

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

TechStar Limited

ABN

49 089 206 986

Quarter ended ("current quarter")

31st December 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (six months) \$A'000
1.1 Receipts from customers	6.0	6.0
1.2 Payments for		
(a) staff costs	(17.0)	(74.4)
(b) advertising and marketing		
(c) research and development	(104.0)	(145.0)
(d) leased assets		
(e) other working capital	(321.9)	(438.4)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1.1	3.8
1.5 Interest and other costs of finance paid	(0.4)	(0.9)
1.6 Income taxes paid		
1.7 Other (Income Tax Refund)		
Other (Research & Development grant)		
Other (Insurance Recovery)		
Net operating cash flows	(436.2)	(648.9)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (six months) \$A'000
1.8 Net operating cash flows (carried forward)	(436.2)	(648.9)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows		
1.14 Total operating and investing cash flows	(436.2)	(648.9)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	717.3	959.8
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	43.4	45.8
1.18 Repayment of borrowings	(81.4)	(97.9)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	679.3	907.7
Net increase (decrease) in cash held	243.1	258.8
1.21 Cash at beginning of quarter/year to date	116.6	100.9
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	359.7	359.7

+ See chapter 19 for defined terms.

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	-
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

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

Acquisition of Ipoh Pacific Resources Pty Ltd for the consideration of 40,000,000 shares at the issue price of 5 cents per share.

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

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	1,332.5	1,332.5
3.2	Credit standby arrangements		

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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	359.7	116.6
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	359.7	116.6

Acquisitions and disposals of business entities

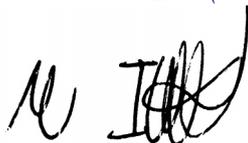
	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Ipoh Pacific Resources Pty Ltd	SportzWhistle Pty Ltd
5.2 Place of incorporation or registration	Queensland	Queensland
5.3 Consideration for acquisition or disposal	\$2,000,000	\$1,750,000 (see note below)
5.4 Total net assets	\$3,621,406	\$17,200
5.5 Nature of business	Bentonite Mine	SportzWhistle Technology

Note:

The proceeds from the disposal of Sportzwhistle are to be paid over five years through a revenue sharing royalty.

Compliance statement

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



Sign here: Date:31st January 2007.....
 (Company secretary)

Print name:Michael Ilett.....

+ 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.

ENTITY: TECHSTAR LIMITED

ABN: 49 089 206 986

ADDITIONAL INFORMATION

31st January 2007

TechStar held its AGM on 29th November 2006.

At that meeting shareholders approved the acquisition of Ipoh Pacific Resources Pty Ltd, the owner of the large, high quality bentonite resource at Mantuan Downs in Central Queensland, for a consideration of 40 million TechStar ordinary shares.

Subsequent to the acquisition, mining consultants, Coffey Mining, visited Mantuan Downs to survey the resource, confirm the quality of the material, and lay out the operations site and infrastructure. They are now preparing a Plan of Operations and Management Plan for commencement of commercial extraction.

The Company has negotiated successfully with the land holders and the native title claimants and documentation is being completed.

The sale of SportzWhistle to New Zealand marketing company, Titchfield, was completed in November.

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As advised at the AGM, commercialisation of the other environmental technologies is moving forward. In November the Company met with a multi-national member of the tobacco industry regarding TechStar's patented technology to reduce organic toxins in cigarette smoke.

In December, TechStar commenced discussions with Australian Meat & Livestock on the livestock methane reduction technology developed in conjunction with Queensland DPI.

A shareholder share purchase plan offered to all existing shareholders was taken up by 89 shareholders and raised \$365,500 by its close on 6th December 2006. In addition, private placements to section 708 professional investors raised \$496,000 during the quarter.

Major expenses during the quarter covered expenses of the AGM including the Independent Expert's Report and accounting, legal, and annual audit fees.



Sign here: Date:31st January 2007.....
Chairman

Print name:Brian Peter Jones.....

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