

23 July 2009

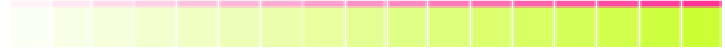
Company Announcements Office
Attn. Suzanna Dabski
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Ms Dabski

Attached please find details of Entellect Solutions' business strategies up date and proposed capital raising plan.

Yours sincerely

Jeff Bennett
Chairman



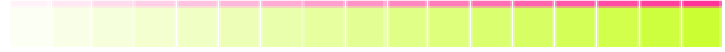
Strategy Update and Capital Raising

Further to previous announcements, the Directors of Entellect Solutions Ltd (ESN) wish to provide additional information to the market as to the direction and implementation of new business strategies and arrangements designed to accelerate and further enhance the long-term growth and profitability of the business.

These strategies build on the progress made over the past financial year and arise at least in part from the additional opportunities available as a result of greater than anticipated growth during that period. The Directors and Management have carefully weighed the opportunities and costs involved and have commenced implementation as of this month.

The new strategies are as follows.

1. With the imminent wide-scale deployment of its complementary enterprise applications in the education market (eMinerva and the new vSTARS), the Company will ramp up its sales and marketing activities. ESN strongly believes that an accelerated focus on increasing the number and depth of skilled sales and marketing personnel will assist the Company to take advantage of the markets arising from the success of both the enterprise application developments. This activity will take place mostly within existing markets in Australia.
2. Whilst most of the increase in marketing and sales activity will be focused on Australia, some activity and resource will also be directed towards licensing and partnership opportunities outside of Australia particularly in markets with similar legislative and language requirements. ESN plans to work with companies that currently have a significant and established presence in these markets and where the ESN product range can quickly and visibly add value to a partner's existing product set and market capabilities. It is not ESN's intention to be involved directly in the marketing or sales activities in these markets, but rather to license and work with suitable partners.
3. As customer and unit sales numbers increase, ESN believes that the timing is right to transition the enterprise revenue model from large one-off license fees to the more sustainable Software as a Service model (the vPublisher and to a lesser extent the Higher Education business lines both already utilise the Software as a Service revenue model). This model results in lower upfront license fees, but a more attractive recurring revenue stream over the period of use (likely to be 5 to 8 years in this market). The implementation of this model both assures better and more predictable cash flow and profitability and lowers the upfront entry cost for our customers thus making the products more attractive.



4. To accommodate the increased market penetration, ESN will bring forward some of its planned product enhancements and development. The Directors of ESN believe that this acceleration will further increase the capacity of the business to grow its available client base and better manage the deliverables to and outcomes for our clients.

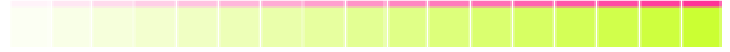
The Directors of ESN strongly believe that the attractive opportunities created by the turnaround of the Company's operation and success to date justify this acceleration of these business growth strategies. This in turn will mean that ESN will need to seek further capital from the market to ensure the successful implementation of these strategies and to underpin the planned growth.

Accordingly, the Company has reached agreement regarding a placement to sophisticated and professional investors under section 708 of the Corporations Act to raise \$800,000 (before issue costs) at \$0.004 per fully paid ordinary share, which shares will rank equally with all ordinary shares. In addition the Company is in negotiations with other sophisticated and professional investors to raise a further \$300,000 to \$500,000 (before issue costs) on the same terms and conditions.

Under the terms of this placement, 34,500,000 ordinary shares (to raise \$138,000 before issue costs) will be issued on 27 July 2009 (tranche 1) and a further 115,000,000 ordinary shares (to raise \$460,000 before issue costs) will be issued on or around 10 August 2009 (tranche 2). The issues of shares under tranches 1 and 2 are within the Company's 15% limit and do not require shareholder approval. The Company will seek shareholder approval for the purposes of Listing Rule 7.1 at an extraordinary general meeting to issue a further 50,500,000 ordinary shares (to raise \$202,000 before issue costs) to complete the placement.

The Company will also seek shareholder approval for the issue of 100,000,000 unlisted options over unissued ordinary shares with an exercise price of \$0.01 and an expiry date of 30 September 2012, to be issued for nil consideration to the sophisticated and professional investors pursuant to the placement. The Company will seek shareholder ratification of the shares issued under tranches 1 and 2 at an EGM. The Company will announce shortly details of the proposed EGM. The funds raised under the placement will be used as working capital for business operating costs incurred in implementing the strategies outlined above.

The Company will seek shareholder approval at the proposed EGM in order to issue additional shares and options in respect of the additional capital to be raised, the details of which are currently under negotiation.



Subject to the outcome of negotiations currently underway, the Company will seek shareholder approval at the proposed EGM in order to issue any further shares and options that may be required.

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Entellect Solutions Ltd delivers valuable and innovative software-based offerings to meet the expectations and needs of all stakeholders in the education and related markets. ESN currently has 4 mainstream products for client use –

- *eMinerva- a world class Enterprise Student Management System that enables K-12 educators to manage and report against their students' activities.*
- *vSTARS - a leading edge system which allows all stakeholders to participate in planning, recording and reporting on student academic achievements. It has been designed by Australian educators to encourage best practice in the classroom and foster quality communication between parents, students and educators.*
- *vPublisher- an e-book solution for educators, printers and publishers that allows all groups to quickly and cost effectively deliver solutions to their clients. vPublisher holds unique IP that enables rich content to be embedded into an interactive e-Book.*
- *eMinerva 4.6- A single-site Student Management System that enables educators to have a single point of information for student activity in colleges, higher education providers, corporates and vocational training organizations. The solution is compliant with Australian reporting requirements for local and international students.*