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LookSmart Provides Update: strategic initiative in response to Nasdaq delisting letter

San Francisco, California – 21 October 2005 – LookSmart Limited (**LookSmart**) (Nasdaq: LOOK, ASX: LOK), an online media and technology company specialising in vertical search, has announced that, subject to shareholder approval, it will effect a reverse stock split of LookSmart's common stock on the Nasdaq National Market (**Nasdaq**). This will also result in the consolidation of LookSmart's CHESS depositary instruments (**CDIs**) traded on the Australian Stock Exchange (**ASX**) (together the **Reverse Stock Split**).

This reverse split is intended, among other things, to increase the minimum bid price of LookSmart's common stock to meet the continued listing requirements of the Nasdaq National Market.

Previously, on 3 October 2005, LookSmart filed proxy materials with the Securities and Exchange Commission relating to a special meeting of stockholders to be held on 26 October 2005 in San Francisco CA, to seek approval of the Reverse Stock Split.

Effect of Reverse Stock Split on CDIs traded on the ASX

The Reverse Stock Split will have the following effects on LookSmart's CDIs traded on the ASX:

- (1) each three, five or seven, of LookSmart's CDIs registered for trading on the ASX will become one CDI, depending on whether the split ratio determined by the board of directors is 1:3, 1:5 or 1:7, respectively;
- (2) any fractional interest resulting from the Reverse Stock Split will be rounded up to the next whole CDI; and
- (3) CDIs will continue to be exchangeable with shares of common stock at a ratio of 1:1 after the Reverse Stock Split.

If LookSmart's stockholders (including CDI holders) approve the Reverse Stock Split proposal, a directors' meeting to determine the Reverse Stock Split ratio will be held on 26 October 2005 following the special meeting of stockholders. Irrespective of the ratio determined, whether 1:3, 1:5 or 1:7, the ratio in respect of LookSmart's common stock traded on the Nasdaq and its CDIs traded on the ASX will be the same.

The complete timetable for the proposed consolidation (reverse split) of CDIs on the ASX is attached to this notice. However, important dates to note are:

- (1) **26 October 2005** – last day for transmutation (conversion) of pre-consolidated CDIs into common stock (and vice versa) before non-transmutation period begins (lasting until the closing of the ASX on 4 November);

- (2) **27 October 2005** – LookSmart will confirm implementation of the consolidation of LookSmart CDIs traded on the ASX. This will be the last day for trading in pre-consolidated CDIs (or common stock);
- (3) **28 October 2005** – trading of LookSmart's consolidated CDIs (or common stock) on a deferred settlement and non-transmutation basis starts (see comments below in relation to waiver granted by ASTC to reject transmutation of consolidated CDIs (or common stock) during settlement period); and
- (4) **4 November 2005** – the ASX record / settlement date. Last day of non-transmutation period.

Rejection of transmutation of consolidated CDIs during settlement period

ASX Settlement and Transfer Corporation Pty Limited (**ASTC**) has granted LookSmart a waiver of ASTC Settlement Rules 13.9.4 and 13.9.5 to the extent necessary to assist LookSmart in proceeding with the Reverse Stock Split.

The effect of the waiver is to allow LookSmart (or its relevant agents) to refuse to process transmutations during the period from consolidation until the ASX record date (**relevant period**). The purpose of this waiver is to reconcile mechanical differences between the Nasdaq and the ASX in processing the Reverse Stock Split.

LookSmart gives notice that the transmutation of CDIs during the relevant period will be rejected until the ASX settlement date.

About LookSmart

LookSmart is an online media and technology company which provides relevant content, advertising and technology solutions for consumers, advertisers and publishers. LookSmart's owned and operated vertical search sites are where customers look for what they need, and the sites and web tools offer essential search results with the ability to find, save and share content. In addition to owned and operated properties, LookSmart's distribution network includes syndicated publishers and search engine partners that maximise advertiser ROI. Distribution partners include Lycos, CNET, InfoSpace (Excite, MetaCrawler, Webcrawler), Cox Interactive, Apple's Sherlock, and U.C. Berkeley. LookSmart offers a customisable set of syndicated solutions for publishers to grow their advertiser relationships and audience. LookSmart is based in San Francisco, California. For more information on LookSmart, visit www.looksmart.com or call 415-348-7500.

Except for the historical information contained herein, the matters discussed in this release are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. These forward looking statements are made only as of the date of this press release, and LookSmart undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on these forward-looking statements. Potential risks and uncertainties include, but are not limited to, the possible delisting of the Company's stock from the Nasdaq as a result of the failure of the holders of a majority of the Company's stock to vote in favour of the reverse stock split and the Company's ability to successfully implement its operational plan. These and other risk factors are described in detail in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, its Annual Report on Form 10-K for the year ended December 31, 2004 and in other documents filed with the SEC.

LookSmart Limited

Consolidation of CHESS Depository Interests (CDIs)¹

ASX Timetable

Event	ASX business day	Actual date
LookSmart consults with ASX in relation to its proposed consolidation of CDIs, to ensure that an orderly market is maintained in its CDIs and/or common stock (per ASX Listing Rule 7.18). LookSmart send out notice of special meeting of shareholders together with a proxy statement providing information on the proposed consolidation, including details regarding the effect of the proposal on the number of CDIs, and the proposed treatment of any fractional entitlements arising from the consolidation (per ASX Listing Rule 7.20). LookSmart obtains shareholder approval to the proposed consolidation. ² Last day for transmutation of pre-consolidated CDIs into common stock (and vice versa) before non-transmutation period begins. ³	Before day 0	[26 October]
LookSmart announces consolidation of CDIs. Last day for trading in pre-consolidated CDIs (or common stock).	Day 0	[27 October]
First day for trading in the consolidated CDIs (or common stock) on a deferred settlement and non-transmutation basis.	Day 1	[28 October]
Last day for LookSmart to register transfers of CDIs on a pre-consolidation basis. ASX settlement date (Record Date).	Day 5	[4 November]

¹ This timetable is subject to discussion with ASX. It has been adapted from Item 5 of Appendix 7A of the ASX Listing Rules.

² LookSmart proposes to hold a special meeting of shareholders on the morning of 26 October 2005 in California. The resolution approving the consolidation will therefore be passed before the opening of trading in Australia on 27 October.

³ Non-transmutation period begins and will extend to 4 November.

First day for LookSmart to send notice to each CDI holder. The notice tells the CDI holder of the number of CDIs held before and after the consolidation. First day for LookSmart to register CDIs on a post-consolidation basis and first day for issue of holding statements. First day for transmutation of consolidated CDIs into common stock (and vice versa).	Day 6	[7 November]
Despatch date. Deferred settlement market ends. Last day for CDIs to be entered into the holders' CDI holdings. Last day for LookSmart to send notice to each CDI holder.	Day 10	[11 November]
Normal trading starts in post-consolidated CDIs (or common stock).	Day 11	[14 November]
First settlement date for on-market trades conducted on a deferred settlement basis.	Day 14	[17 November]