

B R I S T I L E L T D



ABN 19 056 541 096

Harper Street
Caversham
Western Australia
6055

10 July 2003

Company Announcements Office
Australian Stock Exchange Limited

By electronic lodgement

Dear Sir/Madam

Letter to Shareholders - Modification to Independent Directors' Recommendation

We refer you to the attached letter to be despatched to Bristile shareholders together with revised Brickworks Limited takeover offer documentation.

Brickworks has reached an agreement with the Australian Securities and Investments Commission as to how to compensate shareholders whose acceptance of the offer is received by Brickworks' share registry prior to the close of business on 18 July 2003 (and who will consequently **not** be entitled to the 22.5 cents per share fully franked dividend to be paid by Bristile on 31 July 2003). Shareholders who will not receive the dividend because their acceptance of the Brickworks offer is received prior to the record date for dividend entitlements will be compensated by way of the payment by Brickworks of additional consideration of 22.5 cents per share.

In the light of the above position, the Independent Directors of Bristile have modified their recommendation in respect of when shareholders should accept the offer. The recommendation is still that shareholders should accept the Brickworks revised offer in the absence of a higher offer. However, the Independent Directors now recommend shareholders seek their own professional financial or taxation advice to assess whether their interests are best served by accepting the offer on or before the close of business on 18 July 2003, or after that time. Shareholders and investors need also be aware that their valid acceptance must be **received** by Brickworks' share registry in Sydney before the close of business on Friday, 18 July 2003 (and not simply put in the mail by that date) if they wish to accept the offer so as to receive an additional payment of 22.5 cents rather than the 22.5 cents per share fully franked dividend.

Yours faithfully

Paul Depiazzi
Finance Director / Company Secretary



10 July 2003

Dear Shareholder

Recommendation: ACCEPT BRICKWORKS' INCREASED CASH OFFER

As previously advised to you, The Austral Brick Co Pty Limited, a wholly owned subsidiary of Brickworks Limited, ("Brickworks") has agreed to increase the offer price under its takeover offer for Bristile Ltd to \$3.65 cash per share.

Furthermore, and in agreement with Brickworks, Bristile has declared dividends totalling 22.5 cents per share to be paid on 31 July 2003. These dividends will be fully franked. The record date for the dividends is 18 July 2003 and the shares will trade ex-dividend on the Australian Stock Exchange from the commencement of trading on Monday, 14 July 2003.

In the absence of a higher offer, your Independent Directors now recommend that shareholders accept Brickworks' revised offer and will be accepting the offer in respect of their own shares.

The previous recommendation of your Independent Directors in a letter dated 1 July 2003 was to accept the offer after 19 July 2003 to ensure you became entitled to the benefit of the franked dividends. Brickworks have now been granted a modification of the Corporations Act and have announced that shareholders whose acceptance is received by Brickworks' share registry (Computershare Investor Services in Sydney) on or before the close of business on 18 July 2003 will receive an additional 22.5 cents per share as part of their consideration. This additional payment will not have any franking credits attached to it. If your acceptance is received by Brickworks' share registry after the close of business on 18 July, you will not get the additional consideration payment of 22.5 cents per share but you will get the 22.5 cents per share dividend that, being fully franked, will come with associated franking credits.

While many, if not most, shareholders are likely to be better off on an after tax basis accepting after 19 July, you should seek your own professional financial or tax advice as to whether you should accept the offer before or after 19 July 2003.

If you have already accepted Brickworks' offer, you will automatically receive the increased cash offer of \$3.65 per share as well as the additional 22.5 cents per share payment.

Reasons for recommending acceptance of offer

Your Independent Directors now recommend that Bristile shareholders accept Brickworks' increased offer for the following reasons.

Total cash payments of \$3.875 per share

Shareholders who accept Brickworks' increased offer will receive total cash payments (Total Cash Payments) of \$3.875 per Bristile Share, consisting of a \$3.65 Offer Price plus either fully franked dividends of 22.5 cents per share or an additional consideration payment of 22.5 cents per share.

Offer consideration now fair and reasonable

Following a negotiated increase in the offer price together with the payment of a 22.5 cents per share fully franked dividend or additional payment, your Independent Directors now consider Brickworks' increased offer to be fair and reasonable. The Total Cash Payments of \$3.875 exceeds the valuation range of Grant Samuel (the Independent Expert) of \$3.45 to \$3.82 stated in the Target's Statement.

Payment certain

As Brickworks' offer is unconditional, accepting shareholders will receive payment of the \$3.65 offer price from Brickworks within 7 days of your acceptance being received. The 22.5 cents per share dividend or additional payment is payable on 31 July 2003 or soon after.

No Higher Offer

Since Brickworks announced its takeover offer for Bristile, no other prospective bidder has indicated that they will make a higher takeover offer for Bristile.

Consequences for minority shareholders

If Brickworks becomes entitled to more than 50% but less than 90% (which is required for compulsory acquisition) of Bristile's shares your Independent Directors believe this would have the following consequences for shareholders who do not accept Brickworks' offer:

- Brickworks will have a controlling interest in Bristile;
- the liquidity of Bristile shares may be lower than at present;
- future Bristile dividend policy will be determined by Brickworks and may not be maintained at current levels; and
- following the conclusion of Brickworks' offer, Bristile's share price on ASX may fall.

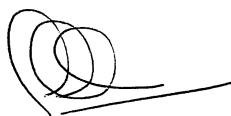
Brickworks has indicated in its Bidder's Statement that it will compulsorily acquire your shares as provided for in the Corporations Act should it, together with its associates, gain a relevant interest in at least 90% of the Bristile Shares.

Brickworks' offer is now due to close on Friday, 1 August 2003 at 7.00pm (Sydney time).

The Fourth Supplementary Bidder's Statement from Brickworks is enclosed with this letter. Bristile will issue a formal supplementary target's statement to the ASX detailing the above matters within the next few days.

You should call Bristile's toll free shareholder enquiry line on 1300 733 434 (or +61 2 9240 7451 for international callers) if you require further information.

Yours faithfully

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

DAVID GILHAM
Managing Director