



ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE

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Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

bioMD ACQUIRES 50% INTEREST IN TISSUE ENGINEERING COMPANY

The Directors of bioMD Limited are pleased to announce that the Company has finalised an agreement to acquire a 50% equity interest in Celxcel Pty Ltd ("CXC"). bioMD will become the major shareholder and will appoint 2 executive directors to the Board of CXC.

bioMD's investment in CXC brings the Company into the emerging field of tissue engineering. The funds injected by bioMD and the advanced stage of CXC's Technology will allow bioimplants using the Technology to reach clinical trial stage in humans.

CXC is an Australian private unlisted company, formed in 2001 to commercialise the use of Kangaroo tissue as a suitable biological tissue implant (bioimplant) for humans. Results from animal studies so far have provided evidence to suggest that Kangaroo tissue is less susceptible to calcification than other biological tissues (such as bovine and porcine tissue) that is currently used for human implantation. These results have been presented to a World Symposium on Heart Valve Disease in 2000 and have been published in the Journals of Cardiac Surgery and Cardiovascular Surgery.

The research program is now 6 years old and is expected to be completed by the end of 2006. The research sought to build upon the reduced calcification potential of Kangaroo tissue by developing a novel tissue fixation and sterilization method ("Technology").

This Technology is used in the preparation of tissues used for human bioimplants. Success in developing this new Technology further reduced the calcification potential of Kangaroo tissue and has led to the commencement of large animal experiments by CXC. The Technology has also proven to reduce calcification levels in other animal tissues and to significantly improve their overall performance.

Generally, biological tissues have a better functional performance than equivalent synthetic devices used for human implant. Animal tissues present an important source of biological tissue. Prior to its use, however, animal tissues must be prepared, treated and sterilized so that when implanted, the human body does not reject the tissue. These bioimplants are implanted into humans to repair, augment or replace natural structures. Bioimplants can be used in cardiovascular, vascular, urogenital, neurological and orthopaedic systems.

CXC holds a granted Australian patent for the Technology and has an additional patent application in place that covers the latest claims made for the Technology. This application will proceed to international registration by the end of 2005. The Inventors of the Technology are Dr. W.M.L. Neethling, *BSc (Hons), MSc, Dip Clin Tech, PhD* and Dr A.J. Hodge *MBBS, FRACS*.

The total global market size for bioimplants in areas where the CXC Technology could potentially be used is in excess of US\$700 million annually.

CXC has secured the services of Dr. Neethling to lead an experienced team to bring the use of the Technology to the clinical trial stage and to further its usage as a Platform Technology in providing a varied range of bioimplants.

bioMD has cash reserves of \$3.2 million as at 31 October 2005. The investment will cost \$650,000 and provide working capital to CXC as part of bioMD's strategy to allocate funding towards opportunities in leading and cutting edge technologies within the biotechnology and life science markets.

The Company will now have three distinct areas of investment being:

1. Tissue Engineering
2. Injection Therapy Products
3. Materials Technology

For further information, please contact our office on (61 8) 9262 6777; Michael Bennett 0419 944567 or Robert Towner on 0414 594868.



Michael Bennett
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