NEW PRIVATEER HOLDINGS LIMITED

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Dear securityholder

Announcement of takeover proposal from Magellan Financial Group

On Friday, 5 October 2007, Magellan Financial Group Limited (**MFG**) announced to ASX that it intends to make a takeover offer for all of the issued shares and options of New Privateer Holdings Limited (**NPH**).

In due course, NPH security holders will receive a bidder's statement containing MFG's offer. Securityholders are advised to **take no action** in relation to MFG's offer or any document received from MFG until after they receive NPH's target's statement in response to the offer.

The Directors of NPH are considering the terms of the offer which are complex and subject to certain conditions. As previously announced, the Board has appointed Blake Dawson Waldron as its legal adviser. The Directors are also appointing an independent expert to assess the offer and prepare a report which will be included in NPH's target's statement. The target's statement will be provided to you in time for you to make an informed decision on MFG's offer.

NPH will keep securityholders informed of further developments as they occur.

Yours faithfully

P.A.K Naylor
Chairman