



16 July 2006 – For Immediate Release

MicroFuze International Plc.

**MicroFuze International Plc announces completion of £2.5m Capital Raising
and initial investment in a South African water treatment company**

16 July 2007: Following the announcement dated 19 June 2007 concerning the proposed capital raising and initial investment in a South African water treatment process and technology entity, the Directors of MicroFuze International Plc (“MFZ” or the “Company”) are pleased to confirm that the Private Placing of 50.5 million new Ordinary Shares to raise a total of £2.525 million at 5p per Ordinary Share has been successfully completed. These new Ordinary Shares represent an increase of approximately 33% on the Company’s existing issued share capital.

MFZ also announces completion of the acquisition of 100% of the issued shares of Western Utilities Corporation (Proprietary) Ltd (“WUC”), a company incorporated in the Republic of South Africa, for a total consideration of 100 Rand (approximately £7). WUC has net assets of 100 Rand and has not commenced trading at the date of acquisition.

WUC was established to develop and commercialise a process technology which will facilitate the treatment of acid water, which is an industrial by-product of the mining process, and to sell the treated water to industrial customers. MFZ (through WUC) intends to construct a Pilot Plant close to the acid water decant point in the West Rand region in South Africa. The Directors believe that process technology licensed by WUC should enable the sale of better quality treated water to those customers which need water for their mining activities and are required by South African legislation to clean acid water and reduce waste.

The initial capital cost of the Pilot Plant is expected to be approximately £600,000. The construction of the Plant will commence immediately following acquisition, with full commissioning expected within six months. The total cost of the Development Phase, including all construction, infrastructure, procurement and staffing costs, as well as obtaining the necessary environmental approvals, is expected to be approximately £1.8 million over two years, which will be financed from the Private Placing proceeds. Results of initial treatments should be available for analysis by the end of this calendar year. If the results of the initial treatments are successful, the Directors intend to commission an independent report on the process technology, which, they believe, will assist them in raising further funding to develop full scale commercial production. Such further funding may be a combination of equity and debt. Discussions with various industrial users are well underway.

MFZ will continue to focus its activities on the core metal diffusion technology with its emphasis on boronising. The balance of net funds raised by the Private Placing will be applied to assist in the lease of a commercial scale microwave to scale up this technology during 2007 by working with MFZ’s joint venture partner, ATC. The MFZ Directors believe that continuation of the work on the metal diffusion technology with ATC, together with the staged funding of the new water treatment project, represents a sound strategy for investors, and increases the prospects of delivering attractive returns to shareholders from both technologies.

In order to ensure that the new project is effectively managed, Mr. Wilhelm Jacobus Schoeman (‘Jaco’) has agreed to join the Board of MFZ, in a part time executive capacity. Jaco, aged 33, is an analytical chemist, having received a B.Tech degree in Analytical Chemistry from Pretoria Technikon.

Jaco is currently the Technical Director of Mintails Ltd (ASX:MLI), a South African based, but Australian listed, gold mining company which reprocesses tailings. Prior to joining Mintails, he held senior positions including: General Manager of Atomaer RSA, Product Specialist at Nalco-Chemserve and Senior Chemist at Amplats (now Anglo Platinum). His responsibilities at Mintails have included initiating a commercial alternative to existing technologies for the treatment of acid water. There are no other matters in relation to Jaco that fall to be disclosed under Schedule Two (g) of the AIM Rules for Companies.

Jaco will assume overall responsibility for the water project whilst Chief Executive Doug Parrish will continue to focus on the commercialisation of the boron diffusion technology. Jaco is considered by the Board of MFZ to be important to the Company as a co-founder of WUC, as a key link to Mintails, which is expected to be one of the first customers of WUC, and as a source of knowledge and links with potential customers of treated water in the West Rand region. WUC was founded because the mining companies are prevented by South African legislation from profiting from remedial water treatment measures. The Western Basin Environmental Corporation, comprised of key stakeholders, was therefore established which in turn led to the formation of WUC in order to commercialise the remedial process technology.

As part of his employment package, and in order to align his interests with those of shareholders, Jaco will receive a total of 15 million Ordinary Shares in the Company, payable in three equal tranches of five million shares over a 24 month period. The first tranche will be issued immediately, followed by the second and third tranches after 12 and 24 months, respectively. These latter tranches will be conditional on the Pilot Plant achieving certain agreed milestones. Jaco will, in addition, receive a salary of £10,000 per annum.

Peregrine Corporate Limited (“Peregrine”), and its nominees Alemana Investments Pty Ltd, Leading Star Nominees Pty Ltd and LSAF Pty Limited (as nominee for Bell Potter Securities Limited) will receive a fee to the value of £700,000 to be satisfied by the issue of 35 million new MFZ Ordinary Shares. The fee relates to the range of work undertaken in this transaction, including sourcing, structuring and advising on the new water treatment project which, the Directors believe, will broaden the appeal of the Company to investors. Fifty per cent of the 35 million shares will be issued on completion, with the balance payable within 12 months, subject to satisfactory technical results following completion of the Pilot Plant. The initial tranche of 17.5 million shares will be subject to a twelve-month lock in arrangement from the date of issue. The share-based fee is larger than would have been payable had Peregrine been remunerated in cash on a monthly basis because MFZ is a small company which has not had sufficient funds to make such monthly payments. The Directors of MFZ believe that WUC, which has been acquired for a nominal consideration, will add significant value to MFZ if the WUC Pilot Plant is successful and commercial sales are established on a significant and profitable scale. The Directors also believe that additional capital would have been difficult to attract without a project to broaden the technology base of MFZ. Without the new capital now raised, it would in time have become very difficult for MFZ to reach its original objectives.

In addition to the fee described above, Peregrine (and its nominees, as set out above) will receive a Placing commission of £176,700, which is payable in cash and which represents 7% of the gross proceeds of the Private Placing of £2.525 million.

Mr. Peter Marks, Chairman of MFZ, is a Director and 19% shareholder in Peregrine which owns 5% of the issued share capital of MFZ. Peregrine is therefore not a related party as defined in the AIM Rules for Companies, nor an associate of a related party. Nevertheless, the Directors of MFZ (excluding Mr Peter Marks) would like to confirm that they consider that the terms of the share based fee to Peregrine are fair and reasonable insofar as the Company’s shareholders are concerned.

The following table summarises the interests of all significant shareholders, before and after the Private Placing and the issue of additional new Ordinary Shares in connection with the acquisition of WUC.

Shareholders	Pre-announcement	As a %	Placees	WUC Related	Total	As a %
Pershing Keen Nominees	46,282,153	30.6%	2,500,000	-	48,782,153	21.8%
Farcam Pty Ltd	13,119,266	8.7%	-	-	13,119,266	5.9%
Pacific Union Nominees	8,085,000	5.3%	-	-	8,085,000	3.6%
Peregrine Corporate Limited	7,499,995	5.0%	-	7,500,000	14,999,995	6.7%
Alemana Investments	6,600,000	4.4%	-	2,500,000	9,100,000	4.1%
Giltspur Nominees	6,189,700	4.1%	-	-	6,189,700	2.8%
Etrade Securities	5,141,252	3.4%	-	-	5,141,252	2.3%
Leading Star Nominees	-	-	-	5,000,000	5,000,000	2.2%
LSAF Pty Ltd	-	-	-	2,500,000	2,500,000	1.1%
New Star Asset Management (through various nominees)	-	-	15,000,000	-	15,000,000	6.7%
UBS-Oconnor (through Vidacos Nominees)	-	-	10,000,000	-	10,000,000	4.5%

In issuing and agreeing to issue new MFZ Ordinary Shares, the Directors have used available authorised share capital and existing authorities already granted by shareholders. Following the issue of the 50.5 million new Ordinary Shares in the Private Placing, the initial tranche of 17.5 million shares to Peregrine (and its nominees, as described above) and the first payment of 5 million new Ordinary Shares to Jaco Schoeman, the total issued capital of the Company will be increased by 73 million shares, or approximately 48%, to 224,369,110 Ordinary Shares. The Company has today made application for the 73 million new Ordinary Shares to be Admitted to trading on AIM and Admission is expected to take place on 20 July 2008. On completion of subsequent payments and issue of a further 27.5 million shares, the total issued share capital would be 251,869,110 Ordinary Shares, an increase of two thirds over the existing total MFZ total issued share capital prior to this announcement.

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