

4 July 2012

NOTICE TO DEBENTUREHOLDER

Dear Debentureholder

Provident Capital Limited
ACN 082 735 573
(Receivers Appointed) (“the Company”)

On 29 June 2012, Philip Carter, Tony Sims and Marcus Ayres of PPB Advisory (“Receivers”) were appointed Joint and Several Receivers to the Company pursuant to an Order of the Federal Court of Australia. Access to the judgment will be available shortly.

The Receiver’s appointment by the Court was the result of an application made by Australian Executor Trustees Limited (“AET”), as Trustee for the Provident Debenture issue.

The Receivers appointment took effect at 7:45pm on 3 July 2012 following the dismissal of an application by the Company’s management to stay the appointment of the Receivers and remain in control of the Company pending a potential appeal from the decision appointing the Receivers.

What is the role of the Receivers?

The Receivers are independent officers of the Court. The Receivers have taken control of the property of the Company. The Receivers will ensure that the Company’s property is protected, recovered and distributed to all Debentureholders on an equal basis.

The Company’s directors and management will have no control over the Company’s property whilst the Receivers are in office.

What are the reasons for the appointment?

AET, in conjunction with ASIC, became concerned that the Company would be unable to repay all Debentureholders in full. In that scenario, AET considered that all Debentureholders needed to be treated equally, rather than some Debentureholders being able to redeem in full now, and some Debentureholders being left to suffer the entire loss in the future.

In order to protect the interests of all Debentureholders, AET applied to the Court seeking orders protecting the interests of Debentureholders (who redeem at a later time) not being able to recover the full amount of their debentures because there were insufficient assets of the Company to repay the debentures at that time.

At the conclusion of a three day hearing, the Court considered that it was appropriate to protect the public (and Debentureholders) by appointing the Receivers to the Company. In reaching that decision the Court had regard to the matters put forward by AET and the Company's management. A copy of the Court's Reasons for Judgment will be made available on the Receiver's website when it is available.

What does this mean for you and your Debenture investment?

The Receivers currently anticipate that there will be some shortfall to Debentureholders given the forecast deficiency in the net assets of the Company. The extent of the deficiency is not yet ascertainable, but the Receivers will be working to maximise asset recoveries and distribute funds to Debentureholders as soon as possible and on a regular basis.

The Receivers will be providing regular updates to Debentureholders, including an information session, which is expected to be convened within the next month.

Further information

In the meantime, the Receivers have posted a frequently asked questions schedule on their website, details as follows: www.ppbadvisory.com under 'Provident Capital Limited' in the Creditors Information section.

Additionally, Link Market Services Limited (Link) has been engaged in an effort to reduce the ongoing costs of maintaining the Debentureholder register and dealing with routine correspondence. The decision to outsource these activities to Link was made following consultation with the Trustee.

Any future correspondence regarding the company should be directed to Link, at the contact details below:

Please quote your unique Holder Reference Number displayed in the top right corner of this letter in all communications with Link for ease of identification.

Address: Provident Capital Limited (Receivers Appointed)
C/- Link Market Services Limited
Locked Bag A14, Sydney South,
NSW 1235, Australia
Tel: 02 8280 7110
Fax: 02 9287 0303

Email: provident@linkmarketservices.com.au

Yours faithfully



Philip Carter, Tony Sims & Marcus Ayres
Joint and Several Receivers
Provident Capital Limited