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DIRECTORS ANNOUNCEMENT

Progress report of Revetec's the September 2006 visit to Mahindra in India

The Directors wish to report that Brad Howell Smith has completed his 10 days of engine evaluation and testing program with Mahindra in Mumbai.

The objective of this trip was to enable Mahindra to evaluate the performance of the Revetec engine to confirm the Emissions, Power, Torque and Fuel consumption, and to understand the thermal efficiency improvement compared with a benchmarked conventional engine.

During testing we observed that the data showing one of the critical key aspects of the Revetec Technology, namely the flat torque curve was consistent with the flat torque curve characteristic obtained from Revetec's own testing result. Also noted a further important characteristic aspect namely that our engine at full throttle used the approximately the same amount of fuel at 4,000 rpm as it did at 2,000rpm which was very exciting.

Before the performance of the engine on its full range was concluded, one of the cam belts failed due to a damaged tooth on the pulley which may have happened during transport and was not visible on start up. This occurred at 4,500rpm which resulted in the valves hitting the pistons at high speed and inturn damaged the output shaft. The testing could not continue and hence complete data could not be captured.

Mahindra and Revetec have agreed to progress to the next stage of evaluation by returning the engine to Revetec on the Gold Coast to repair the damaged shaft and complete the testing in Revetec's facility in the presence of Mahindra's engineers and other Independent assessors.

It is expected that the further testing will take place over the next 3 to 4 months.

During Brad Howell Smith's visit the engineers of both companies have engaged in an in depth exchange of technology information necessary to progress the conversion of the Revetec technology from Petrol application to Diesel application. Revetec will assist Mahindra in the conceptual design of the diesel engine. This process will commence shortly.

With respect to the London visit the Directors received a very positive response from various parties with whom meetings were held and it is proposed that further steps in the capital raising in the UK will be pursued following the conclusion of the testing of the engine.

Charles Chan
Managing Director

A handwritten signature in blue ink, appearing to be "Charles Chan", written over a horizontal line.

6th October 2006