



29th March 2004

Companies Announcement Office
Australian Stock Exchange Limited

Placement of Shares and Forthcoming Rights Issue, raising \$2.9 million

VRI Biomedical Limited (VRI) advises of the placement of 4,953,886 shares at \$0.16 per share to raise approximately \$743,083. The shares have been placed to institutional and sophisticated investor clients of eG Capital, pursuant to Section 708 of the Corporations Act 2001.

Additionally, VRI intends to undertake a fully underwritten non-renounceable rights issue. Under the terms of the issue, all VRI shareholders will be entitled to subscribe for one new share at \$0.15 per share for each 6 existing shares held at the Record Date. This will result in the issue of 13,996,426 new shares to raise a further \$2,099,945 if all new shares are subscribed for. The Record Date and timetable for the issue will be advised in due course.

In order to comply with the secondary trading provisions of the Corporations Act 2001 (Cth), VRI advises that in relation to the shares issued pursuant to the placement it relies on the Australian Securities and Investments Commission Class Order 02/1180 which grants relief from the secondary sales provisions of the Corporations Act.

The shares issued by VRI under the placement come within the relief specified in Category 1 of Schedule C to Class Order 02/1180. VRI hereby gives notice to the Australian Stock Exchange Limited that there is no information to be disclosed of the kind that would be required to be disclosed under section 713(5) of the Corporations Act if a prospectus were issued in reliance on section 713 in relation to the shares the subject of the placement.

If the rights issue is fully subscribed, the rights issue and the placement will raise \$2.8 million. This money will be used to accelerate production and increase the advertising and promotion of the proTractTM family of products for the symptomatic relief of gastrointestinal disorders, including diarrhoea and Irritable Bowel Syndrome. The proTractTM range is in the process of being launched to pharmacies throughout Australia.

The initial response from pharmacy wholesalers has been very positive, and proTractTM will be progressively available in Australian pharmacies over the next several months, reaching approximately 3,000 pharmacies by June

The progression from the signing of a distribution agreement with CS Pharma (for Australian and New Zealand) to have proTract selling in pharmacies has taken only six months.

The market context in which VRI's proTractTM product for the treatment of the symptoms of Irritable Bowel Syndrome (IBS) is being launched is that in Australia alone, there are one million people with medically diagnosed IBS and some four to five million with these symptoms which are undiagnosed.

As Australia represents only 1-2% of the global market for these products, VRI continues to pursue distribution agreements in other regions around the world and has recently advised progress with Asian distribution.

VRI BioMedical is an Australian biotechnology company developing a range of scientifically validated probiotic products. Probiotics are living organisms that improve gastrointestinal health and boost the human immune system. VRI is commercialising products for health maintenance and disease prevention - "Bringing Science to WellnessTM".

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