

26 August 2009

Folkestone Limited announces Renounceable Rights Issue

Folkestone Limited (ASX:FLK) today announced that the Company is conducting a renounceable rights issue. Attached to this ASX announcement is a letter to shareholders setting out details of the Entitlement Offer.

The rights issue is on a 2 for 1 basis at 15 cents per share and will raise approximately \$9.5 million before costs assuming the issue is fully subscribed. This is at a discount of approximately 45% to the 27 cent price of shares last traded on ASX and a 78% discount to the book NTA (68 cents) as at 30 June 2009. Shareholders will have the right to apply for oversubscriptions.

Patersons Securities Limited has underwritten the Entitlement Offer to \$8.2 million and the Directors' have reserved the right to place any shortfall following the completion of the Entitlement Offer. The Company's Directors intend to take up their full entitlements.

Attached is a copy of a Presentation which is also being sent to shareholders.

A copy of the associated Appendix 3B New Issue Announcement is also *attached*.

The offer of fully paid ordinary shares to shareholders is being made without a prospectus pursuant to Part 6D.2 of the Corporations Act and this notice is being given pursuant to section 708AA(2)(f) of the Corporations Act. As at the date of this notice the Company has complied with its financial reporting and auditing obligations under Chapter 2M of the Corporations Act and its continuous disclosure obligations under section 674 of the Corporations Act. In particular, there is no information which the Company has withheld from ASX Listing Rule 3.1 disclosure under the confidentiality carve-out from disclosure.

For further information regarding this announcement please contact:

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