



28 May 2004

Companies Announcements Office
Australian Stock Exchange

Dear Sir/Madam

\$2.1 million Placement

VRI BioMedical Limited (**VRI** or **Company**) is pleased to announce that it has agreed to make a private placement of new fully paid shares to clients of Taylor Collison Limited and Bell Potter Securities Limited to raise \$2.1 million by the issue of 21.0 million shares at \$0.10 per share. The placement will be made to sophisticated and professional investors pursuant to the provisions of section 708 of the Corporations Act 2001.

The issue of shares pursuant to the placement is subject to the conditions of the Placement Agreement being satisfied. In addition, the placement and an issue of options to Taylor Collison are subject to shareholder approval and the Company will convene a general meeting as soon as possible seeking those approvals.

The monies from the placement will be used for working capital and to expedite the marketing and promotion of VRI's latest probiotic product – ProTract, which VRI has successfully commercialised.

In light of the placement, the Company has decided not to proceed with the recently foreshadowed rights issue.

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