



ASX/MEDIA RELEASE

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VECTOR COMPOSITES AND QUICKSTEP TECHNOLOGIES AWARDED SECOND RESEARCH CONTRACT FROM U.S. DEPARTMENT OF DEFENSE

- Project will develop parameters to cure high temperature resins used on the F-35 Joint Strike Fighter (JSF) via the Quickstep Process.
- U.S. Department of Defense funded project specifically aimed at evaluating the performance of the Quickstep Process as compared to traditional composites processing technologies for critical components on fighter aircraft.
- Final report on Phase I due in late 2009, if successful, a larger Phase II contract may be awarded for F-35 JSF component fabrication, testing and qualification.
- Research is in keeping with Quickstep's strategy to win work within the JSF manufacturing program, utilising the Company's patented composites manufacturing technology.

Dayton, Ohio - International advanced composites group Quickstep Holdings Limited (ASX: QHL – “Quickstep”) is pleased to announce that it has been awarded a subcontract to support Dayton-based advanced composites fabricator, **Vector Composites**, for a second Phase I U.S DOD Small Business Innovation Research (SBIR) contract by the Air Force Research Laboratory, located in Dayton.

The research program will focus on the development of an Out-of-Autoclave processing cycle on a qualified high temperature bismaleimide/carbon fibre prepreg system used by the U.S. Air Force on the F-35 Joint Strike Fighter (JSF) Program.

The JSF Program is the U.S Department of Defense's (DOD) focal point for defining affordable next generation strike aircraft weapon systems for the U.S. Navy, Air Force and Marines and for U.S. allies. The JSF Program is the largest military aerospace program in the world and will be worth in excess of US\$200 billion at current prices.

Australia signed a Memorandum of Understanding (MOU) for the Production, Sustainment and Follow-on Development stages of the JSF Program in December 2006, providing a cooperative framework for the acquisition and support of the JSF, while providing large opportunities for Australian industries to participate.

Quickstep's Managing Director, Mr Philippe Odouard, said, “The R&D contract is in keeping with Quickstep's objective of winning work within the JSF manufacturing program, utilising the Company's patented composites manufacturing technology.”

“As a partner country in the JSF Program, Australia's aerospace industry has been provided with a unique opportunity to participate in the development of a new aircraft, commercialise intellectual property and become fully integrated into global aerospace supply chains on the basis of its competitive advantages,” Mr Odouard said. “Quickstep intends to actively pursue this significant long term opportunity, and the award of a second R&D contract from the U.S DOD represents an outstanding opportunity for the Company to further demonstrate our abilities.”

The research grant represents the second contract issued by the U.S. DOD specifically focused on evaluating Quickstep's patented composites manufacturing process for military aircraft. Bismaleimide (“BMI”) resins are used in high performance structural composites that demand elevated temperature use and increased toughness. Vector Composites was awarded a contract in 2008 by the U.S. Navy to evaluate production qualified epoxy prepreg resin systems, which was successfully completed using the Quickstep curing technology.

“The research to be conducted through this program will help evaluate Quickstep's patented composites manufacturing process and compare it to traditional manufacturing techniques for key fighter aircraft components,” Mr Odouard said. “We are very pleased that the U.S. Air Force sees the need for newer processing technologies to

lower costs and speed up manufacturing, and that they consider Quickstep to be a potential viable solution to that need.”

Vector Composites, a subsidiary of DR Technologies, San Diego, CA, has its operations located adjacent to the North American Quickstep Center of Excellence (NAQCE) in Dayton, which was established by Quickstep in October 2006. The NAQCE and Vector operations are located in facilities managed by the National Composite Center (NCC) under a joint operating agreement, and the NAQCE houses a QS20 composites production machine, as well as staff and supporting equipment and facilities. Since the opening of the NAQCE, prototype and demonstration work has been completed for aerospace giants Sikorsky Aircraft and GE, amongst others.

Test panels for the Phase I contract effort will be prepared by Vector and Quickstep, with the panels cured in the NAQCE Quickstep machine. An independent lab certified to supply data to the Air Force will perform the physical and mechanical testing.

“Vector Composites has considerable experience using the traditional prepreg BMI curing technologies such as the autoclave and compression press molding,” said Vector’s Vice President and General Manager Tom Mesing. “We also have experience using the Resin Transfer Molding (“RTM”) version of the same resin chemistry. Quickstep is an exciting technology that offers the potential to rapidly cure these commercially available BMI resins. That rapid cure will reduce our turn time, tooling and energy costs, thus ultimately lowering our manufacturing costs. Having the Quickstep operations right next door makes it much easier for us to demonstrate these advantages to our customers.”

The contract has just been awarded with the final report on this Phase I task due in late 2009. An optional component in the Phase I award may be exercised by the US Air Force to fabricate additional panels for further investigation. If the Phase I effort is successful, a larger, multi-year Phase II contract may be awarded, in which components for the F-35 JSF will be fabricated, tested and qualified.

“This project furthers our efforts to capture key applications for the Quickstep Process in the rapidly expanding aerospace and defence composites market,” Mr Odouard commented. “Targeting these manufacturing improvement opportunities and working with industry to implement the use of the Quickstep Process is a major focus for the Company.”

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Background on Vector Composites Inc. - www.vectorcomposites.com

Vector Composites (VCI) is a rapidly growing company located in Dayton OH, specializing in the design and fabrication of engineered composite structures for the aerospace industry. Vector Composites is a wholly owned subsidiary of DR Technologies of San Diego CA, and was spun off from the National Composite Center (NCC) in 2006 in a sale to DR Technologies. Vector’s state-of-the art fabrication facility includes the latest fabrication equipment and technologies including, Molding Presses, autoclaves, and RTM capabilities. VCI is an industry leader in the application of Resin Transfer Molding (RTM) and Vacuum Assisted RTM (VARTM). VCI’s ability to offer vertically integrated design and fabrication solutions to industry customers has placed us in a unique and coveted position.

Background on Quickstep Holdings Limited - www.quickstep.com.au

Australian-based Quickstep Holdings Limited (ASX Code: QHL) is an advanced materials company which owns a scalable platform for the energy efficient manufacture of performance efficient composite materials.

Listed on the Australian Stock Exchange in 2005 following a successful IPO, Quickstep initially raised A\$6 million to underpin the worldwide commercialisation of its innovative and proven technology with application in the multi-billion dollar aerospace, automotive, mass transit and renewable energy sectors. A further \$20 million has been invested in the establishment of Quickstep’s Western Australian based manufacturing facilities and the development of the Quickstep Process.

Composites combine high strength with light weight and are key materials in aerospace, automotive, marine, defence, public transport and industrial applications. The global composites parts market is growing strongly, reflecting a shift towards the greater use of composites as an increasingly desirable replacement for metals in many applications because of their high strength and reduced weight.

Quickstep's proprietary process is based around a fluid-based curing technology that significantly reduces the cost and time involved in the production of composites compared with conventional processes. Quickstep has been at the leading edge of the growing need to reduce part costs since the early 1990s, with a significant investment in the development of the Quickstep Process over the past decade.

Quickstep has automated Quickstep pilot production facilities operating at five separate locations with, aside from its own plant in Fremantle, West Australia; the Victorian Centre for Advanced Materials Manufacturing (VCAMM) in Geelong; a third at the North West Composites Centre (NWCC) in Manchester, England in conjunction with the University of Manchester; a fourth in the US at Dayton, Ohio, the birthplace of the aviation industry; and a fifth machine located inside the European Aeronautic Defence & Space Company (EADS) group facilities in Munich, Germany, to support a Cooperation & Development Agreement with Eurocopter, the world's largest helicopter manufacturer, signed in May 2007.

Global alliances are also in place with major international advanced materials suppliers such as Toray Composites (in the USA and Japan) and German-based industrial chemicals and performance materials giant Evonik Industries (formerly Degussa AG), alongside R&D and Applications Development Agreements with groups such as VCAMM and the Australian National University.

Quickstep's business model includes composite contract design and manufacturing to AS 9100 standards, turn-key Quickstep solutions under sale / license agreements and the undertaking of specialist paid development work.

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