

QUICKSTEP EXERCISES RIGHT OVER CONVERTIBLE NOTES

- Quickstep extinguishes debt by the conversion to shares of convertible notes with an aggregate face value of \$2.7 million
- This follows the conversion to shares of \$4 million of convertible loans in December 2009
- Quickstep now has no corporate debt as it prepares itself for signing of the Long Term Agreements with Northrop Grumman and Marand Engineering and subject to contract, start production as planned in 2012.

Australian advanced materials company Quickstep Holdings Limited (ASX:QHL) has taken another step forward to capitalise on its growth opportunities in the aerospace industry, with the decision to become debt free by exercising its outstanding convertible notes.

The move involved Quickstep exercising its right to convert A\$2.7 million of convertible notes issued by the Company in March 2009 into Quickstep shares.

The convertible notes were issued to sophisticated and professional investors and clients of State One Stockbroking in March 2009 as part of a broader capital raising to assist with preparations for aerospace-grade manufacturing at Quickstep's facility in Western Australia.

Under the terms of the placement, Quickstep could choose to convert the notes if the Company's shares maintained a Volume Weighted Average Price (VWAP) above 30 cents for three continuous months. This occurred on 25 January, 2010.

The conversion will comprise the issue of 13.5 million Quickstep shares. This follows the exercise of a \$4 million Convertible Loan by InvestOne Financial Advisory Est in December 2009, which means Quickstep is now debt-free.

Following the conversion of both loans, which is expected to be finalised this week, Quickstep will have 245.4 million shares on issue and approximately A\$26 million cash on hand.

Chief Executive Philippe Odouard said "the raising of capital and completion of debt instruments is an important part to secure the company as it works towards the signing of the Long Term Agreements for manufacture of Joint Strike Fighter components".

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About Quickstep Holdings Limited (ASX: QHL)

Quickstep is an Australian-based company which is at the forefront of advanced materials manufacturing and technology transfer for the global aerospace and defence industries.

The use of advanced composites is rapidly growing with carbon material usage planned to increase at an average rate of 20% per annum for the next 10 years, underwritten by the emergence of high-use carbon fibre commercial aircraft such as the Boeing 787 and Airbus A350. Light weighting of vehicles is the prime driver with commercial aircraft and military equipment leading the charge.

Quickstep has significant capabilities and expertise in the production of aerospace-grade composite components using both conventional autoclave-based manufacturing and leading edge out-of-autoclave production technologies, including its proprietary Quickstep Process.

In early 2009 the Company commissioned a A\$10 million manufacturing facility located in North Coogee, Western Australia giving it the second largest production capacity in the nation.

Quickstep has established strong working relationships with several major aerospace groups and Tier One Original Equipment Manufacturers (OEM's) to the aerospace and defence sectors, and is also pursuing a range of commercial opportunities through its global network of subsidiaries (located in Dayton, Ohio; and Munich, Germany), as well as through Alliances with Universities (Manchester, UK and Geelong, Victoria, Australia) and a number of Teaming Arrangements.

For further information, visit: www.quickstep.com.au

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Dear Convertible Note Holder

Mandatory conversion of Convertible Notes

Pursuant to condition 4.2 of the Terms of Issue of Convertible Notes set out in schedule 2 of the Quickstep Convertible Note Subscription Agreement (“Terms of Issue”), the Company hereby gives notice of its election to convert all outstanding Convertible Notes into Quickstep fully paid ordinary shares (“Shares”). The election to redeem the Convertible Notes is made following the fulfilment of the mandatory conversion condition that the 5 day VWAP of Shares remains above 30 cents for a continuous period of more than 3 months at any time before the Maturity Date. This condition was met on 25 January 2010.

The issue of Shares on conversion of the Convertible Notes will be made within 5 business days of your receipt of this letter, as required by the Terms of Issue. You will be issued with one Share for each Convertible Note held. Application will be made for the quotation of the Shares on ASX, and a “cleansing” notice under section 708A(5)(e) of the Corporations Act will be issued to ASX to enable you to trade your Shares.

In accordance with the Terms of Issue, payment of interest due on the Convertible Notes up to the Conversion Date will be made following the Interest Period ending 27 March 2010.

Upon redemption of your Convertible Notes, we request that you send your original Note Certificate to Quickstep for cancellation or, alternatively, destroy your Note Certificate.

If you have any questions regarding this letter, please contact Quickstep’s Company Secretary, Mr Phil MacLeod, on (08) 9432 3200.

Yours faithfully

Philippe Odouard
Chief Executive Officer

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