CLINICAL TRIAL CLARIFICATION

Sydney, Australia 21 September 2007. Giaconda Ltd (ASX: GIA) today announces further details and clarification concerning the clinical trials for its lead product Myoconda® for the treatment of MAP infection in Crohn's Disease.

The Company recently announced that it had entered a collaboration with Prague Clinical Services, s.r.o. of the Czech Republic to further the development of Myoconda® and undertake a Phase III clinical trial in Europe. On the basis of regulatory advice Giaconda believes that the Phase III trial will satisfy the requirements of the European regulatory agencies for a submission of a registration dossier if the results of the trial are strong.

In April 2007 Giaconda was granted an Investigational New Drug (IND) application by the US Food and Drug Administration (FDA) for a Phase II/III clinical trial of Myoconda® in the US. The European Phase III trial announced on 19 September will take the place of the US Phase II/III trial. It is likely that Giaconda will need to conduct a second Phase III trial to meet the registration requirements of the FDA for the US market. It is intended that this second Phase III trial will take place in the US after the European trial.

The European Phase III trial and a related pharmacokinetic study will take 52 weeks to complete once permission to conduct the trial is given by the European regulatory bodies. Preparation for the trial is underway and the trial is expected to commence in the first half of 2008. On that basis Giaconda anticipates that a registration submission for Myoconda® could be made to the UK Medicines and Healthcare products Regulatory Agency (MHRA) before the end of 2009.

"Giaconda's rationale for undertaking a Phase III trial in Europe is that the collaboration with Prague Clinical Services offers us an opportunity to significantly cut the cost of this major trial and to bring Myoconda® to the market faster in a major territory The data from the European trial will be used in the further regulatory development of Myoconda® in the US. " said Patrick McLean, Chief Executive Officer of Giaconda.

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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 Crohn's Disease and Heliconda® for the treatment of resistant *Helicobacter pylori* infection.

For more information please visit www.giacondalimited.com

About Myoconda® – A Combination Antibiotic Therapy for the Treatment of Crohn's Disease

Myoconda®, the Company's Anti-MAP therapy for the treatment of Crohn's Disease is a combination of three registered anti-mycobacterial drugs - rifabutin, clarithromycin and clofazimine. These three drugs are widely marketed world-wide for the treatment of mycobacterial and other infections. Myoconda® presents these three compounds in a specific patented combination.

Myoconda® is based on the proposition that MAP infection is a significant factor in Crohn's Disease.

Prof. Borody has long been at the forefront of this approach, which is gaining increasing acceptance among gastrointestinal specialists worldwide. Prof. Borody has published significant data demonstrating that patients treated with anti-MAP combination therapy such as that found in Myoconda® experience long-term remission of clinical symptoms and inflammation, some for up to nine years.

About Crohn's Disease

Crohn's Disease is a chronic inflammatory disease of the gastrointestinal tract. The disease most commonly affects the lower small intestine and the large intestine. Symptoms of Crohn's Disease include abdominal pain, diarrhoea, fever and weight loss. In severe cases, the intestine can become blocked or obstructed, requiring surgery. Young patients with Crohn's Disease may also suffer growth retardation. Patients suffering Crohn's Disease are conventionally treated with drugs aimed at reducing inflammation and other associated symptoms. The cause of Crohn's Disease is unknown, thus the standard treatments aim to treat symptoms rather than the cause of the disease. The bacterium *Mycobacterium avium ss. paratuberculosis* (MAP) is the lead candidate as an infectious cause of Crohn's Disease. By targeting the MAP infection, Myoconda® is designed to address a possible source of the disease, rather than attempting to merely alleviate its symptoms.

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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