



ASX/MEDIA RELEASE

Tuesday, January 12, 2010

General Manager
The Company Announcements Office
Australian Securities Exchange

ISLAND SKY ® SKYWATER ™ MACHINES BOUND FOR ITALY AND DUBAI

Island Sky® Australia Limited (ASX:ISK) will be shipping its unique Skywater™ “air to water” machines to Italy and the United Arab Emirates, following orders from its Italian and Emirate distributors, ISK Chief Executive Officer, Richard Groden announced today.

Mr Groden said Island Sky® would ship one container - 120 units - of its Skywater™ 14 home office model machines to Dubai based distributor SkyH2O, as well as one of its larger, Skywater™ 300 machines, for a demonstration, under a consignment arrangement.

He said Italian distributor, Veragon Srl, has also placed orders for 20 Skywater™ 14 demonstration machines and one of the Skywater™ 300 machines.

A Skywater™ 300 machine was recently installed in a rural area outside of Abu Dhabi for a period of approximately three months and performed very well. The trial was conducted in a private residence with no city water.

Mr Groden said over the three-month period, in arid conditions, the Skywater ™ 300 produced:

- **14,800 gallons (56,018 litres) of water - equivalent to 164 gallons (620 litres) per day.**

He said additional pilot programs for the Skywater ™ 14 and Skywater™ 300 machines were now planned for Saudi Arabia, Dubai, Africa, the USA and Australia.

Last week, ISK announced a distribution agreement with Waternauts LLP, which will see Skywater ™ machines soon available in Australia.

For further information, please contact:

Media, Sales and Marketing:

Richard Lenarduzzi
Island Sky Australia
+ 61 (0) 411 254 390

Investor Relations:

Brad Simmons
Adelaide Equity Partners
+61 (0) 8 8232 8800