

April 17, 2007

Australian Stock Exchange Limited
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000
Attention: Company Announcements

By E-lodgement

Wallace Absolute Return Limited

Expiry Date of current prospectus dated 21 April 2006.

The directors of Wallace Absolute Return Limited ("Company") wish to advise shareholders and investors that, for the time being, they do not intend to issue another prospectus allowing the Company to issue shares at the month end net tangible asset backing per share after tax (NTA) after the expiry of the current prospectus on 21 May 2007.

Consequently the last date applications can be made under the current prospectus is 30 April 2007. Applicants whose application forms with cleared funds are received by 30 April 2007 will be issued shares at the April 2007 month end NTA. Applications received after 30 April 2007 will not be able to be processed as the issue date for such applications will be after the current prospectus expires on 21 May 2007.

Your directors consider that the increase in capital as a result of the recent 1 for 1 rights issue and recent applications received through the monthly application facility have resulted in the Company having an appropriate capital base for the time being. The board intends, in the future, to review the Company's capital requirements from time to time.

About Wallace Absolute Return Limited

Wallace Absolute Return Limited has been in operation since January 2003 and is a listed investment company on the Australian Securities Exchange ("ASX"). The Company is a market neutral fund offering investors the opportunity to participate in an absolute return product. The Company publishes its NTA weekly through the ASX and on its website (www.wallacefunds.com.au) providing investors with timely performance updates.

The Company's investment strategy involves the use of the Managers fundamental and quantitative research to identify assets that are, in the Managers opinion, mispriced relative to each other. The Company then allocates its capital according to the risk adjusted return expectations of each security in order to optimise the Company's total return for a given level of risk. Broadly, the level of risk is measured by the expected range of outcomes for each security. A greater expected range of outcomes indicates higher risk and results in less capital being allocated to that investment.

Features of the Company include:

Returns not correlated with equity market returns. The Company aims to offer investors the opportunity to achieve positive returns through capital growth and franked dividends in rising and falling markets. These returns may be attractive to investors who wish to diversify the return profile of their investment portfolio.

Franked Dividends: As a listed company, the Company generates franking credits which may be distributed to shareholders through fully franked dividends.

Dividend Re-investment Plan ("DRP"): Shareholders can elect to participate in the dividend re-investment plan. Shares allotted under the DRP are issued at the latest published NTA per share less a discount set by the Board. The Board has determined a discount of 2.5% should be applied for the time being.

Incentivised Fee Payment Structure: The Manager is paid a base management fee, and a performance fee only if fund returns are above a pre-determined positive hurdle rate. The hurdle rate is the RBA cash rate (6.25% on 16 April 2007). If the Manager does not attain a positive return, no performance fee is payable - this aligns the goals of shareholders and the Manager. Underperformance relative to the positive hurdle rate must be fully recouped before the Manager is entitled to a performance fee. (Also Note: All employees of the Manager are shareholders in the Company).

Flexibility in applying for shares: New investors can buy shares either on the ASX or , up to 30 April 2007, through the Company's current prospectus dated 21 April 2006. This allows investors to determine the most economical entry price. As new shares issued through the prospectus are issued at the month end Net Tangible Asset value per share, existing shareholders are not diluted.

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