

ASX Announcement

Control of industrial and wound care applications to remain with Biosignal

Paul Hawken industrial/wound healing collaborations will not proceed as terms not finalised within agreed deadline

30 June 2008, Sydney: The Board of Biosignal Limited (ASX:BOS) today decided that it will continue the company's ongoing developments in oil and gas and other industrial applications after negotiations based on two memoranda of understanding (MOU) signed in March 2008, and extended to June 30, could not be completed.

Agreement could not be reached with entrepreneur Paul Hawken on terms consistent with those in the MOUs. He was not in a position to make a reasonable alternative offer by the extended deadline. Biosignal will continue with its existing industrial collaborations and keeps open the option of structuring one or more spin out companies in the near term. The parallel proposal for wound care and hospital hygiene will also not proceed.

"We are disappointed that the deals with Paul Hawken could not be finalised but we will continue our various industrial product collaborations, concentrating on our core oil and gas anti-bacterial corrosion product," said Prof Peter Steinberg, Managing Director and CEO of Biosignal. "Development of this technology is continuing on a number of fronts and shareholders should expect further product development news."

"We will also continue our collaborations in other product areas and expect to shortly make a second announcement in the area of agriculture. We will be reviewing our cost structure based on the loss of the income anticipated from the upfront payments in the Hawken deals."

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About Biosignal and the anti-biofilm technology

Biosignal is commercialising a stunningly distinctive anti-bacterial technology. This technology is proving highly effective across applications ranging from industrial to medical products. Biosignal is spinning out two US companies to accelerate commercialisation. These companies are developing industrial and wound healing products. The first products are 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.