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Level 37 Riverside Centre 123 Eagle Street BRISBANE QLD 4000  
Fax: +61 7 3832 3234 Telephone: +61 7 3832 4928

19 October 2006

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

Dear Sir,

**Re: Reduction in Acquisition Price - Ipoh Pacific Resources Pty Ltd**

TechStar advises that it has negotiated a significantly better consideration for the previously announced purchase of Ipoh Pacific Resources Pty Ltd ("IPR").

The cash component of the purchase price has been eliminated, and the consideration will now consist only of the issue of 40 million fully paid shares, which is a major benefit for the Company.

IPR is the owner of the premium quality, mega-tonne bentonite resource at Mantuan Downs in Central Queensland, plus a neighbouring bentonite resource at Buckland Downs.

TechStar is already working with IPR to bring the resource into production as soon as possible. Layout and pegging of the first 2.74 sq kms mine site has been completed, and negotiations with native title holders and land lease holders are well advanced. It is anticipated that the resource will be able to commence mineral production in the first half of calendar 2007.

Agreements have been signed for the supply of up to 1 million tonnes per annum of bentonite into the Middle East, and TechStar has been approached by the major global mineral distributors regarding supply of this premium quality product.

The acquisition will be placed before shareholders for approval at the AGM which is scheduled for 29 November 2006.

Yours faithfully

**TECHSTAR LIMITED**

A handwritten signature in black ink, appearing to read 'M J Ilett', is written over a faint, larger version of the signature.

Michael J Ilett  
Company Secretary