



SHARE PLACEMENT & TRADING UPDATE

Over the past month the Company has been endeavouring to place shares up to 15% of issued capital (3.6 million shares) at no less than 10 cents per share as per the release to the ASX dated 25 June 2010. The Company has been unable to secure investors at this price. However the company has placed 2.6 million shares at 5 cents per share.

Yesterday the Directors resolved to allot 2.6 million Fully Paid Ordinary Shares on this basis. These shares will rank pari passu with existing Fully Paid Ordinary Shares.

The issue raised \$130,000, which will be used for working capital purposes. Over the next few weeks, the Company will be finalising the placement of the remaining 1 million shares.

The Directors also noted the continued challenging trading environment in which the Company operates. During the last month the Company has embarked on a cost reduction exercise, resulting in cash outflow being reduced by \$100,000 per month.

Nick Farrow
Company Secretary
5 August, 2010