Giaconda Signs Agreement to Take Myoconda® to Market in Europe

Sydney, Australia 19 September 2007. Giaconda Ltd (ASX: GIA) today announced that it has entered a cooperative development agreement with Prague Clinical Services, s.r.o. of the Czech Republic to further the development of its lead product, Myoconda®, for the treatment of MAP infection in Crohn's Disease. Under the terms of the agreement Giaconda and Prague Clinical Services will collaborate to complete a Phase III clinical study across Europe as well as regulatory development on Myoconda to enable registration with the Medicines and Healthcare products Regulatory Agency (MHRA) in the UK.

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 Phase III trial are strong. The trial will also provide the data needed by the US Food and Drug Administration (FDA) according to the Investigational New Drug (IND) application which was granted earlier this year although it is expected that the FDA will require a further Phase III trial to be undertaken.

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. Activities on the organisation of the study are expected to commence before the end of 2007. On that basis Giaconda anticipates that a registration submission for Myoconda could be made in Q3 2009.

Prague Clinical Services will undertake the clinical study in Europe, prepare and submit the regulatory materials needed to support the registration of Myoconda with the MHRA.

"We are excited about this collaboration which may provide Giaconda with the opportunity to bring Myoconda to market in a major territory earlier," said Patrick McLean, Chief Executive Officer of Giaconda.

"This clinical trial will also provide supporting data for our efforts to bring Myoconda to market in the US territory."

Dr. Petr Janda, General Manager of Prague Clinical Services, believes strongly in the potential and efficacy of Myoconda. "This is one of the most promising therapies for patients suffering from Crohn's Disease that I have come across and further development has become a personal goal" he said.

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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

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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.

About Prague Clinical Services

Prague Clinical Services provides complete range of clinical services. The Company has been working in the field of clinical trials more than 12 years. The Company has been working in the field of clinical trials since 2004 and the PCS staff has more than 12 years of experiences on organising and running clinical trials in the European region.

The Head Office is situated in the Czech Republic in the historical and culturally renowned city of Prague, employing a team of thirty seven highly proficient staff, with experienced specialists across the Slovak Republic and Bulgaria as well. Prague Clinical Services has an established history of working according to Good Clinical Practice (GCP) with many of the therapies achieving regulatory approval across Europe.

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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