

MARKET UPDATE – FOOD GRADE COLLAGEN**15 May 2012**

We refer to our announcement on 27 June 2011 and are pleased to provide an update on the development of our Food Grade Sheep Collagen.

We are pleased to inform that all our Research & Development work is now completed. We have established a clear commercial endpoint and are now progressing to pilot scale production before commencing full industrial scale production in our Collie facilities.

We have also resolved most of the issue of sourcing the sheepskins in Western Australia and elsewhere within Australia.

We also wish to announce that we will be moving the total food and cosmetic grade collagen production back to Collie, Western Australia instead of locating food grade production facility plant in Malaysia. This food grade production facility will be housed within our current cosmetic collagen facility in Collie, Western Australia which was recently re-commissioned.

By leveraging on our existing collagen facility, we will be able to commission the food grade production sooner and with lesser capital expenditure. The economies of scale and the shared warehousing will add to our leaner production cost objectives, as the global sales program starts to gain momentum.

Jay Stephenson

COMPANY SECRETARY

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