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MARKET ANNOUCEMENT
AVAILABILITY OF TAX LOSSES FOR CAPITAL GAINS TAX PURPOSES

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

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 status of these carry forward losses for CGT purposes. As a result of the work they undertook during 2004, it was Ernst & Young's opinion that it was reasonable to conclude that the Company had satisfied the continuity of ownership test up to 30 June 2004, which would enable the Company to carry forward its capital losses. If continuity of ownership continued to be satisfied AMCIL Limited would be able to utilise the capital losses against realised capital gains in the future.

Given the importance of the matter to the Company, in June 2004 the Board requested Ernst & Young to seek the view of the Australian Taxation Office (ATO). The ATO has now provided the Company with a favourable private ruling.

The ATO have ruled that, on the basis that the share registry of the Company at 30 June 2005 is not materially different from the year ended 30 June 2004, it is reasonable to assume that the Company will pass the continuity of ownership test for the period ending 30 June 2005.

Whilst the ATO limited the application of its ruling to the 30 June 2005 income year, provided the Company continues to meet the continuity of ownership test going forward (based upon the testing methodology prescribed in the ruling request), the Company should be able to utilise its capital losses into the future, in respect of capital gains as and when they are realised.

Currently there is a proposal to amend the continuity of ownership test which, if and when enacted, may make it unnecessary for the Company to continue to use the methodology for testing the continuity of ownership as set out in the ruling request to the ATO. The Board will continue to monitor these proposed law changes to see whether it will be necessary to update the ruling request to specifically apply to future income years after 30 June 2005.

If in the future the Company did fail to meet the continuity of ownership test, it would then need to have regard to the same business test going forward.

The effect of the tax ruling in the current financial year is that it confirms the Company's approach of utilising some of these carry-forward losses for CGT purposes against realised capital gains made in the current year. Other than this, the Board reaffirms their view that they are unable to place a value on the remaining unutilised carry-forward CGT losses. It is not possible to know the timing or size of any capital gains on investments in the future, nor when they will be realised. It is at the point of realising capital gains in the future that the losses would be utilised in offsetting those capital gains.

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