LEMARNE CORPORATION LIMITED A.C.N. 004 834 584

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AUSTRALIAN STOCK EXCHANGE
LMC000090

FACSIMILE MESSAGE

TO: ASX Company Announcements Office	**Att:**
FAX NO: **1300 300 021**	**Date:** 7 November, 2002
FROM: STEPHEN MASON	**No. of Pages: (including this Page)** 2
RE: **Information to Shareholders re HGL Take Over Offer**	

Message

We forward copy of letter to shareholders recommending that they reject the HGL offer, which will be mailed, with copies of the Chairman's Address and MD's report to the AGM today.

S.L. MASON
Company Secretary

FAX: (03) 9820 2038

LEMARNE CORPORATION LIMITED

A.C.N 004 834 584

Dear Shareholder,

"REJECT HGL OFFER"

The Company has today received a takeover offer from HGL Limited to acquire Lemarne shares for $1.70 each.

The Lemarne Board believes that the offer is **opportunistic and grossly undervalues** the Company and on that basis **should be rejected**. None of the Directors of Lemarne intends to accept in respect of any shares in Lemarne held by them.

At the Annual General Meeting held last Friday, 1 November 2002, the Managing director, Mr Darryl Rainsbury, commented on the strong turnaround achieved in the second half of last year and went on to forecast further significant improvements in this half year. We encourage shareholders to read the enclosed addresses to the AGM which provide fuller details.

At 30 June 2002 Lemarne's NTA was $1.85 per share and based on the forecast results of the Company outlined at its AGM last Friday, the NTA will exceed $1.95 at the end of December 2002.

On 29 October 2002, our subsidiary, Lemvest Limited, announced to the market that it had signed a Heads of Agreement with Locker Group Pty. Ltd. to negotiate exclusively with Locker with a view to selling the entire issued share capital of Richardson Pacific Limited for $22 million (excluding interest bearing debt and cash and provided the net tangible assets are not less than $14.8 million) plus an additional consideration of up to $4 million based on the performance of Screenex Australia Pty. Ltd. for the six months ending 31 December 2002. The Chairman of Lemvest Limited has informed shareholders that based on current performance, the consideration was likely to be $26 million.

On the basis that the sale eventuates, the NTA of Lemarne is forecast to be approximately $2.30 per share, or 35% above the offer price. In addition the Group would have in excess of $30 million in cash to pursue new growth opportunities. Hence the Board's conclusion that the HGL offer is inadequate and grossly undervalues the Company, and takes little account of its prospects.

In addition, at 30 June 2002, the Group had $8.1 million in Australian tax losses carried forward from the 2001/2 tax year, which it would be able to utilise and bring to account this year on the basis that the sale of Richardson Pacific proceeds and the Group doesn't fail the 'continuity of ownership test' for the recoupment of tax losses.

These tax losses will be lost if HGL is successful in acquiring a significant percentage of the Company's shares.

You will shortly receive Offer documents from HGL and a full response from your Board. In the meantime we strongly recommend you not to sell any of your shares.

Yours sincerely,

Brian Noxon

Brian Noxon
Chairman
6 November 2002