

VRI BioMedical

bringing science to wellness™

www.vribiomedical.com.au

Mr Sean Ward,
Senior Companies Advisor,
The Australian Stock Exchange Limited,
Level 6, 20 Bridge Street,
SYDNEY NSW 2001

Via: asxonline

Dear Sean,

I refer to your letter received today in respect of the Company's announcement yesterday of the launch of its proTract product for Atopic Dermatitis and advise as follows in response to your specific questions:-

1. 17th November 2004. No.
2. No. What was material was the completion of the clinical trial which was announced on 26th August 2004.
3. The successful clinical trial provided the company with clinical evidence to support submission to the TGA for a TGA "L" listing. This is a self assessment on-line application process which takes approximately 5 days. The TGA approval required for the marketing of our product is low level.
4. For the reasons stated above, the company did not consider the TGA approval as material. To our knowledge, there is no precedent of other ASX-listed companies announcing the TGA approval for the marketing of complementary healthcare products.
5. No. A member of staff who has extensive therapeutic goods marketing experience made a comment in confidence to a journalist that in her personal experience, a product such as the proTract (eczema) product could have a market potential of annual retail Australian sales of \$3-\$4m.
6. I confirm that the Company is in compliance with the ASX listing rules and in particular rule 3.1.

We are in compliance with listing Rule 3.1 and regret that a comment made to a journalist was not reported in context. Management believed that the journalist was pursuing information about the company's earlier ASX announcement with respect to the FDA warnings on competing products. The journalist has apparently overestimated the significance of the TGA listing and standard industry treatment of such a listing for complementary healthcare products.

Yours sincerely,

Paul B Magoffin,
Company Secretary
16th March 2004



16 March 2005

Mr Paul Magoffin
Company Secretary
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Dear Paul

VRI BIOMEDICAL LIMITED (the "Company")

We refer to the following.

- a) The Company's ASX announcement released to the market on 14 March 2005 at 9.48.04 am EDST headed 'Product Launch boosted as FDA clamps down on competitors' (the "Announcement").
- b) An increase in the Company's share price from \$0.16 at the close of trading on Monday 14 March 2005 to a close of \$0.185 at the close of trading on Tuesday 15 March 2005 after the Announcement. We have also noted an increase in the volume of trading in the securities over this period.
- c) The article titled 'VRI finds an ASX itch that needs scratching' in the The Age dated 16 March 2005 (the "Article").

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Further, we wish to draw your attention to listing rule 3.1 which requires an entity, once it becomes *aware* of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities," to immediately tell ASX that information. The exceptions to this requirement are set out in rule 3.1A.

Having regard to the above definition and listing rule 3.1, we ask that the Company advise the following.

1. When did the Company first become aware that the Therapeutic Goods Administration ("TGA") granted approval for proTract (eczema)? Did the Company announce the TGA approval? If so where?
2. Does the Company consider that the TGA approval material to the Company?
3. If the answer to question 2 is "yes" and the Company has not previously announced the TGA approval to the market, please advise why the Company did not make an announcement to ASX immediately upon becoming aware of the TGA approval?
4. If the answer to question 2 is "no", please advise upon what basis is the TGA approval is not material to the Company.
5. The Article mentions that the Company expects proTract (eczema) to bring in sales between \$3 million and \$4 million. Do these figures represent what the Company expects proTract (eczema) to add to the Company's revenue?
6. If the answer to question 5 is "yes", please advise on the following:
 - 6.1 Has the Company announced the expectation that proTract (eczema) will bring in between \$3 million and \$4 million revenue?
 - 6.2 If 'yes' where?
 - 6.3 If not, why has the Company not announced its expectation that proTract (eczema) will bring in between \$3 million and \$4 million revenue.
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at sean.ward@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5.00 pm EDST Wednesday 16 March 2005.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

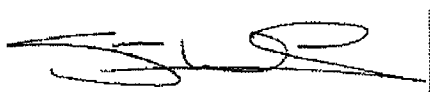
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Sean Ward', followed by a vertical line.

Sean Ward
Senior Companies Advisor