



SafeEffectTM
T E C H N O L O G I E S
Safe Effect Technologies Limited
ABN 66 099 107 623

Registered Office:
Level 2
45 Stirling Highway
Nedlands WA 6009
Australia
Postal Address:
PO Box 985
Nedlands WA 6909
Tel: (61 8) 9389 8799
Fax: (61 8) 9389 8327

2 March 2006

AUSTRALIAN STOCK EXCHANGE LIMITED

Electronic Lodgement

ISSUE AND ALLOTMENT OF SHARES

Dear Sir / Madam

1. SETI Takeover

We refer to Safe Effect Technologies Limited's (SETL) off-market takeover bid (Takeover) for all of the ordinary shares in Safe Effect Technologies International Limited (SETI).

SETL is pleased to announce that it has issued and allotted 46,447,119 shares to accepting SETI shareholders pursuant to the Takeover. Despatch of the holding notices for these shares will occur on 2 March 2006. As previously announced SETL will now proceed under section 661A of the Corporations Act 2001 to compulsorily acquire all outstanding SETI shares.

2. Placement

SETL has also today issued 14,192,870 shares to Claymore Capital Pty Ltd (Claymore) in satisfaction of professional fees of \$734,681 owed to Claymore by the Company.

3. Conversion of Convertible Note

The Company entered into a finance arrangement with Claymore by way of the issue of a convertible note to Claymore in its capacity as trustee for various investors dated 28 April 2005 (Convertible Note). The Convertible Note has a total face value amount of not less than \$4,000,000 and up to \$7,000,000 with the ability to be increased to \$9,000,000. The Convertible Note was approved by SETL shareholders on 1 November 2005. SETL has received a conversion notice from Claymore under the Convertible Note directing that SETL convert \$6.3 million of debt under the Convertible Note into equity. SETL has today issued 126,000,000 shares to Claymore on trust for various investors at \$0.05 per share in accordance with the terms of the Convertible Note.

4. Appendix 3B Notices

An appendix 3B in respect of the shares being issued under the SETI Takeover was lodged by the Company on 10 March 2005. An appendix 3B in respect of the share issues set out in paragraphs 2 and 3 above is attached.

Yours faithfully

SAFE EFFECT TECHNOLOGIES LIMITED

A handwritten signature in cursive script, appearing to read 'D McArthur'.

DAVID McARTHUR

Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

SAFE EFFECT TECHNOLOGIES LIMITED

ABN

099 107 623

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | *Class of *securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of *securities issued or to be issued (if known) or maximum number which may be issued | A. 1,499,250
B. 12,693,620
C. 126,000,000 |
| 3 | Principal terms of the *securities (eg, if options, exercise price and expiry date; if partly paid *securities, the amount outstanding and due dates for payment; if *convertible securities, the conversion price and dates for conversion) | Shares will rank pari passu with existing ordinary shares on issue |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes				
5	Issue price or consideration	A. \$0.0667 B. \$0.05 C. \$0.05				
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	A. In satisfaction of professional fees owed by the Company. B. In satisfaction of professional fees owed by the Company. C. Issue of shares pursuant to a conversion under a convertible note.				
7	Dates of entering *securities into uncertificated holdings or despatch of certificates	1 March 2006				
8	Number and *class of all *securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; text-align: left; padding: 2px;">Number</th> <th style="width: 50%; text-align: left; padding: 2px;">*Class</th> </tr> <tr> <td style="padding: 2px;">352,261,838</td> <td style="padding: 2px;">ORD shares</td> </tr> </table>	Number	*Class	352,261,838	ORD shares
Number	*Class					
352,261,838	ORD shares					

+ See chapter 19 for defined terms.

9 Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th><th>*Class</th></tr> </thead> <tbody> <tr> <td>10,500,000</td><td>Options</td></tr> </tbody> </table>	Number	*Class	10,500,000	Options
Number	*Class				
10,500,000	Options				
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	As for existing fully paid				

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the *securities will be offered	
14 *Class of *securities to which the offer relates	
15 *Record date to determine entitlements	
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17 Policy for deciding entitlements in relation to fractions	
18 Names of countries in which the entity has *security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19 Closing date for receipt of acceptances or renunciations	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders	
25	If the issue is contingent on *security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

- 32 How do *security holders dispose of their entitlements (except by sale through a broker)?
- 33 *Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders
- 36 ☐ If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional *securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which *quotation is sought					
39	Class of *securities for which quotation is sought					
40	Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and *class of all *securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">*Class</th> </tr> </thead> <tbody> <tr style="height: 80px;"> <td></td> <td></td> </tr> </tbody> </table>	Number	*Class		
Number	*Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 2 March 2006
(Company secretary)

Print name: David McArthur

== == == == ==

+ See chapter 19 for defined terms.