

29 August 2008

Dear Fellow Shareholder

SHARE PURCHASE PLAN

The Directors of Biosignal Limited are pleased to offer shareholders the opportunity to invest up to \$5,000 per shareholder on favourable terms by participating in a Share Purchase Plan (SPP).

Company Update

The company recently provided an update to the market (27 August). Biosignal's focus continues to be to progress industrial product applications, especially treatments to prevent corrosion of oil and gas pipelines. The board of Biosignal recognises that these applications are the company's best opportunities for early market entries.

Progress continues on the oil and gas product on a number of fronts. These include product development and trials at Commercial Microbiology Laboratories (CML) in Scotland; with ConocoPhillips, one of the world's leading oil and gas producers; with an international chemical company (not disclosed); and, in field trials in Australia. Indonesia remains a market priority in Biosignal's oil and gas anti-corrosion product launch, given the projected shorter time for registering the compounds in Indonesia. SARAYA Co Ltd in Japan is evaluating the technology in water and urinal treatment products under a recently signed option agreement with the company.

Though focused on industrial products, Biosignal's novel biomimetic technology continues to excite potential partners across a range of applications, and the Board is pursuing development in selected fields. In these fields Biosignal allows its partner companies to test and develop the technology using their resources with Biosignal providing compounds and expert advice. Of note in this regard are recently signed collaborations in animal health and crop protection, and an ongoing relationship in the area of oral care.

The Next 12 Months

The main goals for the next 12 months are to:

1. Progress industrial applications as rapidly as possible. Entry to the market in Asia in late 2009 remains the goal. Critical to achieving this goal will be to scale-up compound manufacture and to progress registration in this region. Generating the funds necessary for scale-up and registration are key purposes of this SPP offer.
2. Progress the current relationships with external partners to more substantial commercial licensing arrangements as the results of evaluation programs come to hand.

Purpose of SPP

The purpose of the SPP is to provide the Company with additional funds to:

- Facilitate scale up of manufacturing
- Register compounds
- Support and facilitate external partnerships
- Support overall company operations

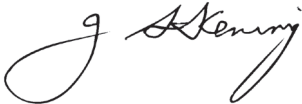
The SPP is not underwritten. There is no minimum level of funds to be raised by the SPP. Under the SPP, each shareholder will have the opportunity to purchase shares to the value of either \$2,500.00 or \$5,000.00 provided that applications received do not exceed the maximum number of shares available to be issued as noted in the terms and conditions. As an incentive to shareholders, all Shares issued under the SPP are offered at a share price of \$0.035 which represents a discount of 12.5% on the volume weighted average market price of the Company for the last 5 days in which securities were traded up to and including 28 August 2008. The offer equates to 71,428 shares (\$2,500.00 'Offer A') or 142,857 shares (\$5,000.00 'Offer B').

This letter, together with the attached terms and conditions and application form, constitutes the complete offer document. Shareholders are encouraged to read the attached terms and conditions following the letter.

If you wish to participate in the SPP, please complete the enclosed application form and post, together with your payment, in time to reach Registries Ltd at **GPO Box 3993 SYDNEY NSW 2001, by 5.00pm (AEST) on Friday 19 September 2008**. Each of the Directors of the Company who holds shares intends to participate in the SPP. It is proposed that the new shares will be allotted on or about 25 September 2008.

If you have any questions in relation to the SPP, please call Company Secretary, Mr Robert Vickery on (02) 9209 4305.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Keniry', written in a cursive style.

John Keniry

Chairman

SHARE PURCHASE PLAN

Terms and conditions

Eligibility	All persons registered as holders of fully paid ordinary shares of Biosignal are eligible to participate. Participation is voluntary.
Key dates	Record date – as indicated on application form Close of offer - 5pm on 19 September 2008 Planned allotment of shares – on or about 25 September 2008 Planned listing of shares – on or about 2 October 2008
How to participate	Complete the attached form and return, together with payment by cheque to Registries Limited at the address indicated.
Issue Price	\$0.035 (discount of 12.5% on the volume weighted average market price of the Company for the last 5 days in which securities were traded up to and including 28 August 2008)
Available parcels	\$2,500 (71,428 shares) (Offer A) or \$5,000 (142,857 Shares) (Offer B)
Limit on participation	Maximum \$5,000 (142,857 Shares) per participant. Participants with more than one holding of Biosignal shares are restricted to \$5,000 in total.
Maximum Number of Shares available to issue	33,317,769
Oversubscription	If a decision is made to scale back the allotment of shares, this will be done on a pro rata basis equally for all shareholders. If fewer shares are allotted than have been subscribed for, Biosignal will issue a cheque for an amount equal to the reduction in the number of shares multiplied by the issue price. No interest will be payable on this amount.
Underwriting	The offer is not underwritten.
Use of funds	Refer attached letter from Chairman.
Share Price Risk	The market price of Biosignal shares may change between the date of the offer and the date when the shares are issued. This means that the issue price may be less than or exceed the market price of the shares at the time of allotment of the shares under this Offer. Eligible Shareholders should consider obtaining their own independent advice from a broker or financial or other professional adviser before making a decision to acquire shares under the SPP.
Costs of participation	No brokerage, commissions or other transaction costs will be payable by participants in respect of the application for, and allotment of shares under the SPP.
Offer period	Until 5pm on 19 September 2008
Transferability of offer	The offer is not transferable.
Planned Allotment Date	25 September 2008

Rights attached to shares The shares will be fully paid ordinary shares ranking equally with existing fully paid ordinary shares.

Acknowledgement by Participants By lodging this form with your cheque you acknowledge and confirm that you have read, understood and agreed to the terms and conditions of the Biosignal Ltd Share Purchase Plan (SPP).

Additional Information The offer of shares under the SPP is in accordance with the Australian Securities and Investments Commission Class Order 02/831 that grants relief from the requirement to prepare a disclosure document for this Offer.

Biosignal Ltd may settle in any manner it deems appropriate, any dispute or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application of shares. The decision of Biosignal Ltd will be conclusive and binding on all persons to whom the determination relates.

Biosignal Ltd reserves the right to waive compliance with any provision of the SPP terms and conditions. The Directors reserve the right to withdraw the offer of shares under the SPP, or reduce the amount of shares that may be subscribed for under the SPP in any manner, at any time prior to allotment. Any excess application moneys will be refunded. No interest will be paid on any refunded application money.

Enquiries Contact Robert Vickery - Company Secretary on (02) 9209 4305.