

ANNOUNCEMENT TO THE ASX - AUGUST 1, 2003

Previous announcements on February 12 and April 3, 2003 advised of an agreement between GTN and ZBB Energy Corporation (ZBB) to conduct due diligence on each other's business and the subsequent signing of a Heads of Agreement (HOA) for the merger of the two companies.

A definitive Merger Agreement has now been signed by ZBB and GTN which closely reflects the HOA. The main features of the Merger Agreement are:

- 1) GTN will acquire all of the issued capital in ZBB (shares, options and convertible notes) by issuing ZBB shareholders with shares and options in GTN (the Merger);
- 2) The exchange ratio for these securities will value GTN ordinary shares at \$4,350,000, representing approximately 22 cents per share. GTN shareholders will be required to approve a share consolidation to reduce the number of issued shares by approximately 4.6 for 1. As a result, the value attributed to existing GTN shares by the Merger, post consolidation, will be approximately \$1.00 per share;
- 3) As part of the Merger, GTN shareholders will be granted 1 option to subscribe for a new GTN share for every 6 shares held by them following the consolidation;
- 4) Following the Merger, existing GTN shareholders will hold approximately 6.7% of the expanded capital of the company;
- 5) Completion of the Merger is conditional on:
 - a) GTN obtaining commitments from subscribers for a placement of at least A\$10 million (up to a maximum of A\$15 million) of new shares on terms acceptable to GTN and ZBB shareholders;
 - b) Shareholder approval for the Merger and related transactions by GTN shareholders and for the Merger by ZBB shareholders (as required);
 - c) GTN having a minimum of A\$3.35 million in cash and liquid assets on hand at Completion date;

As required by the Merger Agreement, GTN has now completed the disposal of its principal gem mining asset to a third party for cash and has reached agreement with a subsidiary of Excel Mining Ltd for it to acquire the balance of GTN's existing assets, excluding certain gemstone inventory, for \$750,000. This sale is the subject of an independent expert's report and will require the approval of GTN shareholders in general meeting.

It is expected that the Merger will be completed by the end of September after which ZBB shareholders and new investors will control approximately 93% of GTN. GTN will change its name to ZBB Energy Ltd and all existing GTN directors will resign following completion, except for Tony Haggarty who will remain a director of the merged entity.

GTN shareholders will soon receive detailed documentation about the proposed Merger and related transactions, including an independent expert's report, to convene a shareholders meeting and to assist them in deciding whether to support the transaction.

For further information please contact Tony Haggarty on 02 9247 2900.