



26 February 2007

Company Announcement Office  
Australian Stock Exchange Limited

By Electronic Lodgment

Dear Sir,

**RE: HILTON BRETT TAKES ON EXECUTIVE ROLE AT RCG**

The company advises that Hilton Brett, a recently appointed director of the company, has been engaged in an executive capacity to provide retail services to the company.

Hilton has extensive experience and expertise in all facets of retail operations and will focus primarily on the King of Knives business as the company pursues its strategy of rebuilding and revitalising this brand.

Upon joining the Board Hilton undertook to provide the company with 1 day per week in services in return for the grant, subject to shareholder approval, of 2,300,000 director options under the company's existing Director Option Plan to subscribe for new fully paid ordinary shares in the company at an exercise price of \$0.12 per share and an exercise period of 5 years. The options will be granted for an option fee of \$0.034 per option, which will be loaned to Hilton under the terms of the Director Option Plan. Hilton also undertook to reinvest all Board fees received over the next 3 years to exercise options received under the plan. These arrangements have now been formally approved by the Board.

In addition to those arrangements, Hilton will now be engaged part-time for a period of 12 months. Subject to shareholder approval, it has been agreed that, for those additional services, he will be granted 2,000,000 options to subscribe for new fully paid ordinary shares in the company at an exercise price of \$0.12 per share. The options will vest on 31 January 2008 (provided Hilton is still engaged at that time and has performed the agreed services) and expire 5 years from the grant date. The options will be granted for an option fee of \$0.04878 per option, which will be loaned to Hilton under the same terms as apply under the Company's Employee Option Plan, and the options will otherwise be on the same terms as apply under the Employee Option Plan. Hilton will not otherwise receive any salary or fees for those additional services provided.

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The company intends holding an Extraordinary General Meeting in April to seek the necessary shareholder approval to the grant of those options. At that meeting the company will also seek approval for the issue to Mr. Brett or his associate of 4,166,666 fully paid ordinary shares at an issue price of \$0.12 per share. This placement will raise approximately \$500,000.00 and the proposed injection from Hilton demonstrates his commitment to the future success of the company.

Yours faithfully  
**RCG CORPORATION LIMITED**

*Howard Knapp*

Howard Knapp  
Company Secretary

