TechStar Limited

Level 37, Riverside Centre

123 Eagle Street

Brisbane QLD 4000

Telephone: 07 3380 2100

Facsimile: 07 3290 3440

ABN 49 089 206 986

ASX Code: TSR

Appendix 4E

Preliminary final report

For the year ended 30 June 2006

Appendix 4E

Name of entity

TechStar Limited

ABN or equivalent company reference	Year ended ('current period')
ABN 49 089 206 986	30-Jun-06

Results for announcement to the market

				A$
Revenues from ordinary activities	Down	-29%	to	**59,106**
Loss from ordinary activities after tax attributable to members	Down	-36%	to	**(1,104,486)**
Net loss for the period attributable to members	Down	-36%	to	**(1,104,486)**

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Previous corresponding period		
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Record date for determining entitlements to the dividend	N/A	

Brief explanation of any of the figures reported above:
Refer to review of operations in the attached documents

Net tangible asset backing	Current year	Previous year
Net tangible asset backing per ordinary security	(5.1) cents	(14.1) cents

Earnings per share	Current year	Previous year
Basic earnings per share	(0.9)	(4.0)
Diluted earnings per share	(0.9)	(4.0)
Weighted average number of shares used in calculating basic earnings per share	121,526,729	42,887,880
Weighted average number of shares used in calculating diluted earnings per share	123,041,935	45,001,767
The amount used in the numerator in calculating basic earnings per share is the same as the Loss attributable to members of the parent reported in the Income Statement.		
The calculation of diluted earnings per share involves adjusting basic earnings per share to reflect the existence of dilutive securities. This implies adjustments to increase the denominator to reflect that more shares would be on issue if conversion occurred.		

Change in composition of entity

On 16th December 2005 TechStar Limited completed its acquisition of Ipoh Pacific Limited and Exnox Technologies Limited. On 31st March 2006 Eyebionics Pty Ltd was incorporated as a 100% owned subsidiary of TechStar Limited.

Details of associates and joint venture entities

The reporting entity does not hold any equity in an associate or joint venture entity.

CHAIRMAN'S REVIEW OF OPERATIONS

The year to 30 June 2006 has been a watershed for TechStar Limited as we re-focused from the development of technical devices, which formed the original research projects at our public listing in 1999, into the environmental remediation sector and the mineral extraction industry.

Following shareholder approval at last year's Annual General Meeting ("AGM"), we completed the acquisition of Ipoh Pacific Ltd and Exnox Technologies Pty Ltd in December 2005 which has delivered a number of exciting environmental technologies, some of which are close to commercialisation. These environmental technologies, are all based on the unique properties of the mineral, bentonite. The Company has also gained the option to acquire the very high quality bentonite resource at Mantuan Downs, in Central Queensland.

As an important benefit for TechStar, at the time of the Ipoh acquisition it eliminated $4.7 million of debt.

The Company has signed an Agreement to acquire 100% of the issued capital of Ipoh Pacific Resources Pty Ltd, ("IPR") the owner of the Mantuan Downs bentonite resource. The proposed acquisition of 100% of IPR will be the subject of shareholder approval at the Annual General Meeting.

We are already working with IPR to progress the resource, and a mining lease application for Mantuan Downs was lodged during June 2006. This resource will provide a solid revenue base for the Company.

In May 2006, we signed a Heads of Agreement to supply a substantial tonnage of bentonite to the Middle East. Subsequent to the signing, two directors have visited Dubai to progress this transaction.

Given our new suite of technologies, we engaged an expert technology development company, Capital Technic Consulting (CTC), to oversee and co-ordinate all R&D processes for the Company. Already two of the technical device projects are being divested.

We also signed a research partnership agreement with the Co-operative Research Centre for Contamination Assessment and Remediation of the Environment ("CRC Care"). CRC Care will undertake technical research of our remediation technologies, and endorsement of the technologies as required for market commercialisation. TechStar has first right to take on any bentonite-based research emanating from CRC Care.

There have been some important personnel changes in the Company during the year. Principally, our founding Chairman, Mr John Reid AO, retired in May and, on behalf of the Board, I express our thanks for the work he has done over the last seven years. We wish him a long and happy retirement.

Finally, I take this opportunity to welcome new shareholders and also I thank all shareholders for their support. I believe that TechStar has an excellent future, holding a portfolio of environmental remediation technologies which have global application, supported by the underpinning revenues from a world class bentonite resource.

Signed in accordance with a resolution of the directors.

Brian Jones
Chairman
Brisbane

COMPLIANCE STATEMENT

1 Accounting standards and policies

This report has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards ('AIFRS).

This is the first full-year report prepared based on AIFRS and comparatives for the full-year ended 30 June 2005 have been restated accordingly.

This report, and the accounts upon which the report is based, use the same accounting policies.

The preliminary report and the accounts upon which the report is based (if separate) use the same accounting policies.

2 Audit

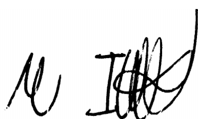
The accounts upon which the preliminary final report is based are in the process of being audited.

Consistent with the half year reporting date the preliminary financial report has been prepared on a going concern basis.

The audit report may be subject to modification regarding the future funding and preparation of the financial report on a going concern basis consistent with previous reporting periods.

3 Annual General Meeting

The day and location of the Annual General Meeting of shareholders of TechStar Limited (TSR) ("the Company") is yet to be announced.



Sign here: ____________________________________ Date: 13th September 2006

Print name: **Michael Illett**
Company Secretary
Brisbane

CONDENSED INCOME STATEMENT

YEAR ENDED 30 JUNE 2006	Notes	Consolidated 2006 $	Consolidated 2005 $	Techstar Limited 2006 $	Techstar Limited 2005 $
Revenue	2	7,052	71,457	25,001	553,753
Cost of sales		-	(12,340)	-	-
Gross profit (loss)		7,052	59,117	25,001	553,753
Other income	2	46,144	11,864	3,398	114
Gains (losses) on disposal of assets	3	5,909		5,909	
Employee benefits expense	3	(250,663)	(645,898)	(250,663)	(645,898)
Depreciation and amortisation expenses		(6,696)	(18,935)	(6,256)	(18,935)
Impairment of assets	3	-	(1,722)	(282,195)	(1,851,028)
Research and development costs		(49,519)	(25,300)	-	-
Finance Costs	3	(141,640)	(406,600)	(133,988)	(392,299)
Administration expenses	3	(715,073)	(448,087)	(679,353)	(327,087)
Other expenses	3	-	(240,000)	-	-
PROFIT(LOSS) BEFORE INCOME TAX		(1,104,486)	(1,715,561)	(1,318,149)	(2,681,380)
PROFIT(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		(1,104,486)	(1,715,561)	(1,318,149)	(2,681,380)
PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT		(1,104,486)	(1,715,561)	(1,318,149)	(2,681,380)

	cents	cents
Basic loss per share	(0.9)	(4.0)
Diluted loss per share	(0.9)	(4.0)

CONDENSED BALANCE SHEET

YEAR ENDED 30 JUNE 2006	Notes	Consolidated 30 June 2006 $	Consolidated 30 June 2005 $	Techstar Limited 30 June 2006 $	Techstar Limited 30 June 2005 $
CURRENT ASSETS					
Cash and cash equivalents		100,850	47,811	100,054	47,776
Trade and other receivables	4	91,751	91,336	42,637	63,935
TOTAL CURRENT ASSETS		192,600	139,147	142,691	111,711
NON-CURRENT ASSETS					
Other financial assets		-	-	7,485,397	1
Deferred income tax asset		-	-	-	-
Property, plant and equipment		9,240	10,416	7,580	10,417
Intangible assets		8,306,609	147,073	-	147,073
TOTAL NON-CURRENT ASSETS		8,315,849	157,489	7,492,977	157,491
TOTAL ASSETS		8,508,450	296,636	7,635,669	269,202
CURRENT LIABILITIES					
Trade and other payables	5	1,192,460	1,815,522	163,069	1,399,072
Other financial liabilities	6	1,228,822	3,933,256	1,122,906	3,846,082
Income tax payable		-	-	-	-
Provisions	7	25,834	31,813	25,697	31,676
TOTAL CURRENT LIABILITIES		2,447,116	5,780,592	1,311,672	5,276,831
NON-CURRENT LIABILITIES					
Deferred income tax liabilities		-	-		
Financial liabilities	6	-	565,000	-	565,000
TOTAL NON-CURRENT LIABILITIES		-	565,000	-	565,000
TOTAL LIABILITIES		2,447,116	6,345,592	1,311,672	5,841,831
NET ASSETS (DEFICIENCY)		6,061,334	(6,048,954)	6,323,996	(5,572,628)
EQUITY					
Parent entity interest					
Contributed equity	8	19,976,275	6,761,502	19,976,275	6,761,502
Reserves		-	-	-	-
Accumulated losses	1(f)(vi)	(13,914,941)	(12,810,455)	(13,652,278)	(12,334,130)
Total parent entity interest		6,061,334	(6,048,953)	6,323,997	(5,572,628)
Minority interest	1(f)(vi)	-	-	-	-
TOTAL EQUITY		6,061,334	(6,048,953)	6,323,997	(5,572,628)

CONDENSED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2006	Notes	Consolidated 2006 $	Consolidated 2005 $	Techstar Limited 2006 $	Techstar Limited 2005 $
TOTAL EQUITY AT THE BEGINNING OF THE PERIOD		(6,048,953)	(4,556,280)	(5,572,629)	(3,114,138)
NET INCOME(EXPENSE) RECOGNISED DIRECTLY IN EQUITY		-	-	-	-
PROFIT (LOSS) FOR THE PERIOD		(1,104,486)	(1,715,561)	(1,318,147)	(2,681,380)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD		(1,104,486)	(1,715,561)	(1,318,147)	(2,681,380)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs		13,214,773	222,889	13,214,773	222,889
Dividends provided for or paid		-	-	-	
		13,214,773	222,889	13,214,773	222,889
TOTAL EQUITY AT THE END OF THE PERIOD		6,061,334	(6,048,952)	6,323,997	(5,572,629)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ATTRIBUTABLE TO					
Equity holders of the parent	1(f)(vi)	(1,104,486)	(1,715,561)	(1,318,147)	(2,681,380)
Minority interest		-	-	-	-
		(1,104,486)	(1,715,561)	(1,318,147)	(2,681,380)

CONDENSED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2006	Notes	Consolidated 2006 $	Consolidated 2005 $	Techstar Limited 2006 $	Techstar Limited 2005 $
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		24,137	189,190	27,325	27,507
Payments to suppliers and employees		(1,579,965)	(934,570)	(1,747,597)	(740,657)
Interest received		7,052	529	6,620	192
Borrowing costs		(2,692)	(28,009)	(2,692)	(21,971)
Research and development expenditure		(49,519)	(26,386)	-	-
Intangible asset expenditure		-	(147,073)	-	(147,073)
Government grants		41,466	11,714	-	-
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		(1,559,521)	(934,605)	(1,716,344)	(882,002)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant, equipment and financial assets		9,307	-	9,307	-
Acquisition of plant and equipment		(22,894)	-	-	-
Acquisition of subsidiaries		(157,720)	-	-	
Loans to associates		(9,788)	(636)	-	(53,165)
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(181,095)	(636)	9,307	(53,165)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,270,000	222,889	1,270,000	222,889
Proceeds from borrowings		513,882	887,331	489,334	887,331
Repayment of borrowings		9,788	(3,909)	-	(3,909)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		1,793,670	1,106,311	1,759,334	1,106,311
NET INCREASE/(DECREASE) IN CASH HELD		53,054	171,070	52,297	171,144
Add opening cash brought forward		47,794	(123,276)	47,760	(123,384)
CLOSING CASH CARRIED FORWARD	10	100,848	47,794	100,057	47,760

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The preliminary financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards.

The preliminary financial report has been prepared on a historical cost basis. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(b) Statement of compliance

The preliminary financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly.

A summary of the significant accounting policies of the group under AIFRS are disclosed in Note 1(d) below.

(c) Going Concern

The consolidated entity has incurred a net loss attributable to members of $1,104,486 during the current period and at 30 June 2006 has a deficiency in net current assets of $2,254,515. Notwithstanding the financial position of the consolidated entity outlined above, this preliminary financial report has been prepared on a going concern basis as the Directors believe that the company and the consolidated entity continue to be going concerns as the Directors believe that the company and the consolidated entity will be able to realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. The continuation of the company and the consolidated entity as a going concern is dependent upon their ability to achieve the following objectives:

- Obtaining additional facilities, funding or capital from financiers, shareholders, directors and/or related parties to enable the company and consolidated entity to achieve a sufficient working cash flow level including further capital raising following the Ipoh Pacific Limited/Exnox Technology Limited transaction and funding from a shareholder share purchase plan.
- Continued exploration of options for the sale of the intellectual property and income generated from the commercialisation of the Ipoh Pacific Limited and Exnox Technologies Limited projects.
- Continued exploration of options for the sale of the intellectual property and income generated from the commercialisation of the Ironbar and SportzWhistle project.

However, should the anticipated sales of products and capital raisings not generate sufficient revenues and cash flows as expected, the company and consolidated entity may not be able to pay their debts as and when they become due and payable and they may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

(d) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of TechStar Limited and its subsidiaries ('the Group'). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which TechStar Limited has control.

Subsidiary acquisitions are included in the consolidated financial statements using the purchase method of accounting, which measures the acquiree's assets and liabilities at their fair value at acquisition date.

(ii) Investment in associate

Where the group has an investment in its associate it is accounted for under the equity method of accounting in the consolidated financial statements. This is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The financial statements of the associate are used by the Group to apply the equity method. The reporting dates of the associate and the Group are identical and both use consistent accounting policies. The investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(iii) Interest in joint venture operation

Where the group has an interest in a joint venture operation it is accounted for by recognising the Group's assets and liabilities from the joint venture, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture, in the consolidated financial statements.

(iv) Foreign currency translation

Both the functional and presentation currency of TechStar Limited and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(v) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.
If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.
The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Revaluations
Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.
Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.
Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.
Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.
An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.
In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.
Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.
Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(vi) Borrowing costs
Borrowing costs are recognised as an expense when incurred.

(vii) Investment properties
Initially, investment properties are measured at cost including transaction costs.
Subsequent to initial recognition investment properties are stated at fair value.
Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.
Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.
Any gains or losses on the derecognition of an investment property are recognised in the income statement in the period of derecognition.

(viii) Goodwill
Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.
Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Goodwill is not amortised.
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.
As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.
Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.
Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.
Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(ix) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.
The useful lives of these intangible assets are assessed to be either finite or indefinite.
Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'amortisation expenses' line item. Amortisation is calculated on a straight line basis over a period of 20 years being the assessed useful life of the intangible assets.
Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.
Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred.
Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.
Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.
Any expenditure carried forward is amortised over the period of expected future sales from the related project.
The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.
A summary of the policies applied to the Group's intangible assets is as follows:
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(x) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired.
Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.
Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.
Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(xi) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.
After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

(xii) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis;

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(xiii) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(xiv) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(xv) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(xvi) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xvii) Leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.
Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.
Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(xviii) Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:
Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.
Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.
Dividends
Revenue is recognised when the shareholders' right to receive the payment is established.

(xix) Government grants
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.
When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.
Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(xx) Income tax
Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(xxi) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xxii) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(xxiii) Derivative financial instruments

The Group may use derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.
In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.
When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.
For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.
For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.
At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs.
If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

(e) AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations
AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the transition to AIFRS).

Share-based payment transactions
AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139
The Group has not elected to adopt this exemption and has not applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information.

(f) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

The key implications of the conversion to AIFRS on the group are as follows:

i. AASB 3 Business Combinations requires that goodwill be subject to annual impairment testing. Any goodwill previously recognised by the group had been fully amortised prior to the introduction of this standard. There is no additional financial impact resulting from the application of the standard on transition and for the period ended 31 December 2005.
ii. AASB 112 Income Taxes. Income tax is calculated based on the "balance sheet" approach, which can result in more deferred tax assets and liabilities and as the tax effect follows the underlying transaction, some tax effects will be recognised in equity. The aggregate amounts of current or prior year income tax expense/(income) and deferred tax assets have not been recognised in the statement of financial position or the statement of financial performance. It is not considered probable that future taxable amounts will be available against which the unused tax losses can be

utilised. There is no additional financial impact resulting from the application of the standard on transition and for the period ended 31 December 2005.

iii. AASB 136 Impairment of Assets. Impairments of assets will be determined on a fair value less costs to sell or on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired. The carrying values of all applicable assets had been written down to a recoverable amount of nil prior to the introduction of this standard. There is no additional financial impact resulting from the application of the standard on transition and for the period ended 31 December 2005.

iv. AASB 138 Intangible Assets requires that costs incurred in the research phase of the development of an internally generated intangible asset would be expensed. Intangible assets previously recognised by the group had been fully amortised prior to the introduction of this standard. There is no additional financial impact resulting from the application of the standard on transition and for the period ended 31 December 2005.

v. AASB 139 Financial Instruments: Recognition and Measurement. Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets, except loans and receivables, must be carried at fair value. The net fair value approximates the carrying value of all financial assets and financial liabilities. There is no additional financial impact resulting from the application of the standard on transition and for the period ended 31 December 2005.

vi. AASB 127 Consolidated and Separate Financial Statements requires the excess of accumulated losses over equity attributable to minority interest to be adjusted against the parent ownership group's interest unless the minority has a binding obligation to, and is able to, make good the losses. In contrast, AASB 1024 Consolidated Accounts prohibits the excess from being adjusted against the parent ownership group's interest unless the parent agrees to bear the responsibility for the losses.

Reconciliation of total equity after tax as presented under AGAAP to that under AIFRS

		Consolidated		
		30 Jun-05	**31 Dec-04**	**1 Jul-04**
		$'000s	**$'000s**	**$'000s**
Total equity under AGAAP		(6,048,952)	(5,583,434)	(4,556,280)
Adjustments to accumulated losses:				
Minority Interest loss attributable to the parent	(a)	(3,656,476)	(3,732,164)	(3,286,310)
		(9,705,428)	(9,315,598)	(7,842,590)
Adjustments to outside equity interest				
Minority Interest loss attributable to the parent	(a)	3,656,476	3,732,164	3,286,310
Total equity under AIFRS		(6,048,952)	5,583,434	(4,556,280)

Under AASB 127 Consolidated and Separate Financial Statements losses applicable to the minority interest shareholders which reduce the minority interest to a debit/negative balance are allocated against the majority interest shareholders, except to the extent the minority has a binding obligation and is able to make an additional investment to cover the losses. Under previous AGAAP, losses were attributed to the minority interest shareholders even when it resulted in a debit/negative minority interest balance.

Reconciliation of profit after tax as presented under AGAAP to that under AIFRS

		Consolidated	
		Year ended 30 Jun-05	**Half-Year ended 31 Dec-04**
		$	**$**
Loss after tax attributable to members of the parent as previously reported		(1,345,395)	(694,188)
Minority Interest adjustment	(a)	(370,166)	(445,849)
Loss after tax under AIFRS		(1,715,561)	(1,140,037)

Under AASB 127 Consolidated and Separate Financial Statements losses applicable to the minority interest shareholders which reduce the minority interest to a debit/negative balance are allocated against the majority interest shareholders, except to the extent the minority has a binding obligation and is able to make an additional investment to cover the losses. Under previous AGAAP losses were attributed to the minority even when it resulted in a debit/negative minority interest balance.

Explanations of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

	Notes	Consolidated 2006 $	Consolidated 2005 $	Techstar Limited 2006 $	Techstar Limited 2005 $
2 REVENUE					
Revenue					
Sale of goods		-	44,428	-	-
Rendering of Services		-	26,500	18,381	483,401
Interest		7,052	529	6,620	70,352
		7,052	71,457	25,001	553,753
Other income					
Compensation for impairment(loss) of property, plant and equipment		3,398	-	3,398	-
Government grants		41,466	11,714	-	-
Royalties		1,280	-	-	-
Other			150		114
		46,144	11,864	3,398	114
3 ITEMS INCLUDED IN PROFIT (LOSS)					
Gains(losses) on disposal of asssets					
Property, plant and equipment		5,909	-	5,909	-
Employee benefits expense					
Wages and salaries		228,606	606,849	228,606	606,849
Defined contribution plans		22,058	39,049	22,058	39,049
		250,663	645,898	250,663	645,898
Impairment of assets					
Impairment losses recognised in profit or loss:					
- recoverable amount write down R&D			1,086		-
- diminution in value of loans receivable		-	636	282,194	1,851,028
		-	1,722	282,195	1,851,028
Finance Costs					
Interest expense		139,814	397,477	132,162	389,181
Other borrowing costs		1,826	9,123	1,826	3,117
		141,640	406,600	133,988	392,299
Admininstration expenses					
Bad debts written off		200	-	200	-
Foreign currency exchange differences		75	186	21	-
Administration expenses		714,798	447,900	679,132	327,087
		715,073	448,087	679,353	327,087
Other expenses					
Write off debt on sale of investments		-	240,000	-	-
		-	240,000	-	-
Specified directors and specified executives					
Interest expense from transactions with directors		68,342	259,962	66,677	259,962

	Notes	Consolidated 30 June 2006 $	Consolidated 30 June 2005 $	Techstar Limited 30 June 2006 $	Techstar Limited 30 June 2005 $
4 TRADE AND OTHER RECEIVABLES					
Current					
Trade accounts receivable		5,899	21,621	363	-
Less: Provision for doubtful debts		(3,738)	-	-	-
		2,162	21,621	363	-
Amounts receivable from related parties:					
Loans to controlled entities		-	-	25,812	-
Loans to directors/related parties		70,831	857	3,204	857
Other receivables		500	47,580	-	46,800
Prepayments		18,258	21,278	13,258	16,278
		91,751	91,336	42,637	63,935
5 TRADE AND OTHER PAYABLES					
Current					
Trade accounts payable		433,125	830,323	161,781	541,989
Amounts payable to related parties - directors		759,335	985,199	1,288	857,083
		1,192,460	1,815,522	163,069	1,399,072
6 OTHER FINANCIAL LIABILITIES					
Current					
Unsecured borrowings					
- bank overdraft		-	17	-	17
- director related entities		561,479	-	455,563	-
- other entities		7,610	-	7,610	-
Secured borrowings					
- finance lease liabilities		-	2,610	-	2,610
- director related entities		659,733	2,880,977	659,733	2,793,803
- other entities		-	1,049,652	-	1,049,652
		1,228,822	3,933,256	1,122,906	3,846,082
Non-current					
Secured borrowings					
- secured lease liability - finance lease		-	-	-	-
- director related entities		-	565,000	-	565,000
- other		-	-	-	-
		-	565,000	-	565,000
7 PROVISIONS					
Current					
Employee benefits		25,697	31,676	25,697	31,676
Warranty provision		137	137	-	-
		25,834	31,813	25,697	31,676

	Notes	Consolidated 30 June 2006 $	Consolidated 30 June 2005 $	Techstar Limited 30 June 2006 $	Techstar Limited 30 June 2005 $
8 CONTRIBUTED EQUITY					
(a) Issued and paid up capital					
Ordinary shares fully paid		20,576,385	7,361,612	20,576,385	7,361,612
Less: Equity raising costs		(600,110)	(600,110)	(600,110)	(600,110)
		19,976,275	6,761,502	19,976,275	6,761,502

(b) Movements in shares on issue (parent)

	30 June 2006		**30 June 2005**	
	Number of shares	**$**	**Number of shares**	**$**
Beginning of financial year	43,996,697	6,761,502	41,747,943	6,538,613
Issued during year				
- shares issued to other parties including employees	148,754,909	13,214,773	2,017,274	202,889
- employee share options exercised	-	-	231,480	20,000
End of the financial year	192,751,606	19,976,275	43,996,697	6,761,502

CHANGE IN COMPOSITION OF ENTITY

(a) Acquisition of Ipoh Pacific Limited

On 16 December 2005, TechStar Limited acquired 100% of the voting shares of Ipoh Pacific Limited.

In connection with the business combination, TechStar Limited paid $225,000 cash consideration and issued 80,000,000 ordinary shares with a fair value of $0.072 each based on the published price of TechStar Limited shares at the date of acquisition.

From the date of acquisition, Ipoh Pacific Limited contributed $Nil to the net profit or loss of the Group.

Amounts of classes of acquiree's assets, liabilities and contingent liabilities recognised at acquistion date:

	Carrying value immediately before acquisition	Amounts recognised at acquisition date
	$	$
Cash and cash equivalents	67,280	67,280
Trade and other receivables	55,894	55,894
TOTAL CURRENT ASSETS	123,174	123,174
Receivables		
Other financial assets		
Property, plant and equipment	728	728
Intangible assets - intellectual property	6,697	6,676,807
TOTAL NON-CURRENT ASSETS	7,425	6,677,535
TOTAL ASSETS	130,599	6,800,709
Trade and other payables	767,027	767,027
TOTAL CURRENT LIABILITIES	767,027	767,027
Secured Loans		
Unsecured Loans		
Lease Liabilites		
Provision for employee benefits		
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABLITIES	767,027	767,027
NET ASSETS	(636,428)	6,033,682
Cost of Combination/Consideration:		
Cash and cash equivalents		225,000
TechStar Limited ordinary shares issued at fair value		5,760,000
Costs directly attributable to acquisition:		
Professional fees		12,772
Stamp Duty		35,910
Total consideration		6,033,682
Cashflow on acquisition is as follows:		
Net cash acquired with subsidiary		67,280
Cash paid		(225,000)
Net cashflow		(157,720)

CHANGE IN COMPOSITION OF ENTITY (continued)

(b) Acquisition of Exnox Technologies Limited

On 16 December 2005, TechStar Limited acquired 100% of the voting shares of Exnox Technologies Limited.

In connection with the business combination, TechStar Limited issued 20,000,000 ordinary shares with a fair value of $0.072 each based on the published price of TechStar Limited shares at the date of acquisition.

From the date of acquisition, Exnox Technologies Limited contributed $Nil to the net profit or loss of the Group.

Amounts of classes of acquiree's assets, liabilities and contingent liabilities recognised at acquistion date:

	Carrying value immediately before acquisition	Amounts recognised at acquisition date
	$	$
Cash and cash equivalents	3,196	3,196
Trade and other receivables	526	526
TOTAL CURRENT ASSETS	3,722	3,722
Receivables		
Other financial assets		
Property, plant and equipment	1,371	1,371
Intangible assets - intellectual property	2,665	1,498,471
TOTAL NON-CURRENT ASSETS	4,036	1,499,842
TOTAL ASSETS	7,758	1,503,564
Trade and other payables	28,800	28,800
TOTAL CURRENT LIABILITIES	28,800	28,800
Secured Loans		
Unsecured Loans	23,051	23,051
Lease Liabilites		
Provision for employee benefits		
TOTAL NON-CURRENT LIABILITIES	23,051	23,051
TOTAL LIABLITIES	51,851	51,851
NET ASSETS	(44,093)	1,451,713
Cost of Combination/Consideration:		
Cash and cash equivalents		-
TechStar Limited ordinary shares issued at fair value		1,440,000
Costs directly attributable to acquisition:		
Professional fees		3,073
Stamp Duty		8,640
Total consideration		1,451,713
Cashflow on acquisition is as follows:		
Net cash acquired with subsidiary		3,196
Cash paid		-
Net cashflow		3,196

10 ADDITIONAL INFORMATION

Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	Notes	Consolidated 2006 $	Consolidated 2005 $	Techstar Limited 2006 $	Techstar Limited 2005 $
Cash balance comprises:					
- cash on hand and at bank		100,850	47,811	100,054	47,776
- short term deposits		-	-	-	-
		100,850	47,811	100,054	47,776
- bank overdraft		-	(17)	-	(17)
Closing cash balance		100,850	47,794	100,054	47,759

11 SEGMENT REPORTING

The following table represents the revenue and operating profit from continuing operations for each of the business segments for the half-year periods ended 31 December 2005 and 31 December 2004.

	Reo-Mate	SportzWhistle	CPR Ezy	Other /Corporate	Total
30 June 2006					
Segment revenue	30,312	11,589	1,292	15,912	59,105
Segment result	10,410	(13,400)	2,945	(1,104,440)	(1,104,486)
30 June 2005					
Segment revenue	200	15,798	40,517	26,806	83,321
Segment result	(112,869)	(125,079)	(646,772)	(830,842)	(1,715,562)

12 CONTINGENT ASSETS AND LIABILITES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

13 EVENTS AFTER THE BALANCE SHEET DATE

At the General Meeting held on 13th September 2006, the following resolutions were approved by the members:

a) Change of auditor from Ernst & Young to Sothertons;
b) An issue of 3,000,000 fully paid shares at a price of 5 cents each to be made to Capital; Technic Group, a related company of TechStar director, John Fick; and
c) Ratification of issues of 9,000,000 fully paid shares to four investors at 5 cents.

The Company is likely to acquire the remaining 2/3 share of the Mantuan Downs bentonite resource. The Company will consider a feasibility study into the commercial development of the Mantuan Downs bentonite project and is anticipated to apply for a mining lease to develop the bentonite.