

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

Section 93AA *Australian Securities & Investments Commission Act 2001*

The commitments in this enforceable undertaking are offered to the Australian Securities and Investments Commission ('ASIC') by:

Recoilless Technologies International Corp. Limited (ACN 092 154 857)
(**'the Company'**)

Unit 18
595-599 Chandler Road
KEYSBOROUGH VIC 3173

and

Vader Pty Ltd (ACN 085 837 547) ('Vader')

Unit 18
595-599 Chandler Road
KEYSBOROUGH VIC 3173

and the directors of the Company:

Richard GIZA ('Giza')

Unit 18
595-599 Chandler Road
KEYSBOROUGH VIC 3173

and

Joseph (Joe) VELLA ('Vella')

931 Heatherton Road
SPRINGVALE VIC 3171

and

Juan Michael Johnson ('Johnson')

1850 Ballarto Road
CLYDE VIC 3978

Background

1. During the period 1 July 2000 to 31 March 2002 the Company has raised \$739,150.00 from 85 investors ('the Investors').
2. The Company raised the funds by way of agreements entered into between Vella and the Investors ('the Investment Agreements'). There were terms of the Investment Agreements that:
 - 2.1. each Investor gave a specified sum to Vella for the purposes of investing in the Company ('the Investor's Funds'); and
 - 2.2. the funds were invested under "general conditions specified by the [Company] that upon completion of its fund raising as an unlisted entity" shares of a specified value would be issued by the Company to Vella for the value of the Investor's Funds; and
 - 2.3. "as soon as it will be possible under corporations law" those shares would be transferred to the relevant Investor.
3. The Investors and the amount invested by each Investor are set out in Annexure A to this undertaking.
4. For each Investment Agreement, Vella entered into a corresponding agreement with the Company whereby Vella invested the Investor's Funds in the Company ('the Vella Agreements'). There were terms of the Vella Agreements that the Company undertook that "upon completion of its fund raising as a private entity" shares of a specified value would be issued by the Company to Vella equal to the value of the Investor's Funds.
5. The funds raised by the Company have been applied for the purposes of conducting research and development into the commercial applications of certain weapons technology owned by Vader ('the Technology') and meeting the costs of registering the intellectual property rights in relation to the Technology.
6. ASIC is concerned that:
 - 6.1. the combined effect of the Investor Agreements and the Vella Agreements is an offer of securities requiring disclosure under Part 6D.2 of the *Corporations Act 2001* (and corresponding provisions of the *Corporations Law*) ('the Act');
 - 6.2. the Company, Giza and Vella have not made adequate disclosure to investors;
 - 6.3. the Company, Giza and Vella may have engaged in conduct that was misleading or deceptive or likely to mislead or deceive.

7. Section 1324 of the Act relevantly provides that where a person has engaged or is engaging in conduct that constituted or constitutes a contravention of the Act, ASIC may seek an injunction restraining the person from engaging in that conduct and requiring that person to do any act or thing.
8. Giza, Vella, and Johnson ('the Directors'), the Company and Vader acknowledge the concerns of ASIC set out above and have offered the undertakings (as applicable) set out in paragraphs 9 to 12. ASIC has agreed to accept the commitments set out in this enforceable undertaking as an alternative to the actions referred to in paragraph 7 above.

Undertakings

9. Pursuant to section 93AA of the *Australian Securities and Investments Commission Act 2001*, the Company and the Directors undertake that they will not:
 - 9.1. make an offer of securities; or
 - 9.2. distribute an application form for an offer of securitiesthat requires disclosure under Part 6D.2 of the Act unless a disclosure document has been lodged with ASIC.
10. RTI undertakes that:
 - 10.1. within 7 days of the date of this enforceable undertaking it will make an offer to each Investor to either receive a full refund of the Investor's Funds or to receive shares in the Company equal to the value of the Investor's Funds ('the Offer') and in accordance with the formula as set out in the Information Statement at Annexure C to this undertaking;
 - 10.2. the Offer shall include the following terms and conditions:
 - 10.2.1. the Offer is capable of being accepted by the Investor for a period of not less than one month ('the Offer Period');
 - 10.2.2. if an Investor elects to receive a refund of the Investor's Funds, the Investor shall receive the refund in full within 7 days after the end of the Offer Period;
 - 10.2.3. if an Investor elects to receive shares in the Company, the shares will be issued to the Investor within 7 days after the end of the Offer Period;
 - 10.2.4. if an Investor does not make an election to either receive a refund or receive shares within the Offer Period, that Investor will be deemed to have elected to receive a refund and shall receive the refund in full within 7 days after the end of the Offer Period;
 - 10.3. the Offer will be accompanied by an explanatory letter in the form of Annexure B and an Information Statement in the form of Annexure C to this undertaking;

- 10.4. no later than 5 days after the end of the Offer Period it will:
 - 10.4.1. provide confirmation to ASIC that the Offer has been received by each Investor;
 - 10.4.2. notify ASIC of the number of Investors who have elected to receive a refund, the number of Investors who have elected to receive shares in the Company and the number of Investors who are deemed to have elected to receive a refund;
- 10.5. it will immediately provide confirmation to ASIC of the payment of a refund to Investors or the transfer of shares to an Investor (as the case may be) in accordance with paragraphs 10.2.2 to 10.2.4 inclusive;
11. The Directors each undertake that they will do all things necessary to ensure compliance by the Company with the obligations in paragraph 10.
12. The Company, Vader and each of Giza and Vella undertake that if an Investor who elects to receive a refund of the Investor's Funds is not paid within 7 days after the end of the Offer Period (in accordance with paragraph 10.2.2) the amount of the refund owing is a debt owed jointly and several by each of the Company, Vader and Giza and Vella and in an action against them to recover the debt, each of them consents to the entry of judgment against them together with interest and costs.

Acknowledgements

13. The Company, the Directors and Vader acknowledge that ASIC:
 - 13.1. may issue a media release on execution of this undertaking referring to its terms and to the concerns of ASIC which led to its execution;
 - 13.2. may from time to time publicly refer to this undertaking; and
 - 13.3. will make this undertaking available for public inspection.
14. The Company, the Directors and Vader acknowledge that this undertaking in no way derogates from the rights and remedies available to ASIC or any other person or entity arising from any conduct described in this undertaking.
15. The Company, the Directors and Vader acknowledge that ASIC's acceptance of an enforceable undertaking does not affect ASIC's power to investigate a contravention arising from future conduct, or pursue a criminal prosecution, or its power to lay charges or seek a pecuniary civil order.
16. The Company, the Directors and Vader acknowledge that this undertaking has no operative force until accepted by ASIC.

The Common Seal of Recoilless Technologies International Corp. Limited (ACN 092 154 857) was duly affixed to this undertaking on the 21st day of April 2004 in the presence of



.....
Director/Secretary

RICHARD GIZA
.....
Print Name

The Common Seal of Vader Pty Ltd (ACN 085 837 547) was duly affixed to this undertaking on the 21st day of April 2004 in the presence of



.....
Director/Secretary

RICHARD GIZA
.....
Print Name

Signed by:

[Signature]
Richard Giza

In the presence of:

[Signature]
.....
Witness

JOHN SABLJAK
.....
Print Name

Signed by:

[Signature]
Joseph Vella

In the presence of:

[Signature]
.....
Witness

JOHN SABLJAK
.....
Print Name

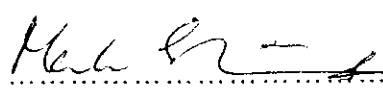
Signed by: 
.....
Juan Michael Johnson

In the presence of

.....

Witness
Jane Vella
.....
Print Name

Accepted by the **Australian Securities**)
and Investments Commission pursuant)
to the ASIC Act section 93AA by its)
duly authorised delegate:)


.....

Mark Steward
Deputy Executive Director of Enforcement
Delegate of the Australian Securities and Investments Commission

Dated this 27th day of April 2004