

20 February 2012

Lodged by ASX Online

The Manager
Company Announcements Office
ASX Ltd
Level 4, 20 Bridge Street
Sydney, NSW 2000

Dear Sir / Madam

SUCCESSFUL A\$4.5 MILLION PLACEMENT POSITIONS TZL FOR GROWTH

TZ Limited (the "**Company**") is pleased to announce that the Company has received acceptances from various institutional and sophisticated investors for a placement of 14,225,279 ordinary shares at 32 cents per share, to raise \$4,552,089 in working capital to position the Company for anticipated supply contracts and new business (the "**Placement**").

Veritas Securities Limited acted as the Lead Manager in securing the placement for the Company.

It is anticipated that the settlement of shares under the Placement will occur on Wednesday the 22nd of February 2012, and that the shares will be available to trade on Thursday the 23rd of February 2012, although these dates are indicative only and may change.

In addition, the Company is pleased to advise that it has agreed with QVT Fund LP and Quintessence Fund L.P. (the "**QVT Funds**") that the conversion price per ordinary share applying to all the outstanding convertible notes issued by the Company to the QVT Funds (and any Series IV convertible notes that may be issued in accordance with the Company's announcement on 23 December 2011) will not be affected as a result of this Placement.

For purposes of clarity, the conversion price of 42 cents per share applying to the 4,275 Series IIIB Convertible Notes and to any Series IV Convertible Notes to be issued, and the conversion price of 35 cents per share applying to the 12,000 Series I Convertible Notes and the 1,714 Series III Convertible Notes will not be affected by the Placement.

John Wilson, CEO of wholly owned subsidiary, Telezygology, Inc. stated, "The Company is anticipating a number of significant supply contracts which will require investment in inventory, supply chain establishment and production readiness programs. This capital raising positions the Company well to build the enabling conditions to support such initiatives."

An appendix 3B in respect of the Placement is enclosed.

A handwritten signature in black ink, appearing to be 'Ken', written over a circular scribble.

For further information please contact

Kenneth Ting
Executive Director and Company Secretary, TZ Limited
Email: info@tz.net

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

TZ LIMITED

ABN

26 073 979 272

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 | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 14,225,279 |
| 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) | Same terms as existing ordinary shares |

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

Yes

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

Not applicable

5 Issue price or consideration

\$0.32 per share

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

To raise working capital to position the Company for anticipated supply contracts and new business

7 Dates of entering +securities into uncertificated holdings or despatch of certificates

22 February 2012

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	138,356,402	Ordinary fully paid shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	3,000,000	CB Options exercisable at \$4.00 and expiring on 19 February 2013

+ See chapter 19 for defined terms.

Number	+Class
3,000,000	Options exercisable at \$0.42 and expiring on 19 February 2013.
13,714	Convertible notes at an issue price of \$1,000 per convertible note
4,275	Secured convertible notes at an issue price of \$1,000 per convertible note
1,750,000	Directors options exercisable at \$1.00 and expiring on 30 June 2016.
1,750,000	Directors options exercisable at \$2.00 and expiring on 30 June 2017.
1,750,000	Directors options exercisable at \$3.00 and expiring on 30 June 2018.

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) Shares rank pari passu with all existing fully paid ordinary shares.

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required? Not applicable
- 12 Is the issue renounceable or non-renounceable? Not applicable
- 13 Ratio in which the +securities will be offered Not applicable
- 14 +Class of +securities to which the offer relates Not applicable
- 15 +Record date to determine entitlements Not applicable

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
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.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable.
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
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	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable

+ See chapter 19 for defined terms.

- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 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

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	Not applicable	
39	Class of +securities for which quotation is sought	Not applicable	
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	Not applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	Not applicable	
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class
		Not applicable	

+ 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:
Director/Company secretary

Date: 20 February 2012

Print name: Kenneth Ting

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