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COMMODITEL LIMITED  
ABN 30 000 386 685

DMC.MP/CMOLTRS.004

28 July 2006

## AUSTRALIAN STOCK EXCHANGE LIMITED

### Electronic lodgement

Dear Sir / Madam

### **Quarterly Cash Flow Report/ Preliminary Final Result / Entitlements Issue / Issue of Securities to Director**

The board of Commoditel Limited (CMO) is pleased to attach the Appendix 4C Cash Flow Report for the quarter ended 30 June 2006, the Appendix 4E Preliminary Final Report for the year ended 30 June 2006 and an Appendix 3B in relation to a 1:10 Entitlements Issue.

### **Highlights**

1. The Company recorded a Consolidated Group Profit of \$252,757 (EBITDA), in the quarter to June 30, 2006, the Company's second consecutive quarterly profit.
2. The result was achieved by consolidating the AAPT and Revolution customer bases and generating additional revenues through proactive communications with these customers.
3. The above profit result, before a one-off cost of \$95,705 to close Adaptive Systems, an underperforming operation, was \$348,462.

### **Since financial year end**

1. The Company entered into an agreement with Australia's leading mobile phone and accessories distributor to distribute Commoditel-branded products to more than 2000 retail outlets around Australia.
2. The Company signed a content portal agreement with Australia's premier content provider, Legion Interactive, to build and supply a white label service for ring tones, logos and games. These white label products will be Commoditel branded for Commoditel customers.

## **Commentary**

Since announcing its maiden consolidated group profit of \$46,077 (EBITDA) in the March Quarter, the Company's operations have continued to improve with an EBITDA profit for the June quarter of \$252,757. This quarter's result continues the significant turnaround in the financial performance of the Company. The result also includes a one-off cost of \$95,705 associated with the closure of the Company's subsidiary Adaptive Systems, which had failed to make a positive contribution to the Company's operations.

The preliminary full year loss after tax, depreciation and amortization, as shown in the attached Appendix 4E, is \$4,278,454.

The loss for the first six months to 31 December 2005, as announced to ASX, was \$4,541,247, again highlighting the substantial turnaround achieved by management in the last six months ended 30 June.

The Appendix 4C also reflects further benefits of the operational and financial turnaround, with borrowings reduced by \$166,000 and current liabilities reduced by \$904,203 during the quarter.

The AAPT base, through communication and promotion, has performed above the modeling used for the purchase price calculation, reinforcing ComodiTel's ability to acquire a base and capitalize on its underlying potential.

The "Revolution" customer base generated via the internet with "free airtime offer" last calendar year has stabilised to a base of regular users generating reasonable revenues. However it does not appear that the base will perform as well as the AAPT business.

The sales focus moving forward will be on a revised and more competitive tariff based on the re-branded AAPT service, "Just" Prepaid Mobile. This product will now incorporate additional services such as overseas calls for the same price as local calls and content services such as ring tones and logos. "Just" will soon be available from over 2000 retail outlets around Australia.

The Company will continue to look for opportunities in the mobile phone and other telco sectors that would enable CMO to benefit from synergies and operational consolidation.

The Company now has a small but stable and profitable base and believes that its growth strategy of acquiring "orphan" customer bases and utilising traditional distribution channels puts it in an excellent position to grow.

## **Entitlements Issue**

The board wishes to advise the Company's intention to undertake a non-renounceable entitlements issue. Shareholders will be offered 1 new share for every 10 shares held, at a subscription price of 1 cent per share applied for. One free attaching option will be issued for every 2 shares subscribed for, such options exercisable at 1.5 cents each on or before 30 June 2009. If fully subscribed the issue will raise \$475,000 in working capital to fund the Company's day to day operations, plus provide capital for the Company to assess strategic acquisition opportunities. Documents will be dispatched to shareholders in relation to this issue as soon as they are available.

All the directors have indicated they will be subscribing for their entitlement pursuant to the issue in full.

## **Share Issue**

The board has also resolved to issue 5,000,000 shares (and 2,500,000 free attaching options) to the Company's Managing Director, David Sweet, on the same terms as the above entitlements issue. As Mr Sweet is a director of the Company, shareholder approval will be required prior to the issue.

## **Option Issue**

It is further proposed to issue 12 million incentive options to Mr Sweet. 6 million options will be exercisable at 1.5 cents within 3 years of the date of issue, 3 million at 2 cents within 3 years of the date of issue, and 3 million exercisable at 3 cents within 3 years of the date of issue. Shareholder approval will also be required prior to the issue of these options, and the vesting terms of the options will be detailed in the notice of this meeting. In order to attract and retain the calibre of managing director the Company requires, the directors believe it is important to offer an option package that's aligns rewards with those of shareholders over an extended period of time and links those rewards with the performance of the Company.

Approval for the issue of shares and incentive options to Mr Sweet will be sought at the next meeting of shareholders of the Company.

Shareholders with any questions in relation to the Company's operations or overall performance should contact the Managing Director, David Sweet on 0414 888 999.

Shareholders with any queries in relation to the entitlements issue or the issue of securities to Mr Sweet should contact our company secretary, David McArthur, on (08) 9389 8799.

Yours faithfully

**COMMODITEL LIMITED**



**DAVID McARTHUR**

Company Secretary

### ***About ComodiTel Limited (ASX Code: CMO):***

*ComodiTel Limited (CMO) is a pre-paid Mobile Virtual Network Operator (MVNO) in Australia.*

*MVNO's allow retail operators to set-up their own mobile telephone network without the massive infrastructure and capital costs normally associated with being a telco.*

*In Australia, ComodiTel also sells pre-paid discount mobile SIMS over the Internet, through its wholly-owned division Revolution Telecom and via its new brand Just Prepaid Mobile (formerly AAPT prepaid). By keeping distribution and cross-subsidy costs to a minimum, CMO is able to offer some of the cheapest mobile rates in Australia.*

*Further information: David Sweet  
Executive Director  
ComodiTel Limited  
Tel: 0414 888 999  
[www.comoditel.com](http://www.comoditel.com)*

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000.

Name of entity

COMMODITEL LIMITED

ACN or ARBN

30 000 386 685

Quarter ended ("current quarter")

30 June 2006

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from customers	1,263	3,508
1.2 Payments for		
(a) staff & consultants costs	(352)	(1,473)
(b) advertising and marketing	(80)	(481)
(c) leased assets	(21)	(104)
(d) other working capital	(1,277)	(3,278)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	23
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(465)</b>	<b>(1,808)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(466)	(1,809)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of: (a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(12)	(39)
(e) other non-current assets	-	(300)
(f) Research & Development expenditure	-	-
1.10 Proceeds from disposal of: (a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	11	11
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
- Research & Development expense	-	-
<b>Net investing cash flows</b>	(1)	(328)
<b>1.14 Total operating and investing cash flows</b>	(466)	(2,136)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	300	2,240
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(166)	(333)
1.19 Dividends paid	-	-
1.20 Other	-	(123)
<b>Net financing cash flows</b>	134	1,784
<b>Net increase (decrease) in cash held</b>	(332)	(352)
1.21 Cash at beginning of quarter/year to date	577	597
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	245	245

Note: Item 1.20 Other relates to share issue costs paid.

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	85
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26	<p>Explanation necessary for an understanding of the transactions</p> <ul style="list-style-type: none"> <li>• Payments in item 1.24 include remuneration and consultancy retainers paid to the executive and non executive directors - \$60,000; and</li> <li>• Payments to a related entity for the provision of legal, corporate advisory and financial management services - \$11,840</li> </ul>
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**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil
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**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	240	173
4.2 Deposits at call	5	404
4.3 Bank overdraft	-	-
4.4 Other – Restricted bank deposits	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>245</b>	<b>577</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	Not Applicable	Not Applicable
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: \_\_\_\_\_  
 Company Secretary

Date: 28 July 2006

Print name: David McArthur

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+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
4. Where applicable, the consolidated statement of cashflows, particularly items 1.1 and 1.2, are reported inclusive of GST in accordance with UIG 31.

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+ See chapter 19 for defined terms.

# **COMMODITEL LIMITED**

ABN 30 000 386 685

ASX Preliminary Final Report  
Appendix 4E

30 June 2006

Lodged with the ASX under Listing Rule 4.3A

**Results for announcement to the market**  
**30 June 2006**

**Consolidated**

		<b>2006</b> <b>\$</b>	<b>2005</b> <b>\$</b>
<b>Revenue</b>	Up 185%	3,691,191	1,294,360
<b>Profit/(Loss) before Interest, Tax, Depreciation and Amortisation (EBITDA) from ordinary activities</b>	Up 40%	(1,591,767)	(2,652,784)
<b>Profit/(Loss) before Interest and Tax (EBIT) from ordinary activities</b>	Down 43%	(4,280,987)	(2,995,310)
<b>Net Profit/(Loss) for the period attributable to members (NPAT)</b>	Down 47%	(4,278,454)	(2,917,630)

<b>Dividends</b>	<b>Amount per security \$</b>	<b>Franked amount per security \$</b>
Final dividend	0	0
Interim dividend	0	0

**Preliminary Consolidated Statement of Financial Performance**  
**For the Year ended 30 June 2006**

	Notes	2006 \$	2005 \$
<b>Revenues</b>	3	3,691,191	1,294,360
Cost of services rendered		(2,366,530)	(867,189)
Salaries and employee related benefits		(1,495,211)	(1,797,153)
Depreciation, amortisation and impairment loss expenses	4	(2,684,154)	(342,526)
Administration expenses		(939,346)	(714,303)
Borrowing costs expense		(2,533)	(1,813)
Other expenses	4	(481,871)	(489,006)
		<hr/>	<hr/>
<b>(Loss) Before Income Tax Expense</b>		<b>(4,278,454)</b>	<b>(2,917,630)</b>
Income Tax Expense		-	-
		<hr/>	<hr/>
<b>Net (Loss) attributable to the members of CommodityTel Limited</b>		<b>(4,278,454)</b>	<b>(2,917,630)</b>
		<hr/>	<hr/>
Basic loss per share(cents per share)	5		2.07

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Balance Sheet  
As at 30 June 2006**

	Notes	2006 \$	2005 \$
<b>Current Assets</b>			
Cash and cash equivalents		245,215	596,593
Trade and other receivables		338,229	243,439
Inventories		62,004	57,727
Other		123,614	54,265
<b>Total Current Assets</b>		<b>769,062</b>	<b>952,024</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		182,367	345,369
Intangibles		2,600,752	3,536,488
<b>Total Non-Current Assets</b>		<b>2,783,119</b>	<b>3,881,857</b>
<b>TOTAL ASSETS</b>		<b>3,552,181</b>	<b>4,833,881</b>
<b>Current Liabilities</b>			
Trade and other payables		756,581	954,478
Provisions		332,596	221,422
<b>Total Current Liabilities</b>		<b>1,089,177</b>	<b>1,175,900</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities		966,670	-
<b>Total Non-Current Liabilities</b>		<b>966,670</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,055,847</b>	<b>1,175,900</b>
<b>NET ASSETS/(DEFICIENCY)</b>		<b>1,496,334</b>	<b>3,657,981</b>
<b>Equity</b>			
Contributed equity		49,473,965	47,357,158
Reserves		2,727,000	2,727,000
Accumulated losses	6	(50,704,631)	(46,426,177)
<b>TOTAL EQUITY/(DEFICIENCY)</b>		<b>1,496,334</b>	<b>3,657,981</b>

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Cash Flow Statement**  
**For the Year ended 30 June 2006**

	Notes	2006 \$	2005 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		3,507,930	1,313,576
Other income		-	810
Interest received		22,893	79,493
Interest paid		(2,533)	(1,813)
Research and development tax credit received		-	129,212
Payments to suppliers and employees		(5,336,282)	(3,303,010)
<b>Net cash flows from/(used in) operating activities</b>		<b>(1,807,992)</b>	<b>(1,781,732)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for acquisition of business		(300,000)	-
Purchases of property, plant and equipment		(38,741)	(118,814)
Payments to term deposits		-	(17,000)
Proceeds from sale of non-current assets		10,968	-
Security deposits		910	-
<b>Net cash flows from/(used in) from investing activities</b>		<b>(326,863)</b>	<b>(135,814)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issues of ordinary shares		2,239,590	-
Repayment of borrowings		(333,330)	-
Payment of share issue expenses		(122,783)	-
<b>Net cash flows from/(used in) from financing activities</b>		<b>1,783,477</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>		<b>(351,378)</b>	<b>(1,917,546)</b>
Cash at the beginning of the financial year		596,593	2,514,139
<b>Cash at the end of the financial year</b>		<b>245,215</b>	<b>596,593</b>

The accompanying notes form part of these financial statements.

**Notes to the Preliminary Consolidated Financial Statements**  
**Year ended 30 June 2006**

**1. BASIS OF THE PREPARATION OF THE PRELIMINARY FINAL REPORT**

The preliminary final report has been prepared in accordance with the ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E. It is recommended that this report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by CommodityTel Limited and its controlled entities during the financial year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

**2. DIVIDENDS**

The Directors do not recommend that a dividend relating to the year ending 30 June 2006 be paid.

**3. REVENUE**

	<b>2006</b>	<b>2005</b>
	\$	\$
<b>Revenue</b>		
Revenue from services rendered	3,668,298	1,191,906
Interest received – other persons	22,893	79,493
Other revenue	-	22,961
<b>Total Revenue</b>	<b>3,691,191</b>	<b>1,294,360</b>

**4. EXPENSES**

The operating result before income tax has been determined that:

<b>Cost of Services Rendered</b>	2,366,530	867,189
<b>Interest Expense</b>	2,533	1,813
<b>Depreciation</b>		
Depreciation on plant and equipment	129,561	137,264
	129,561	137,264
<b>Amortisation</b>		
Intellectual Property	-	-
Leasehold	5,011	2,587
	5,011	2,587
<b>Impairment Loss</b>		
Goodwill	2,549,581	202,675
	2,549,581	202,675

**Notes to the Preliminary Consolidated Financial Statements  
Year ended 30 June 2006**

<b>5. EARNINGS PER SHARE (EPS)</b>	<b>¢</b>
Basic loss per share (cents per share)	2.07
Weighted average number of shares used in the calculation of basic EPS	141,040,915

The amount used in the numerator in calculating basic EPS is the same as the net loss reported in the statement of financial performance.

<b>6. ACCUMULATED LOSSES</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	46,426,177	43,508,547
Loss after income tax expense	4,278,454	2,917,630
Balance at the end of the year	<u>50,704,631</u>	<u>46,426,177</u>

**7. CONTROLLED ENTITIES**

	Country of Origin	Class of Share	Percentage Owned %	
			2006	2005
CommodITel (Australia) Pty Ltd	Australia	Ord	100	100
Adaptive Systems Pty Ltd	Australia	Ord	100	100
Natural Resource Intelligence Pty Ltd	Australia	Ord	-	100
Revolution Telecom Pty Ltd	Australia	Ord	100	100

**8. COMPLIANCE STATEMENT**

This report is based on financial statements to which the following applies:

- |                          |  |                                     |   |
|--------------------------|--|-------------------------------------|---|
| <input type="checkbox"/> | The financial statements have been audited.  | <input type="checkbox"/>            | The financial statements have been supplied to review.          |
| <input type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input checked="" type="checkbox"/> | The financial statements have not yet been audited or reviewed. |

The Company has a formally constituted Audit Committee.

*David McArthur*

David McArthur  
Company Secretary

Date: 28 July 2006

## CORPORATE DIRECTORY

### DIRECTORS

Charles Morgan (Non-Executive Chairman)  
David Sweet (Managing Director)  
Roger Steinepreis (Non-Executive Director)

### COMPANY SECRETARY

David McArthur

### REGISTERED OFFICE

Level 2  
45 Stirling Highway  
Nedlands WA 6009  
Tel: (08) 9389 8799  
Fax: (08) 9389 8327

### PRINCIPAL PLACE OF BUSINESS

CommodiTel (Australia) Pty Ltd  
First Floor  
160 Beaufort Street  
Perth WA 6005  
Tel: (08) 6263 9900  
Fax: (08) 6263 9933

### AUDITORS

Ernst & Young  
Chartered Accountants  
Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000  
Tel: (08) 9429 2222  
Fax: (08) 9429 2432

### SOLICITORS

Steinepreis Paganin  
Lawyers & Consultants  
Level 4, Next Building  
16 Milligan Street  
PERTH WA 6000

### SHARE REGISTRY

Computershare Investor Services  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Tel: (08) 9323 2000  
Fax: (08) 9323 2033

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Commoditel Limited

ABN

30 000 386 685

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Fully Paid Ordinary Shares<br>30 June 2009 Options            |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | Up to 47,500,000 Shares and<br>23,750,000 Options             |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Options exercisable at 1.5 cents on or before<br>30 June 2009 |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the †securities rank equally in all respects from the date of allotment with an existing †class of quoted †securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>								
<p>5 Issue price or consideration</p>	<p>1 cent per share</p>								
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Working capital</p>								
<p>7 Dates of entering †securities into uncertificated holdings or despatch of certificates</p>	<p>To Be Advised</p>								
<p>8 Number and †class of all †securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">†Class</th> </tr> </thead> <tbody> <tr> <td>Up to 522,500,000</td> <td>Fully paid ordinary shares</td> </tr> <tr> <td>Up to 23,750,000</td> <td>30 June 2009 options</td> </tr> <tr> <td>30,061,198</td> <td>Options exercisable at \$0.03 each by 31/12/2006</td> </tr> </tbody> </table>	Number	†Class	Up to 522,500,000	Fully paid ordinary shares	Up to 23,750,000	30 June 2009 options	30,061,198	Options exercisable at \$0.03 each by 31/12/2006
Number	†Class								
Up to 522,500,000	Fully paid ordinary shares								
Up to 23,750,000	30 June 2009 options								
30,061,198	Options exercisable at \$0.03 each by 31/12/2006								

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+ See chapter 19 for defined terms.

9	Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	*Class
		37,500,000	30/06/2009 at 1.5 cents
		126,000	30 cent employee options
		2,000,000	31/12/2006 at 3 cents
		9,500,000	31/12/2008 at 5 cents
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	As for existing fully paid	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the *securities will be offered	1:10 Shares plus 1:2 free Option
14	*Class of *securities to which the offer relates	Fully paid ordinary shares
15	*Record date to determine entitlements	To Be Advised
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Rounded up
18	Names of countries in which the entity has *security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Only offered in Australia and New Zealand
19	Closing date for receipt of acceptances or renunciations	To Be Advised

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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20	Names of any underwriters	Nil
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders	N/A
25	If the issue is contingent on *security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	To Be Advised
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	To Be Advised
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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+ See chapter 19 for defined terms.

- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 <sup>+</sup>Despatch date To Be Advised

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a) To Be Advised

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 \*quotation is sought 

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39 Class of \*securities for which  
 quotation is sought 

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40 Do the \*securities rank equally in all  
 respects from the date of allotment  
 with an existing \*class of quoted  
 \*securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

--

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

--

	Number	*Class
42 Number and *class of all *securities quoted on ASX (including the securities in clause 38)		

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+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 28 July 2006  
(Company secretary)

Print name: David McArthur

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+ See chapter 19 for defined terms.