses incurred previously on the sale of investments could be carried forward to be recouped against realised capital gains in the future for Capital Gains Tax purposes. Up to 31 December 2003 the Company had incurred losses on the sale of investments for Capital Gains Tax purposes of $32.5 million. $4.3 million of this was incurred in the year ended 30 June 2002, $20.9 million was incurred in the year ended 30 June 2003 and the remaining $7.3 million was incurred in the period up to 31 December 2003.

The uncertainty regarding the availability of these losses for Capital Gains Tax purposes arose because of the impending recapitalisation of the Company and the broadening of its investment mandate. The issue was whether the Company would continue to meet the requirements of the Tax Act for continued availability of the losses, of satisfying either a continuity of ownership test or a same business test.

The recapitalisation of the Company was completed in January 2004. Since then the Company has been reviewing its tax position and asked its tax advisers, Ernst & Young, to analyse the Company's situation to help establish the status of these carry forward losses for Capital Gains Tax purposes.

As a result of the work they have done to date, it is their opinion that it is reasonable to conclude that AMCIL satisfies the continuity of ownership test with respect to losses incurred in the year ended 30 June 2003, as at 31 January 2004 following the recapitalisation. The work has yet to be completed to establish continuity of ownership with respect to the $4.3 million of losses in the year to 30 June 2002, and in respect of the $7.3 million of losses on sales of investments in the current financial year.

On this basis, at least $20.9 million of the prior capital losses on the sale of investments should be available to the Company to offset in the future against capital gains when and if they are realised for Capital Gains Tax purposes, provided that the Company continues to satisfy either the continuity of ownership test or the same business test.

Given the importance of this matter to the Company in the future, the Board believes it is appropriate to seek the view of the Australian Tax Office to confirm this treatment.

The directors wish to reaffirm their view, however, that they are unable to place a current value on the availability of Capital Gains Tax losses. It is not possible to know the timing or size of any capital gains on investments in the future, nor when they will actually be realised. It is at the point of realising capital gains in the future that the losses would be utilised in offsetting any Capital Gains Tax liability at that point.

Ross Barker
Managing Director
(03) 9924 0380