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29 November 2006

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

Dear Sir,

RE: CHAIRMAN'S REPORT TO AGM

As I said in my letter included in the Notice for this AGM, "The year to 30 June 2006 has been a watershed for TechStar".

The Company has re-focused from the development of mechanical/technical devices such as CPR Ezy, SportzWhistle and Reomate, which formed the original research projects in 1999, into the environmental protection and remediation sector, and, given approval at this AGM, into the industrial mineral industry.

There has been a significant amount of detail sent to shareholders in the notices of meeting for the EGM in September and this meeting. I will therefore summarise the developments for the year, and at the end of the meeting, Executive Director, Paul Byrne, the founder of Ipoh and Exnox, will provide a more specific briefing on the environmental technologies and the bentonite resource.

Following shareholder approval at last year's AGM, TechStar acquired Ipoh Pacific and Exnox Technologies. These companies, in conjunction with CSIRO, the University of South Australia, and DPI Queensland, had developed over a number of years several patented environmental technologies with global potential. The technologies use the unique properties of the mineral bentonite to protect and remediate soil, water and air from contamination.

During the year we continued to work with CSIRO, and signed a research partnership agreement with the newly formed Co-operative Research Centre for Care and Remediation of the Environment ("CRCCare"), in which Exnox is a foundation member. Late in June we completed negotiations with CSIRO for the global rights to the oil spill remediation technology. Commercialisation of the other environmental technologies is moving forward, and in November we met with a multi-national member of the tobacco industry regarding our patented technology to reduce organic toxins in cigarette smoke.

As part of our re-focus we completed the sale of an original technology, Sportzwhistle. This sale to a New Zealand marketing company was settled in November. The last of the original technologies, the Reomate concrete reinforcing-bar tying device, is under review with commercial prototypes being completed by an Australian engineering/design company. There is overseas interest in this project.

An associate company of Ipoh held the exploration rights to a large bentonite deposit, and following the Ipoh acquisition, given our interest then in bentonite-based technologies, the Board conducted a review of the global bentonite market. Bentonite is used in many industry sectors, with high quality calcium bentonite having particular application in the food and drink clarifying process.

Several months ago, we signed an Agreement to acquire 100% of the issued capital of Ipoh Pacific Resources Pty Ltd, the company which owns the Mantuan Downs calcium bentonite resource in Central Queensland. Mantuan Downs contains the purest calcium bentonite in Australia which is on a par with the purest in the world. It is of such quality that we registered the name *Mantuanite* for the product

Completion of this acquisition is subject to the passing today of Resolution 6 and the Board strongly recommends approval of this Resolution.

In anticipation of shareholder approval and to accelerate the process to open the mine, TechStar has been driving aspects such as native title and land owner agreements, and Mines Department approvals. We expect commercial production in the first half of 2007.

Over the past few weeks directors have been presenting the Company to stockbrokers throughout Australia specifically to raise the profile of the company with its new direction, and to complete fund raising for the mining operation and technology developments. On the cash flow forecasts we have developed, we believe that this round of fundraising will be all that is required for the Company to complete the development of the bentonite resource and become cash-flow positive.

In conjunction with that fundraising, we have been pleased to offer shareholders the right to increase their holding in the Company by taking up their entitlements at 4 cents per share under the Share Private Placement sent to shareholders with the notice of this meeting. This SPP closes next Wednesday 6th December and I encourage shareholders to take advantage of the offer.

A Resolution was to be put to the meeting today to change the name of the company to Prime Mineral Industries Limited. We had registered that name with ASIC some months ago and received our ASX market quotation code. We discovered on Monday morning that a company called Prime Minerals Limited, had lodged an IPO prospectus on 31 October 2006 and is on the ASX website.

Prime Minerals Limited is a uranium explorer. We do not know how two companies with such similar names could be approved, but we believe that it would be confusing for the market so this resolution has been withdrawn. At some stage in the future we will re-address the name of the company.

I would now like to acknowledge our founding Chairman, Mr John Reid, who retired in May. On behalf of the Board, I publicly express our appreciation for his efforts over the last seven years. His support, both in personal effort and financially, helped Techstar through some difficult times and we all wish him well for the future.

I also thank the Board for their efforts. It has been a very busy year for all of us in establishing the new direction, and all directors have contributed to the "new-look" company.

Finally, I thank shareholders for their continued support. TechStar has an exciting future. It is expected that the Company will generate good revenue from the Mantuan Downs bentonite resource, and the potential exists for "blue sky" revenue from our portfolio of environmental remediation technologies. I look forward to sharing a prosperous future with you.

Yours faithfully

TECHSTAR LIMITED

A handwritten signature in black ink, appearing to read 'BJones', written in a cursive style.

Brian Jones
Chairman