

June 26, 1998

Former Bre-X consultant promotes Chromatics' stock.

In a June 8, 1998 press release, Chromatics Color Sciences International, Inc. stated that one possible explanation that could account for the recent trading activity of its (OTC trading symbol: CCSI) (Price: \$4.50) stock was "a large short position in the market for its stock". Chromatics lists Richard Wool of Hill & Knowlton, Inc. as a contact in this release. Hill & Knowlton is a New York based public relations firm. Mr. Wool is a senior managing director at the firm.

Mr. Wool has used similar statements as explanations for another company's trading activity. From December 1996 until May 1997, Hill & Knowlton worked for Bre-X Minerals Ltd. Mr. Wool headed up the Bre-X account. In a February 22, 1997 article in the Calgary Herald, Mr. Wool states with regard to Bre-X's stock that "it looks like a case of the short sellers having an interest in the company's shares continuing to weaken and certain media are buying into this".

Bre-X was one of the largest stock market frauds of the 1990's. The company salted an otherwise barren gold mine in Indonesia, and with the help of public relations people like Richard Wool, promoted its prospects to unsuspecting investors, who ultimately lost some \$3 billion in market value. Its former chief geologist fell from a helicopter before he was to be interviewed by authorities. When Hill & Knowlton began its association with Bre-X, in December, 1996, the stock was trading at around \$15 per share. The geologist perished in March. By the time Hill and Knowlton resigned the account, in early May, the stock was delisted from NASDAQ, trading below \$1 per share. The company is currently bankrupt.

Hill & Knowlton claims to have a Code of Professional Conduct. Under that code it states that "employees shall practice the highest standards of honesty and accuracy and shall not disseminate false or misleading information. Staff shall not make insupportable claims or comparisons, or assume credit for ideas and words not their own. We will expect clients to provide information which is accurate and verifiable, and this is stipulated in our contracts."

There is no truth to the claim that Chromatics' recent stock decline was caused or related to its "large short position". Chromatics stock fell (and we believe will continue to fall) because it was grossly overvalued. It was overvalued because its promoter's misrepresentations were the only reason for its rise. Without these false statements about its future prospects, Chromatics stock should reflect its history of failure and lack of potential.

Hill & Knowlton seems to believe that Mr. Wool's representation of Chromatics complies with its code. This is similar to Dreyfus stating that Mr. Schonberg's personal trading complied with its rules. Apparently, both Dreyfus and Hill & Knowlton have counterintuitive opinions regarding Chromatics' fraudulent stock promotion.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.