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Company Announcements Office
Australian Stock Exchange Limited
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ASX ANNOUNCEMENT AND MEDIA RELEASE

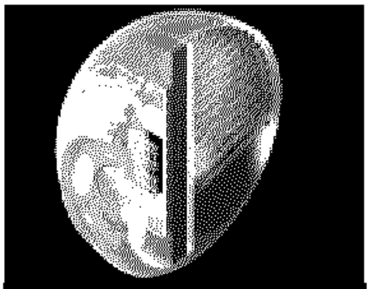
TECHSTAR ACQUISITION ANNOUNCEMENT

Trading will resume in Australian commercialisation company TechStar Limited today after it confirmed it is to acquire Augen Technologies, a business developing innovative vision prosthesis "bionic eye" technology. In addition, TechStar is in active negotiations to divest two of its existing products.

TechStar Chairman, Mr John Reid, said the announcements were the results of a two-year program to restructure the business.

"We have refocussed the company to its core business of taking Australian technology to the world," Mr Reid said.

"Since the company was founded in 1997, it has had a strategy to invest, develop, exit and then invest again in new opportunities. The time is right to divest two of the products we have been developing.



*artistic impression only

"Today's announcements are therefore part of our natural process of reinvestment."

TechStar Chief Executive Officer, Mr David Hunt, said the company is particularly excited by the potential offered by the acquisition of Augen Technologies and its patent-protected bionic eye technology.

The bionic eye device in this early stage of development has the potential to help the blind see some images, light and shade, structure and shapes. It is considered particularly beneficial for people who have lost their sight due to degenerative and aged related eye disease.

It comprises an electronic circuit implanted into the eye which delivers controlled, electronic stimulation to surviving nerve cells of the retina to restore some of the physiological events that take place on a normal, functional retina.

"This is an Australian developed product with worldwide market demand, at the leading edge of bioscience with several years of development and successful testing already completed," Mr Hunt said.

"This is a great example of the investment approach we will be employing for future opportunities by investing in more developed products.

"In addition, we are currently reviewing a number of new Australian technology developments and expect to make further acquisitions in the next six months."

TechStar has entered a conditional Heads of Agreement to acquire 100% of Augen Technologies from the inventor and originator of the research Dr Gregg Suaning of the University of Newcastle, and co inventor Associate Professor Nigel Lovell of the University of New South Wales. Both Suaning and Lovell are accomplished biomedical engineers with several years experience in the field of nerve stimulation. The condition of the Heads of Agreement is that Techstar will complete an equity raising of a minimum of $10m. A contract of sale will be executed in the coming weeks.

After an extensive career in the private sector, Dr Suaning now lectures in Mechatronics Engineering and Biomedical Engineering at the University of Newcastle. In 1997, he commenced a Ph.D. research project to devise and test a vision prosthesis system, which led to the establishment of Augen Technologies. His interest in this field was heightened by five years as Manager of Process Development Engineering where he was part of the team developing an hearing implant system.

Prof Lovell is faculty member of the Graduate School of Biomedical Engineering and the Deputy Director of the Centre for Health Informatics at the University of New South Wales. His research work has covered a wide range of expertise including web-enabling technologies, biological signal processing and physiological modelling. He has published over 100 journal articles, books and patents abstracts and consulted to government and industry. He is also a former Visiting Professor in the Faculty of Medicine, Johns Hopkins Hospital. Prof Lovell is currently Vice President of the IEEE EMBS, the largest international biomedical engineering professional society.

Under the terms of the agreement with Augen, TechStar will acquire the company's intellectual property; fund Suaning and Lovell's further research and development and provide administration support to the company. In return the co-inventors, who will remain on the Augen board, will receive $8m of TechStar stock to be issued at 25cents and held in escrow for 12 months, as consideration for the transaction. A representative of the Augen Technologies Board will sit on the TechStar Board.

In order to fund the ongoing research and development a capital raising of approximately $12 million will be required. At this stage the details of the fundraising are yet to be finalised. A prospectus providing more detailed information will be sent to TechStar shareholders in the coming weeks with Extraordinary General Meeting of TechStar shareholders to be held to consider the acquisition.

Details of the proposed Issued Capital and pro forma Statement of Financial Position are outlined below:

TechStar Issued Shares
Based on 100% ownership of Augen Technologies

	# of shares on issue	Share Price	Value
Existing shares	40,822,017	$0.30	12,246,605
Purchase of Augen	32,000,000	$0.25	8,000,000
Total existing shares	**72,822,017**		

Pro Forma Statement of Financial Position

	31 December 2003	Pre Capital Raising & Divestment
Current Assets	352,139	352,139
Non-Current Assets	1,755,665	9,755,665
TOTAL ASSETS	**2,107,804**	**10,107,804**
Current Liabilities	4,200,900	4,200,900
Non-Current Liabilities	4,614	4,614
TOTAL LIABILITIES	**4,205,514**	**4,205,514**
NET ASSETS	**(2,097,710)**	**5,902,290**
Total parent entity interest in equity	(50,358)	7,949,642
Total outside equity interest	(2,047,352)	(2,047,352)
TOTAL EQUITY	**(2,097,710)**	**5,902,290**

Development of the bionic eye concept began in 1997. To date, initial animal trials have been successfully conducted. The next stage of the research and development is to progress to a second stage of animal testing, moving towards pre-clinical testing, which will take approximately 3 to 4 years to complete.

Mr Hunt said the market potential worldwide for the bionic eye is supported by a recent report from the international Vision 2020 initiative led by the World Health Organisation, which identified 45 million blind people globally.

"The report estimates that 7 million people go blind every year," he said.

"The potential to generate significant revenue with even a minor position in this market and to make a difference for many people supports our investment in this technology."

The two products TechStar is in active negotiations to divest are Medteq Innovations Pty Ltd, 'CPR Ezy', and the Ironbar Pty Ltd 'Reomate'.

The CPR Ezy is a chest compression device with a general-use resuscitation mask, which provides correct CPR rhythm and compression on patients during a cardiac arrest. The Reomate is a battery-operated power tool that delivers a unique wire clip to tie reinforcing concrete formwork. This overcomes the requirement for construction workers to manually tie reinforcing steel.

A UK company is currently conducting due diligence on the CPR Ezy product, while an expression of interest in the Reomate has been received from a US based international power tool company.

At this stage no contracts are in place, however both processes are expected to result in sales this financial year and we will keep the market informed of further developments.

Mr Reid said that in the case of all exits, the company ideally would like to retain a royalty on the individual products after sale as well as gaining a worthwhile selling price for them.

"The exits will provide TechStar with renewed funding and fresh opportunities, not only to assess the most promising inventions, but to exercise the many skills we have gained in the process of taking these inventions to market," he said.

For further information, please contact:

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