



## Giaconda announces proposal for share placement

**Sydney, NSW, 18 July, 2008** – Giaconda Limited (ASX: GIA), today announced that it is a party to a proposal (dependent on reaching certain milestones) to place in a number of tranches up to 100,000,000 ordinary fully paid shares in Giaconda with Australian Medical Therapy Investments Pty Ltd (**AMTI**) at \$0.40 per share. At this time a Share Subscription Agreement has been signed by both parties, but the transaction is incomplete. The funds would be used to further develop Giaconda's therapies.

The proposal has to overcome a number of hurdles before it is complete including:

- (a) AMTI satisfying Giaconda that it has the assets and funds available to pay the subscription price for the placement (This has not yet been satisfied);
- (b) the commissioning of experts reports and explanatory memorandum; and
- (c) shareholder and regulatory approval.

AMTI has until 15 August 2008 to satisfy Giaconda that it has the required financial capacity.

As part of the proposal in order to protect the potential incoming investor, Professor Thomas Borody as a significant shareholder of Giaconda has placed his shares in escrow. The shares will be released if the proposal does not complete.

Patrick McLean, Giaconda's Chief Executive Officer, stated "Whilst the Board of Giaconda is excited about the prospect of raising significant funds in these difficult times it recognises that the current proposal is incomplete and there is still a degree of uncertainty over whether the proposal will proceed."

**ENDS**

### 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<sup>®</sup> for the treatment of MAP (*Mycobacterium avium ss paratuberculosis*) infection in Crohn's Disease and Heliconda<sup>®</sup> for the treatment of resistant *Helicobacter pylori* infection.

### 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

GIACONDA LIMITED

Ground Floor, 44 East Street, Five Dock NSW 2046 Phone: [612] 9370 0069 Fax: [612] 9712 1469  
email: [info@giacondalimited.com](mailto:info@giacondalimited.com) ABN 68 108 088 517 [www.giacondalimited.com](http://www.giacondalimited.com)

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<sup>®</sup> is designed to address a possible source of the disease, rather than attempting to merely alleviate its symptoms.

For more information please visit [www.giacondalimited.com](http://www.giacondalimited.com)

## About Myoconda<sup>®</sup> – A Combination Antibiotic Therapy for the Treatment of MAP Infection in Crohn's Disease

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

Myoconda<sup>®</sup> is based on the proposition that MAP infection is a significant factor in Crohn's Disease. MAP infection is present in 40-50% of Crohn's patients. 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<sup>®</sup> experience long-term remission of clinical symptoms and inflammation, some for up to nine years. This data was reinforced with a Phase III clinical trial done across 20 centres in Australia among 213 Crohn's patients.

## About Australian Medical Therapy Investments Pty Limited

AMTI is a private investment company focusing primarily on the Australian biotech industry. Giaconda will be its first major investment.

*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.*

## CONTACTS:

Giaconda	Media & Investor Relations	AMTI
Patrick McLean Chief Executive Officer	Fay Weston Director, Talk Biotech	Colin Goldrick Managing Director
T: +61 (0)2 9370 0069	T: +61 (0)422 206036	T: +61 (0)2 8246 6218
pmclean@giacondalimited.com	fayweston@talkbiotech.com.au	info@amti.com.au

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Ground Floor, 44 East Street, Five Dock NSW 2046 Phone: [612] 9370 0069 Fax: [612] 9712 1469  
 email: [info@giacondalimited.com](mailto:info@giacondalimited.com) ABN 68 108 088 517 [www.giacondalimited.com](http://www.giacondalimited.com)