

Telezygology, Inc.

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SHAREHOLDER UPDATE

JOHN WILSON

Dear Shareholders

Since my appointment as CEO of Telezygology, Inc. (“TZI”) in mid-May, I have been working very closely with the Board to restructure the business, build critical sales and marketing competencies and to implement our new business strategies which we identified as being critical drivers for successful commercialisation of our technology. Against this major operational overhaul, we have also worked hard to secure our working capital requirements, restructure our financial position and prepare a prospectus to enable TZ Limited (the “Company”) to move forward.

I understand that some shareholders want more communication about progress than what the Company is legally obliged to provide under the ASX Listing Rules. I hope that shareholders appreciate that any lack of business updates has not been intentional but has instead been compounded by the intense level of activity and certain restrictions driven by corporate governance and confidentiality requirements which has limited what we are able to communicate.

Shareholders should note that the Listing Rules make it clear that the announcements platform cannot be used as a means of promotion. Only those matters that a reasonable person would expect to have a material effect on the price or value of the shares and other required corporate notifications can be placed on the ASX. To provide further information than what the Company is legally obliged to do under the Listing Rules is also subject to various corporate governance restraints and confidentiality obligations imposed by our large corporate clients/distribution partners.

I trust that posting this update on our website helps to satisfy those shareholders who have been seeking further information. I intend to continue to post regular updates on the website as a supplement to those ASX announcements which the Company is legally obliged to make.

As the original co-founder of the Company, we have come a long way to developing a compelling technology that has broad global commercial application. It is not difficult to be impressed with the current TZI solutions and the overall breadth and depth of our hardware and software offerings. I can personally say that in the meetings I have had with customers, they too share a similar level of excitement about the technology and we are working hard to drive this high level of interest into revenue generating commercial relationships.

In the last two months, my immediate focus for the business has been in two areas: (i) organizational development in terms of establishing clear business objectives, business metrics and systems for performance measurement; and (ii) business building through better leveraging of our existing partner relationships, improving business visibility through new sales and marketing initiatives, driving clear product positioning and brand development and implementing a structured sales plan and disciplined business development process.

The TZ Praetorian™ System was launched in September 2009 and the initial ground work for our Infrastructure Protection business has been established with several successful product deployments and beta site installations which have helped to generate a good track record of performance. While sales of the TZ Praetorian™ System through late 2009 and early 2010 have been slower than expected, the introduction of our TZ SlideHandle™ product in February 2010 and the launch of our TZ Centurion™ System last month have enabled a broader portfolio offering that now caters for the majority of targeted customer needs. With new budget cycles starting in the next quarter, our extended product offering and a global focus to our business, we are seeing a solid pipeline of sales opportunities into this new fiscal year and we anticipate, as we recently announced, significantly increasing the installed client base over the coming six months.

The slow start to the 2010 year which has had an obvious impact on our anticipated financial results in the short term should not be seen as a lack of opportunity for our products. We are dealing in a very large market segment, we have a large market player as a channel partner and our products, relatively speaking, are new offerings. Put simply, we need time for the sales process to gain momentum.

Our Packaged Asset Delivery business is also in the formative stage, but with the first successful test installation of our TZ Courier™ System under our belt and a major market player driving sales to the corporate top end of town, we are well placed to develop and grow this business. We are currently exploring avenues to access other segments of the corporate client market through other distribution channels and also through direct sales efforts. As we also indicated in a recent ASX announcement, we are progressing the first beta installation of our TZ Concierge™ System and are hopeful of securing an established, high density residential condominium property in downtown Chicago as our test case before the end of this quarter.

Given our partners are major NYSE listed global corporations, our ability to communicate sales pipelines and other commercially sensitive material is limited. Any TZ press release or corporate announcements involving mention of these corporations requires sign off by their senior legal and corporate communication officers. This is not something that we can afford to leverage too frequently.

There are several other business opportunities that are emerging and we are systematically assessing market entry strategies for these new sectors. The opportunities that existed 5 years ago are still accessible however given our current financial position, we need to prioritize and focus on opportunities that can generate near term revenue.

We are successfully implementing a business model around strong strategic channel partnerships that enable participation in specific market sectors with compelling offerings that are built on our technology infrastructure platform. Our immediate focus is on growing our current business operations and carefully selecting new opportunities that offer good returns and quick time to market. The single focus of our business is to bring TZ Limited to profitability within the planning horizon.

Personally, I am excited to be back involved with the Company and to working with the professional Board that we have. I believe that the building blocks are in place for TZI to deliver on its promise. It is only by performance that we can build back investor confidence but I want to assure all shareholders that the TZI management team are committed to creating shareholder value and to demonstrating the true commercial potential of the IP and technology that you have invested in.

I look forward to meeting you at the next AGM and to being able to provide you on-going updates of our progress.

Best Regards

A handwritten signature in black ink, appearing to read "J. Wilson".

John Wilson

CEO, Telezygology, Inc.