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COMPANY UPDATE 3 APRIL 2006 – CONROY AVIATION MEMORANDUM OF UNDERSTANDING

The Directors are pleased to announce that Revetec and Conroy Aviation Pty Ltd (Conroy) have signed a Memorandum of Understanding (MOU) to enable the parties to scope and explore a strategic relationship whereby the parties would collaborate in the design, prototype building and testing of engines, leading to the manufacturing and sales of aircraft engines incorporating the Revetec engine and Conroy's aircraft technology.

Conroy is an Australian company that develops the Conroy Sparrowhawk aircraft for worldwide distribution. (See website: www.conroyaviation.com.au). Chris Conroy has been a designer of light aircraft for the past 50 years and for 23 years he self produced and presented the television show "Chris Conroy's Natureworld" making it the longest running independently produced show in the history of Australian television.

Chris Conroy's involvement in the national governing body the Australian Ultra Light Federation (now called Recreational Aviation Australia) enabled him to observe changes in the recreation aviation culture worldwide which led to a growing market for light sport aircraft.

Revetec has identified that the light aircraft industry worldwide is a large market and has adopted this industry as one of its key strategic products.

Conroy's recognition of the Revetec engine as a potential future engine for the light aircraft industry is an important step forward for Revetec's technology.

Revetec will use its existing 1.4 litre petrol engine as the platform to develop the aircraft engine and, should the design and testing be successful, it is the intention of Conroy to adopt our engine in its aircraft for sale worldwide.

Issued on 3 April 2006.

A handwritten signature in blue ink, appearing to be 'C. Chan', with a long horizontal stroke extending to the right.

Charles Chan
Managing Director