HEPACONDA® GAINS RECOGNITION AS A PROMISING DRUG

Sydney, Australia. 27 August 2007. Giaconda Limited (ASX: GIA) today announced that Hepaconda®, its product for the treatment of Hepatitis C virus (HCV), was listed in Thomson Scientific's quarterly publication "The Ones To Watch"* as one of "The Five Most Promising Drugs Entering Phase II Trials". Hepaconda® was the only gastrointestinal therapy noted in the report which covers new drug approvals and promising candidates entering Phase II and Phase III clinical trials.

The Company announced the commencement of the Phase IIa clinical trial of Hepaconda® for the treatment of Hepatitis C virus (HCV) genotype 1 refractory to current therapy on 25 June. Giaconda expects to report on the trial results in Q1 CY 2008.

Genotype 1 Hepatitis C virus has the lowest response rate to standard treatment compared to other genotypes and carries a higher risk of post-treatment relapses and progression to liver cirrhosis and liver cancer. The current standard treatment for chronic HCV has limited efficacy, especially in genotype 1 and poor tolerability with the result that many patients cease treatment.

"The cost of Hepatitis C to the Australian healthcare system was $156 million in 2004/5 and in 2006, 197,000 Australians were estimated to have chronic Hepatitis C. The cost to the healthcare system in the USA is currently estimated at US$600 million," said Patrick McLean, Chief Executive Officer of Giaconda.

"We are delighted that a prestigious institution like Thomson Scientific recognizes the potential value of our product. Hepatitis C is a significant health issue across the globe and a significant number of patients fail conventional treatment. We are committed to developing an alternative for these patients and we believe that Hepaconda® may offer such an alternative," he added.

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*To access a copy of the latest "The Ones To Watch" visit
http://www.thomsonpharma.com/pm/p6005-3/

About Giaconda Limited
Giaconda Limited is a biotechnology company involved in developing and licensing innovative and cost effective medical therapies in the field of gastroenterology. Giaconda's products are targeted towards the treatment of serious conditions that are not adequately addressed by any existing therapy. In this way, Giaconda's products are intended to satisfy these significant unmet medical needs of the gastrointestinal market. The Giaconda portfolio consists of five products, all of which are novel combinations of known compounds. Giaconda has two lead products, Myoconda® for the treatment of MAP (*Mycobacterium avium paratuberculosis)* infection in Crohn's Disease and Heliconda® for the treatment of resistant *Helicobacter pylori* infection.

For more information please visit www.giacondalimited.com

About Hepaconda® – A combination therapy for the treatment of Hepatitis C Virus
Hepaconda® is a combination of bezafibrate and chenodeoxycholic acid. It has been demonstrated in clinical trials that chenodeoxycholic acid, when used as a single compound, reduced Hepatitis C infection (HCV) and improved liver function in patients who have failed existing therapy. Bezafibrate has been shown to eliminate HCV, therefore the combination of bezafibrate and chenodeoxycholic acid appears to offer an advantage over current treatment. A Phase IIa clinical trial on Hepaconda® is now in progress.

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About Hepatitis C Virus

Hepatitis C Virus affects 3.1% of the world's population and is currently the number one cause for liver transplantation in the United States. In Australia, current numbers of individuals diagnosed with newly acquired HCV infections have been estimated to be in excess of 242,000 with over 50% of cases located in NSW alone. There are six primary genotypes of HCV and studies show that 70-75% of all infections are of the genotype one variety. Currently the most effective treatment for chronic HCV includes a combination of the drugs interferon alpha and ribavirin. This treatment is associated with a number of side effects and is only effective for 42 – 46% of patients, leaving a large portion with no effective therapy.

Except for historical information, this news release may contain forward-looking statements that reflect the Company's current expectation regarding future events. These forward looking statements involve risk and uncertainties, which may cause but are not limited to, changing market conditions, the successful and timely completion of clinical studies, the establishment of corporate alliances, the impact of competitive products and pricing, new product development, uncertainties related to the regulatory approval process, and other risks detailed from time to time in the Company's ongoing quarterly and annual reporting.

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