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ASX ANNOUNCEMENT

CAPITAL RAISING

1300SMILES Ltd (ASX:ONT) announces to the market the successful completion of a capital raising of AUD \$8,299,494 to wholesale (institutional and sophisticated) investors. The Company has requests that its securities be reinstated to official quotation.

The proposed private placement of 2,371,284 million new shares is at an issue price of AUD3.50 per share issued ex-dividend. Therefore the new shares will not participate in the final dividend payment for the financial year ended 30 June 2011. 1300SMILES Ltd is not required to seek shareholder approval for shares under the placement in accordance with ASX Listing Rule 7.1. Settlement is expected to occur on Thursday 8 September 2011. The placement shares are expected to allotted and quoted on Australian Securities Exchange (ASX) within one business day of settlement.

The capital raising was conducted by Lodge Corporate Pty Ltd.

The Company confirms that, with the release of this announcement, the Company is in full compliance with its continuous disclosure obligations and as such, it requests that the current suspension of its shares be lifted immediately.

William Bass
Director and Company Secretary
1300SMILES Ltd