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Dear Sir,

NEW POLLUTION DETECTION & MONITORING SYSTEM**KEY POINTS:**

- Agreement with Japanese company Dune Inc. to develop a new system for detection and monitoring of pollutants
- New System will comprise WTA's "diffusion-cell" detector and Dune Inc's novel Mass Spectrometer in one unit.
- Specific new market sectors for this on-line real-time detector system have been identified and will be targeted.
- The Japanese sales potential for the application is greater than US \$20M annually and the global market potential is estimated at US \$3.4 billion
- WTA will have the exclusive rights to market the equipment in Australia
- The first release of the new units are expected early in the second half of this year.

DETAILS

The Directors of Zeolite Australia Ltd (ZEL) are pleased to announce that the Australian environmental technology company, Waste Technologies of Australia Pty. Ltd. (WTA), in which ZEL has a significant interest, has entered into a development agreement with Dune Inc. of Japan.

The agreement is to develop a new system for the real-time detection and monitoring of pollutants/contaminants in a wide range of applications covering both air and water.

The new system will incorporate WTA's advanced "diffusion-cell" detector coupled with a "mini" mass spectrometer (called Elfie 2003) developed by Dune Inc. The combined unit will represent a world-first as a hand-held analysis tool.

The new system operates with WTA's "diffusion-cell" which incorporates a special membrane that is configured to pass certain chemicals to be detected (such as volatile organic compounds) through it. These selected chemicals that have passed through the membrane are then analysed by Dune's mass spectrometer with the result that contaminants or pollutants are detected in real-time. The WTA/Dune system can be configured to operate unattended and transmit real-time results from remote locations if required.

The combination of these two advanced "technologies" into a single commercial unit opens up a wide range of commercial applications for real-time detection and monitoring of pollutants and contaminants. These applications include monitoring contaminants in groundwater, detection of ethanol in the beverage industry and the detection of volatile compounds in buildings. The issue of volatile contaminant emission in buildings is believed to be a significant cause of what is known as "sick building" syndrome and is a global problem.

The identified domestic market for mini instrumentation capable of on-line real-time detection is potentially more than US \$20M per year in Japan alone while future sales will target a world market estimated to be in excess of US \$3.4 billion.

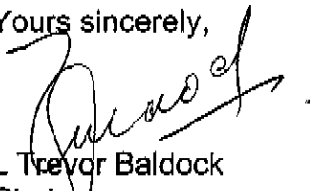
WTA and Dune Inc. are committed through the agreement to utilise the novel Australian technology in developing commercial products for market sectors where there is a need for cost-effective and reliable on-line, real-time detection and monitoring of contaminants and pollutants.

CONCLUSION

The agreement represents a significant milestone towards commercialisation of an innovative technology developed in Australia. It is part of ZEL's strategy to accelerate commercialisation of the most promising of the WTA environmental technologies which have significant global market opportunities.

ZEOLITE AUSTRALIA, PROTECTING THE ENVIRONMENT

Yours sincerely,



L Trevor Baldock
Chairman