



13th September 2004

Mr. David Wharton
Managing Director
MediDive Pty Ltd

Dear David,

MEDIDIVE PRODUCTS

The snorkel and regulator that your company has designed and developed is one of the most exciting new products that I have seen in many years.

SSI Australia is one of two Instructor Agencies working in Australia, SE Asia and the Pacific region. Our member businesses take hundreds of thousands of people diving and snorkelling each year and your products, once they are available in the market place, have the potential to open up our customer base by at least another 10% to 15%. This will translate into many millions of dollars.

Dive shops and vessels will be able to make a small investment in asthmatic snorkels and regulators and then offer that equipment to their customers. This will make diving and snorkelling safer, help expand their market and open the activities up to all the family.

You have asked what price that I felt the snorkel could sell for and after careful consideration and discussion with several retail outlets, I confidently feel that you should be able to retail the snorkel for about \$99.00 including GST. Using normal wholesale and retail margins you need to get it to the retailer for \$45.00 plus GST and to the wholesaler for about \$22.00 plus GST.

The regulator price would depend on the quality of the base regulator you decide to use but it should be able to enjoy a price break of about \$99.00 including GST on any of the top of the range regulators. You should give consideration to a cheaper model for the hire market in North QLD.

There is undoubtedly also a market for training of instructors and certification of dive stores and vessels as outlets for the product. This will need careful consideration after all the medical issues have been dealt with by the diving doctors.

While SSI will be happy to work with you on this project, we strongly recommend that you approach PADI as well as the full potential for industry growth will not be reached through only one Instructor Agency.

Yours sincerely,

Bruce Jameson
Managing Director