15 July 2009

Dear Shareholder

PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE OF SHARES

Vortex Pipes Ltd ("Vortex" or the "Company") is pleased to inform you that it is making a pro-rata non-renounceable rights issue to shareholders who are registered at 5.00pm WST on 22 July 2009 ("Record Date") of up to approximately 37,908,106 fully paid ordinary shares at an issue price of $0.03 each ("New Shares") to raise up to approximately $1,137,243 (before expenses of the issue) ("Rights Issue"). The New Shares will be offered on the basis of one New Share for every two shares held. Lead Manager to the Rights Issue is Indian Ocean Capital Pty Ltd.

Despite the difficult trading and economic conditions which are well known, Vortex has made significant progress in developing its business and its various technologies. The Board is now confident that Vortex is now poised to move forward on its various business endeavours and IP development. All Board members have stated their intention to subscribe fully for their rights entitlement.

In summary an update on Vortex's business:

- **GRE Pipes**: Vortex is the exclusive Australian distributor for FiberGlass Systems GRE (Glass Reinforced Epoxy) Pipes (www.smithfibercast.com). It has been working with its partner, FiberGlass Systems, and submitted tenders on various pipe supply projects. Those projects are now reaching the point where we expect to see final investment decisions being made and contracts confirmed. Whilst no assurance to success can be provided, Vortex is confident that it will be successful in being awarded some of these contracts;

- **ShieldLiner**: Vortex has now successfully completed its stated development program on the ShieldLiner technology. In 2005, the ShieldLiner technology was awarded the Best New Product Category from the International Society of Trenchless Technology. The "commercial ready" development program has been going since July 2006 and was funded by Vortex and a $1.28m Commercial Ready grant from the Federal Government. A final in-ground test will conclude the testing regime and this is expected to be completed shortly. With the program's successful conclusion, Vortex is now approaching parties who have previously shown interest in commercialising or buying the ShieldLiner technology;

- **QuickPipes**: Vortex has completed the initial test work and scoping studies on its Quickpipes technology. An initial White Paper and program development milestones will be published shortly. Based on the initial sample composite pipes produced, Vortex has received very positive feedback from various industry participants and this is reflected in the forthcoming White Paper; and

- **Pipe Re-lining**: Vortex previously announced that it was awarded work on a relining job for the Water Corporation of WA. Vortex believes that its UV light curing technology together with the Saertex multiCom fibreglass and resin lining product is superior in quality to other solutions available in Australia. Vortex believes that a successful installation will provide it with a reference site to show Water Corp and other Australian water utilities the benefits of this technology and the technical and economic benefits of the Saertex technology.

Issue details and disclosure

The Rights Issue is being made without a disclosure document, pursuant to the exemption granted in section 708AA of the Corporations Act 2001 (Cth) (the "Act"). A rights issue notice pursuant to section 708AA of the Act was lodged with ASX on 14 July 2009 and is available for viewing on the ASX website (company announcements section, ASX code: VTX) at www.asx.com.au. You will shortly receive an Offer Document outlining details of the offer and (if you are eligible) an Entitlement and Acceptance Application Form. If you are eligible and wish to participate, please read the Offer Document when you receive it and carefully follow the instructions. The Rights Issue is expected to close on 17 August 2009.

The Directors intend to place any shortfall of the Issue through the Lead Manager of the Rights Issue.

The Rights Issue is not underwritten. The funds raised are to provide the Company with additional working capital and to pay the cost of the Rights Issue.

A summary of key information and a timetable are set out below for your information.

Summary of Key Information:

Nature of offer	Pro rata non-renounceable Rights Issue of new shares
New share issue price	$0.03 per New Share
Offer ratio	1 New Share for every 2 existing shares held on Record Date
Number of new shares to be issued *	Up to approximately 37,908,106 new shares
Maximum amount to be raised under the Rights Issue	Approximately $1.14 million before costs of the offer
Minimum Subscription	$210,000 (7 million New Shares)
Lead Manager to the Rights Issue	Indian Ocean Capital Pty Ltd ("IOC")

* The entitlements issue may be increased up to approximately 1,135,000 shares if existing option holders exercise their options prior to the Record Date.

Timetable*:

Announcement of Rights Issue and lodgement of Cleansing Statement with ASX	14 July 2009
Notice of Rights Issue sent to eligible shareholders	15 July 2009
Existing shares quoted ex-rights	16 July 2009
RECORD DATE to identify shareholders entitled to participate in Rights Issue	22 July 2009
Letter of Offer and Entitlement and Acceptance Application Form mailing date	24 July 2009
ACCEPTANCES CLOSE ("Closing Date")	17 August 2009
Allotment of New Shares and dispatch of Holding Statements to Shareholders	21 August 2009

* Dates subject to change and are indicative only. The Company reserves the right to amend this timetable including, subject to the Corporations Act 2001 (Cth) and the Listing Rules of ASX, to extend the Closing Date.

There will be no deferred settlement of the sale of shares offered under the Rights Issue. Trading in shares will commence on the first business day following the despatch of the holding statements.

If you are eligible and wish to participate in the Rights Issue, it will be necessary for you to complete your personalised Entitlement and Acceptance Application Form which will accompany the Offer Document and return it, with the appropriate application monies, to the Company's share registry before the Closing Date. Should you utilise the BPay facility to make your payment, it will not be necessary to return the Application Form.

If you have any questions in relation to the Rights Issue, please do not hesitate to contact the Company Secretary, Rob Cameron-Wilton, on (08) 9456 1002.

Yours sincerely

Mark Jenkins
Chairman