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20 October 2006

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

Re: Clarification of Middle East Letter of Intent/Agreement.

We refer to our announcement dated 19 October 2006 and wish to advise that a letter of intent with a Dubai based Australian company has been signed for the potential supply of up to 1 million tonnes per annum of Techstar's/ CSIRO's soil conditioner product.

Samples are being prepared for delivery to undertake field trials in the United Arab Emirates utilising Mantuan Downs' bentonite.

Yours faithfully

TECHSTAR LIMITED

A handwritten signature in black ink, appearing to read 'M J Ilett', is written over the company name.

Michael J Ilett
Company Secretary