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Virotec International Ltd
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VIROTEC INTERNATIONAL LTD

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SUBLICENSE AND SALE OF TECHNOLOGIES TO THE
GREENHOUSE FUND

Virotec International Ltd ("Virotec") (AIM:VTI) announces that it has entered into agreements with The Greenhouse Fund Limited ("Greenhouse") (AIM:GHF) for the sub-licence and sale of technologies which are currently outside of Virotec's core operational focus.

The transaction involves the sub-license of five technologies and the sale of the assets of Sterling Environmental Solutions Limited (together the "Transaction") to Greenhouse. In addition, it is intended that Greenhouse will enter into an option to acquire the business and assets of ImperativePlus Pty Ltd, a wholly owned subsidiary of Virotec, on the terms of the option will be agreed within the next month.

Consideration for the Transaction is to be satisfied by the issue of 30,000,000 new shares in Greenhouse ("Shares") and £0.5 million in cash. At the opening price on 29 June 2006 of 15p, the Share element is valued at £4.5 million. As a result of the issue of the Shares, Virotec will have a 19 per cent holding in the voting share capital of Greenhouse. Virotec will also be entitled to an ongoing royalty from any revenue earned from exploitation of the technologies and, if any of the technologies are subsequently sold by Greenhouse, any sale will include the obligation to continue to pay royalties to Virotec and for Virotec to retain its 19% interest in the technologies for zero consideration.

It is intended that Mr Brian Sheeran, Virotec's Executive Chairman, will be appointed to the board of Greenhouse to oversee commercialisation of these technologies.

Virotec has previously announced (most recently in its 2005 Annual Report) its intention to investigate the appropriate way to obtain value for its environmental technologies not considered part of its core business but which it considers to have significant potential, including sale or sub-licensing, which enables Virotec to retain a carried interest in the technologies for participation in the potential upside whilst eliminating risk associated in investing in new technologies. This transaction demonstrates implementation of this intention, and enables the further development and commercialisation of these technologies with Greenhouse providing the resources.

Virotec's Executive Chairman Mr Brian Sheeran comments "This is an exciting deal for both Virotec and Greenhouse. Virotec will continue to focus on the commercialisation of its existing technologies around the world while retaining an interest in these non-core technologies. Greenhouse will be able to direct both funding and manpower to further develop these technologies into market ready commercial applications."

Mr Sheeran added "This transaction also reaffirms Virotec's ability to develop technologies where a market need is identified and then maximise the potential for Virotec by structuring its future development in association with a third party while maintaining a significant interest in the technology. Virotec will continue to seek opportunities such as this in the future."

Virotec has agreed not to sell or otherwise dispose of the Shares issued to it

as consideration at any time prior to the first anniversary of the date of publication of the audited accounts for the year ended 31 December 2006, which is expected to be approximately March 2008, without the consent of Greenhouse and Evolution Securities save in certain limited circumstances.

Background to the Transaction

The five technologies being sub-licensed to Greenhouse are derived from the Bauxsol™ Technology developed by Virotec. These are:

- (a) ViroConcrete™ Technology - speciality cement products with applications in shotcreting, grouting, high density concrete, acid exposed concrete or concretes that are exposed to water or wet environments, particularly salt water environments;
- (b) ViroAirFilter™ Technology - designed to remove mercury, CO2 and other polluting metals from industrial flue gasses by 'gas scrubbing' such environmentally hazardous compounds from waste gases prior to their release into the atmosphere;
- (c) ViroFertiliser™ Technology - aims to control phosphate pollution and increase crop yields via the slow release of phosphate from super-phosphate fertilisers;
- (d) Gastric animal applications - aims to relieve gastric problems and diseases within animals;
- (e) Any further new commercial applications developed from the Bauxsol™ Technology; giving Greenhouse access to the time and efforts of the two main scientists, their facilities and staff involved in the development of the Bauxsol™ Technology and its applications in the Southern Cross University in New South Wales, Australia.

In addition Greenhouse has purchased the assets of Sterling Environmental

Solutions Ltd ("Sterling"), with a view to establishing a regional treatment centre for the treatment of high strength organic waste streams.

Further, it is intended that Greenhouse will enter into an option to acquire the business and assets of ImperativePlus Pty Ltd, a sustainability advisor and service provider. It has been agreed in principle that Greenhouse will pay a nominal consideration on grant and on exercise of this option. It is anticipated that the terms of the option will be agreed within the next month.

Greenhouse's strategy is to further develop the technologies, using both academic and commercial partners from within industry. Once an application has reached full commercialisation level, Greenhouse will then consider the next stage to best generate shareholder value with a new structure for each license, depending on the particular market and opportunity that it faces.

If you would like any further information in relation to this announcement or on Virotec generally, please contact Angus Craig on +617 5530 8014 or visit www.virotec.com.

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