

RATTOON

H o l d i n g s L i m i t e d

A.B.N. 16 076 611 268

*Level 10, 350 Collins Street
Melbourne VIC 3000*

*Telephone: 61 3 9642 8822
Facsimile: 61 3 9642 8025*

www.rattoon.com.au

30 August 2006

Dear Shareholder,

As you are aware, the Company's main asset is its investment in Tattersalls Limited ("**Tattersalls**"). Since Tattersalls listed last year, the Directors have been investigating ways in which that investment can be increased to form a strategic stake in Tattersalls.

I am delighted to present you with this opportunity for the Company to increase significantly its stake in Tattersalls.

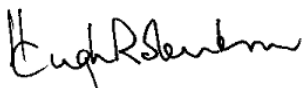
As at the date of this letter, the Company holds approximately 0.9% of the share capital of Tattersalls. An opportunity has arisen for the Company to increase its holding to approximately 7% by acquiring a total of 43,500,000 Tattersalls shares from two existing shareholders in the Company, GPG and Thorney. As consideration for these acquisitions, the Company proposes to issue those shareholders with further shares in the Company and will also provide those shareholders with a cash payment, which will be funded by shareholder loans from those shareholders.

In addition, the Company proposes to raise \$5 million in further capital via a placement to sophisticated and professional investors, which will be fully underwritten by Bell Potter Securities Limited. The Company will accept up to an additional \$3 million from sophisticated or professional investors in over subscriptions. The capital raised will be used by the Company for working capital.

The effect of these transactions will be to increase the Company's key strategic stake in Tattersalls.

The Company is seeking the approval of shareholders to enter into these transactions. Approval of each transaction is conditional upon the approval of each other transaction. Enclosed is a Notice of General Meeting, Explanatory Memorandum and Independent Expert's Report which set out the material terms of the proposed transactions. I encourage you to read this information carefully and to vote in respect of the proposed transactions.

Kind regards,



Hugh Robertson
Director

RATTOON

H o l d i n g s L i m i t e d

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

TO SHAREHOLDERS

Day, Date & Time of General Meeting: Thursday 28 September 2006 at 3.00pm

Place of General Meeting: Hindal Corporate Pty Ltd, Level 10,
350 Collins Street Melbourne, Victoria

THIS IS AN IMPORTANT DOCUMENT

If you are in any doubt about the information provided or the action you should take, you should consult your financial, taxation or other professional adviser.

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NOTICE OF GENERAL MEETING

NOTICE IS GIVEN that a General Meeting of Shareholders of the Company will be held at the offices of Hindal Corporate Pty Ltd, Level 10, 350 Collins Street Melbourne, Victoria on Thursday 28 September 2006 at 3.00 pm.

Certain terms used in this notice are defined in the Explanatory Memorandum.

Special Business

1 Approval to the Proposed Transaction with GPG

To consider, and if thought fit, pass the following resolution: –

"That -

- (a) subject to the approval of each other resolution set out in this Notice of General Meeting;
- (b) in accordance with item 7 in the table in section 611 of the Corporations Act;
- (c) pursuant to NSX Listing Rule 6.43(iii); and
- (d) for the purpose of NSX Listing Rule 6.25,

approval be given to:

- (i) the acquisition by the Company of 21,750,000 Tattersalls shares from GPG ("**GPG's Tattersalls Shares**");
- (ii) the issue to GPG, as consideration for the acquisition by the Company of 18,200,000 of GPG's Tattersalls Shares on a *cum dividend* basis, of that number of fully paid Ordinary Shares as determined according to the following formula:

$$No = \frac{A \times B}{C}$$

where:

No = the number of shares in the Company to be issued as consideration for the acquisition by the Company of 18,200,000 of GPG's Tattersalls Shares;

- A = 18,200,000 (being the relevant number of GPG's Tattersalls Shares);
- B = Tattersalls VWAP (as defined in the Explanatory Memorandum); and
- C = the Issue Price (as defined in the Explanatory Memorandum); and
- (iii) the payment by the Company of the Sale Price, as consideration for the acquisition by the Company of 3,550,000 of GPG's Tattersalls Shares on an *ex dividend* basis, to be funded by way of a Shareholder Loan from GPG,
- on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

2 Approval to the Proposed Transaction with Thorney

To consider, and if thought fit, pass the following resolution: –

"That -

- (a) subject to the approval of each other resolution set out in this Notice of General Meeting;
- (b) in accordance with item 7 in the table in section 611 of the Corporations Act;
- (c) pursuant to NSX Listing Rule 6.43(iii); and
- (d) for the purpose of NSX Listing Rule 6.25,

approval be given to:

- (i) the acquisition by the Company of 21,750,000 Tattersalls shares from Thorney ("**Thorney's Tattersalls Shares**");
- (ii) the issue to Thorney, as consideration for the acquisition by the Company of 18,200,000 of Thorney's Tattersalls Shares on a *cum dividend* basis, of that number of fully paid Ordinary Shares as determined according to the following formula:

$$No = \frac{A \times B}{C}$$

where:

- No = the number of shares in the Company to be issued as consideration for the acquisition by the Company of 18,200,000 of Thorney's Tattersalls Shares;
- A = 18,200,000 (the relevant number of Thorney's Tattersalls Shares);
- B = the Tattersalls VWAP (as defined in the Explanatory Memorandum); and
- C = the Issue Price (as defined in the Explanatory Memorandum); and
- (iii) the payment by the Company of the Sale Price, as consideration for the acquisition by the Company of 3,550,000 of Thorney's Tattersalls Shares on an *ex dividend* basis, to be funded by way of a Shareholder Loan from Thorney,

on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of General Meeting."

3 Approval to the Capital Raising

To consider, and if thought fit, pass the following resolution –

"That -

(a) subject to the approval of each other resolution set out in this Notice of General Meeting; and

(b) for the purpose of NSX Listing Rule 6.25,

the Company be authorised to undertake a fully underwritten capital raising, pursuant to which the Company:

(i) will issue and allot up to \$5,000,000 worth of Ordinary Shares at the Issue Price to professional and sophisticated investors as nominated by the underwriter of the Capital Raising, Bell Potter Securities; and

(ii) may issue and allot up to \$3,000,000 worth of additional Ordinary Shares at the Issue Price to sophisticated or professional investors resulting from over subscriptions,

on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

By Order of the Board

A handwritten signature in dark ink, appearing to read 'K. Stonehouse', written in a cursive style.

Ken Stonehouse
Company Secretary

30 August 2006

1 Material accompanying this notice

The following material accompanies this Notice of Meeting:

- (a) Explanatory Memorandum setting out details relevant to the business set out in this Notice;
- (b) Independent Expert's Report prepared by PKF Chartered Accountants & Business Advisers which expresses the opinion that the transactions contemplated by Resolutions 1 and 2 set out in this Notice are fair and reasonable to non-associated Shareholders of the Company;
- (c) Proxy Form; and
- (d) Appointment of Corporate Representative Form.

2 Voting and required majority - all resolutions

In accordance with Section 249HA of the Corporations Act, for each of the Resolutions set out in this Notice to be effective:

- (a) each Resolution must be passed at a meeting of which not less than 28 days written notice specifying the intention to propose the Resolutions has been given (unless consent to short notice has been received); and
- (b) each Resolution must be passed by not less than 51% of all the votes cast by Shareholders entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative).

On a show of hands, subject to paragraph 3 below, every Shareholder has one vote and, on a poll, every Shareholder has one vote for each fully paid Ordinary Share held. In the case of partly paid Ordinary Shares, every such Shareholder has a fraction of a vote equivalent to the proportion which the amount paid up on each partly paid Ordinary Share bears to the total issue price for each such partly paid Ordinary Share held.

3 Voting Exclusion

3.1 Resolutions 1 and 2

In accordance with section 611(7), any votes cast in respect of Resolutions 1 and 2 by GPG, Thorney or their respective associates will be disregarded, except as provided in paragraph 3.2 below.

3.2 Exception

The Company will not disregard a vote if it is cast –

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person who is the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4 Notes

- 4.1 The Company has determined that each person whose name appears on the Company's share register at 9.30am AEST on Tuesday 26 September 2006 ("**Effective Time**"), will be entitled to vote on the resolutions set out in this Notice.
- 4.2 All Shareholders as at the Effective Time entitled to attend and vote at this meeting may appoint a proxy for that purpose. A proxy need not be a Shareholder of the Company.
- 4.3 The proxy form sent to you with this Notice should be used for this meeting.
- 4.4 If you are entitled to cast two or more votes at this meeting, you may appoint two proxies and you may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes each proxy may exercise, then each proxy will be entitled to exercise half of the votes. An additional proxy form will be supplied by the Company on request.
- 4.5 In the case of an individual, a proxy must be under the hand of the individual or his or her attorney who has been authorised in writing. In the case of a corporation, a proxy must be executed by the corporation under common seal or under the hand of its authorised officer or officers or attorney.
- 4.6 Any Shareholder may, by power of attorney, appoint an attorney to act on that Shareholder's behalf. The power of attorney, or certified copy, must be received by the Company as specified in paragraph 4.8.
- 4.7 Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company as specified in paragraph 4.8 at any time before the time of the meeting, or adjourned meeting, or handed in at the meeting.
- 4.8 Proxies, corporate representatives and powers of attorney granted by Shareholders must be received by the Company by no later than at 3.00pm AEST on Tuesday 26 September 2006 at:
 - (a) the registered office of the Company, Level 10, 350 Collins Street Melbourne, Victoria 3000; or
 - (b) by fax at the registered office of the Company - fax number +61 3 9642 8025.

RATTOON

H o l d i n g s L i m i t e d

A.B.N. 16 076 611 268

EXPLANATORY MEMORANDUM

This Explanatory Memorandum contains information relevant to the business referred to in the Notice of General Meeting of the Company which it accompanies and should be read in its entirety and carefully by Shareholders prior to the General Meeting.

Approval of a Resolution is conditional upon approval of each other Resolution. Further details relating to each of the Resolutions are set out below.

Certain terms used in this Explanatory Memorandum are defined in the definitions section appearing at the end of the Explanatory Memorandum.

1 Resolutions 1 and 2: Approval to the Proposed Transactions

1.1 Background

Resolution 1 set out in the Notice of General Meeting seeks approval of Shareholders for the acquisition of 21,750,000 Tattersalls shares held by GPG ("**GPG's Tattersalls Shares**").

The consideration payable in respect of 18,200,000 of GPG's Tattersalls Shares, which will be acquired by the Company on a *cum dividend* basis, will be satisfied by the issue to GPG of that number of fully paid Ordinary Shares in the Company as determined according to the following formula:

$$No = \frac{A \times B}{C}$$

where:

No = the number of shares in the Company to be issued as consideration for the acquisition by the Company of 18,200,000 of GPG's Tattersalls Shares ("**GPG Consideration Shares**");

A = 18,200,000 (being the relevant number of GPG's Tattersalls Shares);

B = Tattersalls VWAP; and

C = Issue Price.

By way of example, if this formula was used to calculate the number of GPG Consideration Shares on 23 August 2006, the number of Shares issued to GPG would have been 212,250,958. See the table below for further examples.

If GPG receives a dividend in respect of these 18,200,000 Tattersalls Shares for the period 1 January - 30 June 2006, it will transfer that dividend to the Company together with an amount equal to the franking credit payable in respect of that dividend.

The consideration payable in respect of the balance of GPG's Tattersalls Shares, which will be acquired by the Company on an *ex dividend* basis, will be satisfied by payment to GPG of the Sale Price. The Sale Price will be funded by way of a Shareholder Loan granted by GPG to the Company. This will enable the Company to proceed with the acquisition of GPG's Tattersalls Shares without the need to obtain financial accommodation for payment of the Sale Price in advance.

The Sale Price has been calculated by multiplying 3,550,000 (being the balance of GPG's Tattersalls Shares) by \$2.8516 (being the average cost price per share). If the

Company receives a dividend in respect of these 3,550,000 Tattersalls Shares for the period 1 January - 30 June 2006, it will transfer that dividend to the GPG together with an amount equal to the franking credit payable in respect of that dividend.

Resolution 2 set out in the Notice of General Meeting seeks approval of Shareholders for the acquisition of 21,750,000 Tattersalls shares held by Thorney ("**Thorney's Tattersalls Shares**").

The consideration payable in respect of 18,200,000 of Thorney's Tattersalls Shares, which will be acquired by the Company on a *cum dividend* basis, will be satisfied by the issue to Thorney of that number of fully paid Ordinary Shares in the Company as determined according to the following formula:

$$No = \frac{A \times B}{C}$$

where:

No = the number of shares in the Company to be issued as consideration for the acquisition by the Company of 18,200,000 of Thorney's Tattersalls Shares ("**Thorney Consideration Shares**");

A = 18,200,000 (being the relevant number of Thorney's Tattersalls Shares);

B = Tattersalls VWAP; and

C = Issue Price.

By way of example, if this formula was used to calculate the number of Thorney Consideration Shares on 23 August 2006, the number of Shares issued to Thorney would have been 212,250,958.

If Thorney receives a dividend in respect of these 18,200,000 Tattersalls Shares for the period 1 January - 30 June 2006, it will transfer that dividend to the Company together with an amount equal to the franking credit payable in respect of that dividend.

The consideration payable in respect of the balance of Thorney's Tattersalls Shares, which will be acquired by the Company on an *ex dividend* basis, will be satisfied by payment to Thorney of the Sale Price. The Sale Price will be funded by way of a Shareholder Loan granted by Thorney to the Company. This will enable the Company to proceed with the acquisition of Thorney's Tattersalls Shares without the need to obtain financial accommodation for payment of the Sale Price in advance.

The Sale Price has been calculated by multiplying 3,550,000 (being the balance of Thorney's Tattersalls Shares) by \$2.8516 (being the average cost price per share). If the Company receives a dividend in respect of these 3,550,000 Tattersalls Shares for the period 1 January - 30 June 2006, it will transfer that dividend to the Thorney together with an amount equal to the franking credit payable in respect of that dividend.

As the number of Thorney Consideration Shares and GPG Consideration Shares issued to the relevant entities will vary with the price of Tattersalls Shares and the Company's Shares, set out below is a table showing the number of Shares that would be issued to GPG and Thorney assuming different Tattersalls VWAPs and Issue Prices.

		Tattersalls VWAP	Issue Price	No. of Shares issued to GPG	No. of Shares issued to Thorney
TTS +5%	RTN +5%	306.62	26.29	212,250,958	212,250,958
	RTN 0%	306.62	25.04	222,863,506	222,863,506
	RTN -5%	306.62	23.79	234,593,165	234,593,165
TTS 0%	RTN +5%	292.02	26.29	202,143,770	202,143,770
	RTN 0%	292.02	25.04	212,250,958	212,250,958
	RTN -5%	292.02	23.79	223,422,062	223,422,062
TTS -5%	RTN +5%	277.42	26.29	192,036,581	192,036,581
	RTN 0%	277.42	25.04	201,638,411	201,638,411
	RTN -5%	277.42	23.79	212,250,958	212,250,958

1.2 Share Sale Agreements

- (a) The Company has entered into a Share Sale Agreement with GPG to effect the transactions contemplated by Resolution 1 and a Share Sale Agreement with Thorney to effect the transactions contemplated by Resolution 2 (**“the Proposed Transactions”**).
- (b) Pursuant to the terms of the Share Sale Agreements, the Proposed Transactions are subject to and conditional upon the satisfaction of the following conditions precedent:
 - (i) Shareholders approving the Proposed Transactions;
 - (ii) in the case of GPG, simultaneous completion of the acquisition by the Company of Thorney’s Tattersalls Shares; and
 - (iii) in the case of Thorney, simultaneous completion of the acquisition by the Company of GPG’s Tattersalls Shares.

1.3 Completion of the Proposed Transactions

Completion of the Proposed Transactions is to take place on the first business day after the date of the General Meeting of the Company.

1.4 Issue of shares

In accordance with the Share Sale Agreements, upon completion of the acquisition by the Company of GPG’s Tattersalls Shares, the Company will issue the GPG Consideration Shares to GPG and upon completion of the acquisition by the Company of Thorney’s Tattersalls Shares, the Company will issue the Thorney Consideration Shares to Thorney.

The GPG Consideration Shares and the Thorney Consideration Shares will rank, in all respects, equally with all other Ordinary Shares.

1.5 Shareholder Loans

Each of GPG and Thorney will lend to the Company an amount equal to the Sale Price on the Completion Date. The interest payable by the Company in respect of the Shareholder Loans will be the Company’s prevailing interest rate on its bank facility at the time.

Unless the Company repays the Shareholder Loans earlier, the Shareholder Loans will be repayable by the Company on the earliest to occur of:

- (a) 31 December 2006; and

- (b) the date upon which the Company obtains financial accommodation from a financier sufficient to repay the Shareholder Loans.

1.6 Advantages and disadvantages to the Company

The acquisitions by the Company of the GPG's Tattersalls Shares and Thorney's Tattersalls Shares will increase the Company's strategic stake of shares in Tattersalls.

The issue of the GPG Consideration Shares and the Thorney Consideration Shares will result in a dilution of the shareholdings of all existing Shareholders.

Other advantages and disadvantages to the Company and its Shareholders are detailed in the enclosed Independent Expert's Report.

1.7 Additional information

This additional information contains information that the Company is required to provide to Shareholders in accordance ASIC Policy Statement 74.

- (a) Immediately prior to the proposed issue of the GPG Consideration Shares, GPG has a relevant interest in 7,743,480 shares in the capital of the Company, which constitutes approximately 20.2% of the shares on issue in the capital of the Company. The number of GPG Consideration Shares, Thorney Consideration Shares and Shares that will be issued pursuant to the Capital Raising is not known at the date of the Notice of Meeting. Accordingly, it is not possible to calculate with certainty the number and percentage of Shares that GPG will hold after the issue to GPG of the GPG Consideration Shares.

However, by way of example, assuming:

- (i) the maximum number of Shares that can be issued pursuant to the Capital Raising are issued;
- (ii) the GPG Consideration Shares were issued on 23 August 2006; and
- (iii) the Thorney Consideration Shares were issued on 23 August 2006,

GPG's holding of Shares would increase by 212,250,958 Shares to 219,994,438 Shares, which constitutes approximately increase in holding from 20.2% to 44.5% of the shares on issue in the capital of the Company. This is an example only: the actual number of the GPG Consideration Shares could be greater or fewer than that amount.

- (b) Immediately prior to the proposed issue of the Thorney Consideration Shares, Thorney has a relevant interest in 4,287,814 shares in the capital of the Company, which constitutes approximately 11.2% of the shares on issue in the capital of the Company. The number of Thorney Consideration Shares, GPG Consideration Shares and Shares that will be issued pursuant to the Capital Raising is not known at the date of the Notice of Meeting. Accordingly, it is not possible to calculate with certainty the number and percentage of Shares that Thorney will hold after the issue to Thorney of the Thorney Consideration Shares.

However, by way of example, assuming:

- (i) the maximum number of Shares that can be issued pursuant to the Capital Raising are issued;
- (ii) the Thorney Consideration Shares were issued on 23 August 2006; and
- (iii) the GPG Consideration Shares were issued on 23 August 2006,

Thorney's holding of Shares would increase by 212,250,958 Shares to 216,538,772 Shares, which constitutes approximately increase in holding from 11.2% to 43.8% of the shares on issue in the capital of the Company. This is an example only: the actual number of the Thorney Consideration Shares could be greater or fewer than that amount.

As the number of Thorney Consideration Shares and GPG Consideration Shares issued to the relevant entities will vary with the price of Tattersalls Shares and the Company's Shares, set out below is a table showing the different increase in percentage holdings for both GPG and Thorney assuming different Tattersalls VWAPs and Issue Prices.

		Tattersalls VWAP	Issue Price	% Increase in GPG Holdings	% Increase in Thorney Holdings
TTS +5%	RTN +5%	306.62	26.29	44.6%	43.9%
	RTN 0%	306.62	25.04	44.7%	44.0%
	RTN -5%	306.62	23.79	44.8%	44.1%
TTS 0%	RTN +5%	292.02	26.29	44.4%	43.6%
	RTN 0%	292.02	25.04	44.5%	43.8%
	RTN -5%	292.02	23.79	44.6%	43.9%
TTS -5%	RTN +5%	277.42	26.29	44.1%	43.4%
	RTN 0%	277.42	25.04	44.2%	43.5%
	RTN -5%	277.42	23.79	44.3%	43.6%

(c) There is no present intention to:

- (i) change the business of the Company;
- (ii) alter the future employment of the present employees of the Company;
- (iii) transfer any property between the Company and GPG or Thorney or any of their respective associates;
- (iv) otherwise deploy any of the fixed assets of the Company; or
- (v) change significantly the financial or dividend policies of the Company.

The Company intends to seek further capital to finance additional acquisitions of Tattersalls interests.

1.8 Directors' interests

None of the Directors have a material personal interest in the Proposed Transactions.

Peter Landos is director of the Company and an executive of Thorney. Graeme Cureton is a director of the Company and also a director of GPG. Neither GPG nor Thorney is considered to be a "related party" of the Company for the purposes of the Corporations Act or the NSX Listing Rules.

The Directors have resolved that no directors fees will be paid to any Director who is a director or employee of a substantial Shareholder.

1.9 Directors' approval

On 23 August 2006, the Directors met and resolved to put the Proposed Transactions to the Shareholders of the Company. The Directors also resolved to issue this Explanatory Memorandum to Shareholders, together with the Notice of General Meeting and the Independent Expert's Report from PKF Chartered Accountants & Business Advisers.

Each of the Company's Directors voted in favour of the resolution to put the Proposed Transactions to the Shareholders of the Company and to send this Explanatory Memorandum and the Independent Expert's Report from PKF Chartered Accountants & Business Advisers to Shareholders.

1.10 Independent Expert's Report

An Independent Expert's Report to Shareholders is provided, together with the Notice of General Meeting and this Explanatory Memorandum. PKF Chartered Accountants & Business Advisers has concluded in its Independent Expert's Report that the Proposed Transactions are fair and reasonable to non-associated Shareholders. Shareholders are encouraged to read the full text of the Independent Expert's Report.

1.11 Shareholder approval

Corporations Act

Section 606 of the Corporations Act provides, amongst other things, that a person may not acquire a relevant interest in issued voting shares in the capital of a company if that person's or someone else's voting power increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90% of the voting power in the company.

Item 7 in the table in Section 611 of the Corporations Act provides that no breach of Section 606 of the Corporations Act occurs in relation to an acquisition previously approved by a resolution passed at a general meeting of the Company at which no votes were cast in favour of the resolution by the person proposing to make the acquisition or that person's associates.

These sections of the Corporations Act are relevant to the Proposed Transactions as:

- (a) the consideration for the acquisition by the Company of 18,200,000 of GPG's Tattersalls Shares is the issue of the GPG Consideration Shares. The effect of this will be that GPG will increase its voting power in the Company from a starting point that is above 20% following the issue of the GPG Consideration Shares; and
- (b) the consideration for the acquisition by the Company of 18,200,000 of Thorney's Tattersalls Shares is the issue of the Thorney Consideration Shares. The effect of this will be that Thorney will increase its voting power in the Company from below 20% to above 20% following the issue of the Thorney Consideration Shares.

Accordingly, Shareholder approval is sought for the of the acquisition by the Company of GPG's Tattersalls Shares and Thorney's Tattersalls Shares and the issue of GPG of the GPG Consideration Shares and the issue to Thorney of the Thorney Consideration Shares.

As stated in the Notice of General Meeting, for the purposes of the Corporations Act no votes may be cast on Resolutions 1 or 2 by GPG, Thorney or any of their respective associates.

NSX Listing Rules

Shareholders are asked to approve the Proposed Transactions pursuant to NSX Listing Rules 6.43(iii) and 6.25.

NSX Listing Rule 6.43(iii) requires the Company to obtain Shareholder approval if it wishes to acquire a substantial asset from a person with voting power of at least 10% of the Company. As at the date of the Notice of Meeting, GPG has approximately 20.2% of the voting power of the Company and Thorney has 11.2% of the voting power of the Company. Accordingly, Shareholder approval of the acquisition by the Company of GPG's Tattersalls Shares and Thorney's Tattersalls Shares is required.

Pursuant to NSX Listing Rule 6.25, the Company may not issue shares in any 12 month period that represent more than 15% of its existing share capital without the prior approval of Shareholders in general meeting. As previously stated, the GPG Consideration Shares and the Thorney Consideration Shares, together with those to be issued under Resolution 3 will collectively represent more than 15% of the Company's

existing share capital and accordingly, Shareholder approval for the issue of such Shares is required.

2 Resolution 3: Approval to the Capital Raising

2.1 Background

- (a) Resolution 3 set out in the Notice of General Meeting seeks Shareholder approval for the Company to undertake the Capital Raising, which will be fully underwritten by Bell Potter. The Company will issue and allot up to \$5,000,000 worth of Ordinary Shares in the Capital Raising at the Issue Price to professional and sophisticated investors as nominated by Bell Potter. The Company will also have the ability to issue and allot up to \$3,000,000 worth of additional Ordinary Shares at the Issue Price from such sophisticated or professional investors resulting from over subscriptions.
- (b) The Company intends to use the funds raised through the Capital Raising for working capital.

2.2 Issue Price

The Shares issued pursuant to the Capital Raising will rank, in all respects, equally with all other Ordinary Shares. Shares will be issued to investors pursuant to the Capital Raising at the Issue Price. This is the same issue price as that which the GPG Consideration Shares and Thorney Consideration Shares are to be issued.

2.3 Terms of the Underwriting Agreement

It is a condition precedent to the Underwriting Agreement that Shareholders approve each of the Resolutions set out in the Notice of Meeting.

Pursuant to the Underwriting Agreement, Bell Potter is required, upon the direction of the Company, to subscribe for any Shares not subscribed for by professional and sophisticated investors pursuant to the Capital Raising. The issue price of any Shares subscribed for by Bell Potter will be the same price as any Shares issued to investors pursuant to the Capital Raising. Bell Potter is entitled to receive an underwriting commission of 4% in respect of the underwritten amount of \$5,000,000 and a stamping fee of 2% in respect of the amount subscribed for Shares issued by way of oversubscriptions (up to \$3,000,000).

2.4 Shareholder approval

Pursuant to NSX Listing Rule 6.25, the Company may not issue shares that represent more than 15% of its existing share capital without the prior approval of Shareholders in general meeting. The Shares issued pursuant to the Capital Raising, together with the Shares issued pursuant to Resolutions 1 and 2, will collectively represent more than 15% of the Company's existing share capital and accordingly, Shareholder approval for the issue of such Shares is required.

3 Directors' recommendations

3.1 Resolutions 1 and 2

The Directors have considered all of the relevant information relating to Resolutions 1 and 2, including the Independent Expert's Report which expresses the opinion that the Proposed Transactions are fair and reasonable to Shareholders not associated with GPG, Thorney or their respective associates.

For the reasons set out in paragraph 1.6 of this Explanatory Memorandum and having regard to the Independent Expert's Report, the Directors unanimously recommend that you vote in favour of Resolutions 1 and 2.

As stated in the Notice of General Meeting, in accordance with item 7 of Section 611 of the Corporations Act, neither GPG, Thorney nor their respective associates may vote on Resolutions 1 or 2.

3.2 Resolution 3

The Directors consider the Capital Raising contemplated by Resolution 3 set out in the Notice of General Meeting to be in the best interests of the Company. The Directors unanimously recommend that you vote in favour of Resolution 3.

GLOSSARY OF TERMS

AEST	means Australian Eastern Standard Time
ASIC	means the Australian Securities and Investments Commission
Bell Potter	means Bell Potter Securities Limited (ACN 006 390 772)
Board	means the board of Directors of the Company
Capital Raising	means the capital raising contemplated by Resolution 3
Company	means Rattoon Holdings Limited (ACN 076 611 268)
Completion Date	means the first business day after the General Meeting
Corporations Act	means the Corporations Act 2001 (Cth)
Effective Time	9.30am AEST on Tuesday 26 September 2006
Issue Price	means the volume weighted average price of Ordinary Shares in the Company sold on the NSX (excluding any special crossings) during the 60 trading days immediately prior to the date Shareholder approval of the Resolutions is obtained
General Meeting	means the general meeting of members to be held on 28 September 2006
GPG	means GPG Australia Nominees Limited, a company registered in the United Kingdom
Notice	means the Notice of General Meeting which this Explanatory Memorandum accompanies
NSX	means Stock Exchange of Newcastle Limited (ACN 000 902 063)
NSX Listing Rules	means the listing rules of the NSX as amended from time to time
Ordinary Shares	means fully paid ordinary shares in the capital of the Company
Resolution	means a resolution set out in the Notice
Sale Price	\$10,123,180
Share Sale Agreements	means the share sale agreements entered into between the Company and GPG and the Company and Thorney
Shareholder Loans	means the loans made to the Company by each of GPG and Thorney in respect of payment of the Sale Price
Shareholders	means all of the members of the Company who are registered as the holders of one or more Ordinary Shares
Shares	means fully paid ordinary shares in the capital of the Company

Tattersalls VWAP	means the volume weighted average price of ordinary shares in Tattersalls sold on the Australian Stock Exchange (excluding any special crossings) during the 60 trading days immediately prior to the date of the General Meeting
Thorney	means Thorney Holdings Proprietary Limited (ACN 006 262 835), Thorney Pty Limited (ACN 008 595 453) and Thistle Custodians Pty Ltd (ACN 078 027 193) collectively
Underwriting Agreement	means the agreement entered into between the Company and Bell Potter pursuant to which Bell Potter agrees to underwrite the Capital Raising

RATTOON

Holdings Limited

A.B.N. 16 076 611 268

PROXY FORM - GENERAL MEETING

APPOINTMENT OF PROXY

I/We being a member/s of the Company appoint

Insert here the name of the person you wish to appoint as your proxy **if this person is someone other than the Chairman** of the General Meeting

of

or failing the person named, or if no person is named, the Chairman of the General Meeting, as my/our proxy to vote in accordance with the following directions (or if no directions have been given, to vote as the proxy sees fit) at the General Meeting of the Company to be held at Hindal Corporate Pty Ltd, Level 10, 350 Collins Street Melbourne, Victoria on Thursday 28 September 2006 at 3.00pm and at any adjournment of that general meeting.

DIRECTING YOUR PROXY HOW TO VOTE

Approval of a Resolution is conditional upon approval of each other Resolution

Business	For	Against	Abstain
To approve Resolution 1 - the acquisition of GPG's Tattersalls Shares, the issue to GPG of the GPG Consideration Shares and the payment by the Company of the Sale Price funded by a Shareholder Loan from GPG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To approve Resolution 2 - the acquisition of Thorney's Tattersalls Shares, the issue to Thorney of the Thorney Consideration Shares and the payment by the Company of the Sale Price funded by a Shareholder Loan from Thorney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To approve Resolution 3 - the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGNATURE OF SHAREHOLDER MUST BE COMPLETED

If joint holding, ***all members must sign.***

Individual or First Shareholder

Director

Shareholder 2

Director/Secretary

Shareholder 3

Sole Director & Sole Secretary

Contact Name (print)

Date:

If a corporation:
**Affix common seal
here
(optional)**

PROXY NOTES

For the General Meeting of **Rattoon Holdings Limited** to be held on at Hindal Corporate Pty Ltd, Level 10, 350 Collins Street Melbourne, Victoria on Thursday 28 September 2006 at 3.00pm.

1. Each Shareholder who is entitled to cast two or more votes at this Meeting, may appoint two persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If you **do not** specify the proportion or number of your votes that each proxy may exercise, then each proxy will be entitled to exercise half of the votes. An additional proxy form will be supplied by the Company on request.
2. A proxy need not be a Shareholder of the Company.
3. **Unless you specifically direct your proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.**
4. In the case of an individual, a proxy must be under the hand of the individual or his or her attorney authorised in writing. In the case of a corporation, a proxy must be under the common seal of that corporation or under the hand of its authorised officer, officers or attorney.
5. To be valid, the form appointing the proxy and the power of attorney granted by Shareholders or other authority (if any) must be lodged at the registered office of the Company as set out below.
6. If you plan to attend the Meeting, your proxy's right to speak and vote for you will be suspended while you are present.

DEADLINE FOR RECEIPT OF PROXY FORMS

Your completed proxy form must be received by no later than 3.00pm (**Australian Eastern Standard Time**) on Tuesday 26 September 2006 at -

- (a) the registered office of the Company, Level 10, 350 Collins Street Melbourne, Victoria 3000; **or**
- (b) by fax at the registered office of the Company - fax number +61 3 9642 8025

RATTOON

Holdings Limited

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APPOINTMENT OF CORPORATE REPRESENTATIVE

PURSUANT TO SECTION 250D OF THE *CORPORATIONS ACT 2001*

_____ (ACN/ARBN/ABN) _____
Insert full name of body corporate and its ACN//ARBN/ABN

APPOINT

Insert here the name of the
person you wish to appoint as
your representative

of _____

To act as the Company's Representative at the General Meeting of the Company to be held at the offices of Hindal Corporate Pty Ltd, Level 10, 350 Collins Street Melbourne, Victoria on Thursday 28 September 2006 at 3.00pm and at any adjournment of that general meeting

Executed by the corporation in
accordance with its Constitution
in the presence of:

.....
(*) Director
(*) Sole Director & Sole Secretary

.....
(*) Director/Secretary

**Affix
common seal here
(optional)**

(*) *Delete if not applicable*

Contact Name (print)

Date:
