



9th January 2009

CARBON*DYNAMICS* PROJECT NOT TO PROCEED

The Company advises that it has completed a review of the *CARBONDYNAMICS* project announced on 17th November 2008.

The Board has decided not to proceed with the project. It intends to preserve cash and pursue other investment opportunities that would better maximize shareholder value in the current financial environment.

The *CARBONDYNAMICS* project required in the order of \$70 million to fund the acquisition of land and establishment of plantations. The Board and Management believe they have significantly exhausted funding options appropriate in a publicly listed company including:

- Detailed discussions with international investment banks to develop a carbon backed security.
- Search for traditional agricultural debt and project financing opportunities with commercial banks.
- The engagement of Patersons Capital Partners to work on both equity and debt funding opportunities.
- Discussions with both domestic and international climate change and environmental funds.
- Detailed discussions with a number of large emitters that have potential liabilities under the proposed Australian Carbon Pollution Reduction Scheme.
- Discussions with a number of international agribusiness based funds.

The detailed review undertaken by the Board also took into account a number of key factors facing the Company outside the fundamentals of the proposed project. These included:

- Increasing volatility in main stream equity capital markets and the impact of the sharp retraction in global credit markets on project funding opportunities in general.
- The Company's ability to continue funding the increasing personnel and infrastructure investment requirements needed to commence the project prior to achieving project funding. This factor, in the Board's opinion, represented a serious risk to the company.
- Detailed financial modeling of both the project and its impact on the financial position of the Company.

The Board also engaged an independent party to undertake analysis of the *CARBONDYNAMICS* project which concluded that it was reasonable to not proceed with the project.

The Board has decided that while the underlying science and viability of the project appears to be sound, current market conditions and the long term nature of the investment required make funding of the project in a listed company structure very difficult to achieve. Two of the

Company's Directors have signaled their intention to carry on attempting to pursue the concept with their own means.

The Directors believe it is prudent to preserve cash in order to explore and source investment opportunities that are more prospective and timely given current market conditions.

Accordingly all contracts associated with the project have ended and the Company's cash use has been tuned down significantly. A number of actions have been taken including:

- All executive personnel have ceased employment in their executive capacities with the Company. The final payroll expense will be incurred next month.
- All consultants and advisors to the Company working on the project have had their engagements terminated and final payments for their services will be finalized this month. This includes the previously announced engagement with Patersons Capital Partners.
- The lease on the Company's Perth offices has been assigned.
- Andrew Harrison and Andrew Konowalous have ceased all paid executive activities and remain as Non Executive Directors to carry on the Company's search for other investment opportunities.
- The Company's previously announced advisory board has been disbanded.
- The lease on the warehouse facility in East Perth has been terminated and optical stock relocated to a smaller storage facility.

It is expected that when all payments and outstanding receipts relating to these actions have settled the company will still have sufficient funds to carry on and source more suitable investment opportunities.

The Company continues to generate modest revenues from its optical frame wholesaling business and this core activity will continue.

AUTHORISED BY:

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Non Executive Director