

Vet Biotechnology Ltd (ACN 105 577 017)

NSX COMPANY ANNOUNCEMENT

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July 11 2005 at 18:00 EST.

Research & Development Agreement with Veterinary Research Synergies Pty Ltd to Develop a Breath Test Technology for Equine Ulcers

On July 11 2005, Vet Biotechnology Ltd signed a Research and Development Agreement, with Veterinary Research Synergies Pty Ltd (VRS), to conduct clinical trials and develop an easy to use, non-invasive diagnostic for the detection and management Equine Gastric Ulcer Syndrome (EGUS). This agreement supercedes the previous Heads of Agreement between the companies signed on December 23 2004.

Under the terms of the agreement, Veterinary Research Synergies Pty Ltd will carry out pre-clinical and clinical studies against milestones over a period of up to 18 months. This includes the preparation of and application for pre-clinical and clinical trial approval from a recognised ethics approval body for the pre-clinical and clinical trial phases, study protocols, trial records and databases.

The studies are to be conducted to GLP and GCP standards and designed to product specifications to achieve regulatory approval in Australia, Europe, Japan and the United States of America. The Research and Development agreement is subject to Veterinary Research Synergies Pty Ltd obtaining all necessary licences, consents, permits and approvals from relevant committees, bodies and statutory authorities to conduct the Breath Test project.

An initial four month phase I pre-clinical study will be conducted to standardise the parameters of the breath test, assess its ability to detect EGUS and to optimise the test methodology. On completion of this milestone Vet Biotechnology will make a decision whether to continue on to the phase II clinical trials.

In the event that the phase I study is successful, Vet Biotechnology Ltd will enter into the phase II clinical trial with Veterinary Research Synergies Pty Ltd. This clinical trial will be conducted over a period of up to fourteen months assessing the effectiveness of the diagnostic in a large group of horses at registered training stables in Australia.

Vet Biotechnology Ltd may decide, at its sole discretion, to terminate the Research and Development agreement in the event that the pre-clinical trial does not achieve

the required milestones or if clinical trial does not meet the required milestones for commercialisation of the Breath Test.

EGUS is one of the most common ailments of competition horses, affecting approximately 90% of racehorses, up to 60% of other performance horses and up to 57% of foals. It is thought that the increased incidence of EGUS in competition horses is brought about by factors relating to stringent training regimes including modern feeding practices, incorporating both fasting and high grain diets, which result in an increase in stomach acidity and the likelihood of ulceration. Stress during the training programs has also been demonstrated to lower in the horse's natural defence against stomach acidity, magnifying the problem.

Vet Biotechnology Ltd holds a worldwide sub-licence from Nidor Pty Ltd granting the company exclusive rights to research, develop and commercialise the equine applications of the technology described in the Patent application PCT/AU02/01666 titled 'Breath Test'.

The Breath Test technology for EGUS will be marketed worldwide following successful completion of the required research, development and clinical trials. The company's NSX listing was underwritten by Sydney based Martin Place Securities Pty Ltd.

For further information, contact:

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