

HLI Limited

ACN 009 085 974

9 February 2009

Company Announcements Office
Australian Securities Exchange Limited

HLI Limited terminates deal to acquire Zoog Interactive Ltd

In May 2008 the Directors advised that the Company had entered into a heads of agreement with Zoog Interactive Ltd ('Zoog') and its shareholders to purchase 100% of Zoog.

The Company carried out its due diligence on Zoog and prepared itself for all corporate and regulatory issues arising as a consequence of this transaction.

Unfortunately due to late difficulties with the vendors, the deal with Zoog was terminated.

Directors have been reviewing various business proposals with the view to these forming the backbone of an application to ASX for reinstatement of the Company's securities.

Some Board members have advanced at significant risk further unsecured funds to the Company. If those funds had not been provided the Company would not exist today. In addition, certain executives and consultants have forgone salaries and fees, agreeing to take shares in the Company in lieu.

The Company has investigated numerous business proposals encompassing a range of business activities. We have made exhaustive investigations on a number of these, however concluded they or the required terms were not appropriate.

The board is cognisant of the need for the Company to obtain a level of operations and financial condition sufficient to justify reinstatement and continues to review investment proposals.

In fact, the Directors are at the very early stages of considering a new proposal and will ensure the market is fully appraised if and when a deal reaches the heads of agreement stage.

For comment and information

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