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ASX Announcement

Collaboration with a leading international animal health company to evaluate technology

Second collaboration within the past month

4th July 2008, Sydney: Biosignal Limited (ASX: BOS) has signed an agreement with a leading animal health company to evaluate Biosignal's unique anti-microbial technology for the potential development of new products for food producing animals.

The evaluation will be conducted and fully funded by the animal health company. This project represents a substantial investment by the animal health company and will focus on efficacy and pharmacokinetics in several animal models.

Animal health, globally, is an \$18 billion business. As in humans, bacterial biofilms cause extensive disease in animals. Biosignal's technology has the ability to disrupt such biofilms.

"Biosignal is applying its anti-microbial technology in five key areas; industrial, agricultural, consumer, therapeutics and medical devices," said Professor Peter Steinberg, CEO of Biosignal. "We have only recently moved to develop agricultural and animal health applications, and this collaboration is our second evaluation partnership in these fields in recent weeks. Both partnerships are with very substantial companies."

"This collaborative agreement is a positive early step in our strategy to establish a dedicated animal health presence. It is exclusive during the term of the evaluation within the field of food animal applications."

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About Biosignal and the anti-biofilm technology

Biosignal is commercialising a distinctive anti-bacterial technology. This technology is proving highly effective across applications ranging from industrial to medical products. Biosignal plans to spin out application specific companies to accelerate commercialisation. The first target applications are industrial products, expected to be launched in 2009.

Biosignal's anti-biofilm technology is based on a discovery that the eastern Australian seaweed *Delisea pulchra* produces natural furanones that disable bacteria's ability to colonise. The fundamental problem with existing anti-bacterials, including antibiotics, is bacterial resistance. Bacteria rapidly produce resistant strains when faced with strong selective pressure by biocides. Furanones lull bacteria to inaction and appear to avoid the problem of bacterial resistance.