



NEWS RELEASE

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MILKOR USA Inc. ANNOUNCES MARKETING AGREEMENT WITH MILKOR MARKETING (PTY) LTD OF SOUTH AFRICA

Milkor USA Inc., who has just announced the new MGL-140 manufactured in the United States of America, has today announced a marketing agreement with Milkor Marketing (Pty) Ltd of South Africa.

In terms of this Agreement Milkor USA Inc. has the right to use the name "Milkor" and has further agreed to market and sell the MGL-140 to all NATO countries. The agreement also includes a marketing arrangement relating to certain countries currently outside NATO.

Announcing the agreement at the DSEi 2005 exhibition in London, England, Richard Solberg Jr. President of Milkor USA Inc. said that he is pleased to be working with Milkor Marketing of South Africa.

"It was important for us to come to agreement with Milkor Marketing. We consider them the world leaders in marketing and selling of 40mm multi-shot weapons. We wanted to capitalize on their expertise gained by years of investment in the international market"

The Managing Director of Milkor Marketing (Pty) Ltd, Dr Fritz Visser, explained the relationship with Milkor USA.

"Milkor Marketing has, over the past decade, established through hard work and serious investment, a real presence in the international 40mm market. Our name has become synonymous with 40mm multi-shot weapons. We have assured ourselves that the product manufactured by Milkor USA can compete with the best the world has to offer and therefore had no hesitation to come to agreement with them on certain markets whom we believe will be better served from the USA."

In terms of the agreement, Milkor Marketing (Pty) Ltd will provide Milkor USA Inc, full access to its client base in certain specific countries and has further agreed to support Milkor USA Inc. in any of the countries listed in the agreement".

The two companies have stated that this agreement will allow them to direct their attention to those areas of the market were they can best serve their respective clients.

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