



Rade Dudurovic
Non-Executive Chairman
Antaria Limited
3 Brodie Hall Drive
Bentley WA 6102

21st May 2012

Dear Mr Dudurovic,

Misleading claims regarding Antaria's ZinClear IM product

It has come to our attention that your ZinClear IM product – as described by the patent US 2010/0310871 A1 - should be classified as a nanomaterial, according to both NICNAS and ISO (ISO/TS 80004-1:2010) definitions. As you are aware, and as described in Patent US 2010/0310871 A1, ZinClear IM is intentionally manufactured to be a mesoporous (nano-structured) aggregate of nanocrystals. Specifically, both NICNAS and ISO definitions (both in place since late 2010) describe nano-structured substances, and substances that are aggregates of nanoparticles, as nanomaterials.

In our view you have been representing ZinClear IM as 'non-nano' to the public, customers, shareholders and the Australian stockmarket. If this is correct, it follows Antaria Limited has been engaging in misleading and deceptive conduct.

We request that Antaria Limited undertakes the following action in order to rectify this situation:

1) Send the following statement to all affected parties and display it prominently on the Antaria website:

“Previous claims from Antaria Limited that ZinClear IM is non-nano (i.e. not a nanomaterial) were incorrect. According to the NICNAS and ISO definitions, ZinClear IM is a nanomaterial and all products containing this ingredient should no longer make any claims to the contrary.”

Affected parties should include:

- All clients, including both
 - sunscreen & cosmetic manufacturers
 - individual sunscreen brands
- All shareholders
- The ASX
- ECOCERT
- International suppliers and distributors of ZinClear IM, including Dow Chemicals

2) Compensate Friends of the Earth for its loss and damage:

As a result of the inaccuracies caused by the misleading and deceptive conduct of Antaria Limited, Friends of the Earth Australia has suffered loss and damage.

On the basis of Antaria's representations, many sunscreen brands using Antaria's product ('Antaria's Clients') have, in turn, claimed their sunscreens contain no nanomaterials. These claims, and supporting certificates of analysis, were forwarded to Friends of the Earth Australia by Antaria's clients, in response to our annual survey regarding the use of nanomaterials in Australian sunscreens. Antaria Clients provided signed statements to Friends of the Earth that their products were free of both nanoparticles and the aggregates and agglomerates of nanoparticles. Relying on this information, in our annual Safe Sunscreen Guide, Friends of the Earth incorrectly listed as nano-free ten brands supplied by Antaria Limited.

In response to requests from Friends of the Earth to Antaria Limited's sunscreen brand customers for evidence supporting their claims to be nano-free, Antaria Limited provided certificates of analysis certifying that the active ingredient ZinClear IM was based on micron sized particles. Antaria Limited also provided graphs showing that all particles in ZinClear IM were well above the nanoscale. In at least one instance the certificate of analysis provided by Antaria Limited specified that there were no particles <100nm in size and that ZinClear IM was not classified as a nanomaterial.

The inaccuracies in our Safe Sunscreen Guide – in particular the incorrect listing as nano-free sunscreen brands supplied by Antaria Limited - have been the focus of the National Measurement Institute presentation and subsequent discussion at the ICONN conference, media coverage and government commentary

Following the revelations of this inaccuracy, Friends of the Earth Australia has blocked all further web access to the Safe Sunscreen Guide and withdrawn and destroyed 45,000 printed copies of the Guide. We have also sought to recall from display and circulation over a thousand further copies of our guide.

Friends of the Earth Australia is seeking \$73, 042 in compensation from Antaria Limited resulting from the combined loss of staff time and distribution materials due to this misconduct.

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