

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")

30th June 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (twelve months) \$A'000
1.1 Receipts from customers	0.0	17.4
1.2 Payments for		
(a) staff costs	(39.1)	(246.8)
(b) advertising and marketing		
(c) research and development	(131.0)	(131.0)
(d) leased assets		(8.1)
(e) other working capital	(296.4)	(1098.4)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1.1	6.6
1.5 Interest and other costs of finance paid	(0.7)	(1.9)
1.6 Income taxes paid		
1.7 Other (Income Tax Refund)		78.2
Other (Research & Development grant)		41.9
Other (Insurance Recovery)		3.4
Net operating cash flows	(466.1)	(1338.7)

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	Current quarter \$A'000	Year to date (twelve months) \$A'000
1.8 Net operating cash flows (carried forward)	(466.1)	(1338.7)
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		(2.5)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		2.1
(e) other non-current assets		
1.11 Loans to other entities		(75.0)
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		15.9
		(59.5)
Net investing cash flows		
1.14 Total operating and investing cash flows	(466.1)	(1398.2)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	300.0	925.0
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	200.6	801.2
1.18 Repayment of borrowings	(42.9)	(274.4)
1.19 Dividends paid		
1.20 Other (provide details if material)		
	457.7	1451.8
Net financing cash flows		
Net increase (decrease) in cash held	(8.4)	53.6
1.21 Cash at beginning of quarter/year to date	109.8	47.8
1.22 Exchange rate adjustments to item 1.20		
	101.4	101.4
1.23 Cash at end of quarter		

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	21.3
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

During the quarter, payments totalling \$76,253 were made to Capital Technic Group an entity associated with John Fick. The aggregate amount of payments made to Capital Technic subsequent to John Fick's appointment as director are reported at item 1.24 above.

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

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	1,164.3	1,164.3
3.2	Credit standby arrangements		

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Reconciliation of cash

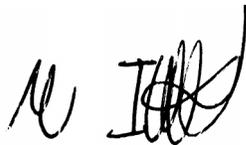
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	101.4	109.8
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		101.4	109.8

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
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 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 July 2006.....
 (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 July 2006

During the Quarter, the Company announced to the market that it had:

- Signed an Agreement to acquire 100% of the issued capital of Ipoh Pacific Resources Pty Ltd, the owner of the large, high quality, Mantuan Downs bentonite resource.

This is subject to shareholder approval and an independent expert has been engaged to provide a report to be sent to shareholders prior to a shareholder meeting to approve the acquisition.

A mining lease application for the resource was lodged during June 2006.

- Engaged an expert technology development company, Capital Technic Group (CTG), to manage the R&D processes for the Company's new suite of technologies.
- Signed a Heads of Agreement with a Dubai-based construction industry company to supply up to 200,000 tonnes pa of activated bentonite to Dubai and up to 1 million tonnes pa for the Middle East.

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Subsequent to the signing, two directors have visited Dubai to progress this transaction.

- Signed a Heads of Agreement to sell its Sportzwhistle Pty Ltd subsidiary and the associated Emergency Response Vest.

Due diligence has been completed and a Sale Agreement is currently being finalised.

- Placed 6 million shares at 5 cents to a sophisticated investor to raise \$300,000.

Subsequent to 30 June a further \$300,000 has been raised, of which \$150,000 from a director is subject to shareholder approval.

Major technology activity in this quarter was:

- finalising the research facilities and establishing a future research partnership for the company's environmental remediation technologies with CRC Care, (a public/private partnership, Cooperative Research Centre for Contamination Assessment and Remediation of the Environment).
- Taking ownership of the oil spills technology developed over several years in conjunction with CSIRO, through payment of the final development payment to CSIRO, and finalising the global licencing agreement for that technology with CSIRO.
- Negotiating with CSIRO on the global licencing of the beneficiated bentonite technology also developed in conjunction with CSIRO.

There were significant one-off cash flow requirements during the quarter; including the payment to CSIRO as above, clearing of prior creditors of the TechStar and Ipoh Group, and engagement fees for CTG. With a restructure of the executive team during July, and a move to new premises, the company's future running expenses will be reduced significantly.



Sign here: Date:31st July 2006.....
(Director/Chairman)

Print name:Brian Peter Jones.....