ANADIS
LIMITED

March 16th, 2006

Company Announcement Office
Australian Stock Exchange Ltd (ASX)
4th Floor, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Please find herewith a company announcement **"Developing Antibodies Against Hospital "Super-Bug""** for release and distribution to the market immediately.

Yours sincerely

CONOR GRAHAM
Managing Director & CEO

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Antibodies to be developed against hospital "Super-Bug"

Anadis Ltd (ASX:ANX) is to raise antibodies in a combined Hyperimmune Colostrum and Bio-Shield 10 preparation against *C. difficile* – a bacterium which is responsible for between 30,000 and 75,000 fatalities in the US each year. Numerous studies have already shown hyperimmune bovine antibodies provide protection to *C. difficile in vitro,* animal and human studies.

Anadis expects to have efficacy data in 6 months, and be at clinical trial phase within 12 to 18 months. As Anadis can already market colostrum based products in the United States, without the need for further registration, this therapy can potentially be on the market in around 2 years – a fraction of the time required to develop a conventional pharmaceutical.

***C. difficile*-Associated Diarrhoea (CDAD)**

C.difficile is responsible for a range of intestinal diseases from diarrhoea to fatal pseudo-membranous colitis (ulceration and bleeding from the colon). CDAD is usually associated with antibiotic consumption and is predominantly hospital acquired.

Elderly patients are particularly at risk. Currently in Canada, and in parts of the US, certain strains of *C.difficile* are particularly virulent and pose a major threat to hospitalised patients.

The rate of *C. difficile* acquisition in some North American hospitals has been estimated to be 13 percent in patients with hospital stays of up to two weeks and 50 percent in those with hospital stays longer than four weeks.

Market Opportunities

C.difficile and CDAD are serious issues of population health in many developed countries, especially in North America. An Anadis hyperimmune colostrum based therapy would be highly cost effective. A product such as this would be used as a preventative and as part of a treatment regime - potentially given to all at-risk patients in the hospital system and for a period of time following discharge.

Currently there are few alternate therapies, with further antibiotic therapy potentially worsening the situation. With the number of at-risk patient in US and Canadian hospitals in the millions per annum, the market size is substantial.

Anadis is already in the process of establishing commercial arrangements in association with this research program.

Why the Anadis technology platform?
Hyperimmune bovine colostrum to *C. difficile* has already been shown to provide protection in animal models. For patients, colostral antibodies may be used as a preventative for at-risk individuals or as a treatment to limit progression and prevent recurrence of disease.

Bio-Shield 10, a set of patented technologies for the protection of delicate molecules in harsh environments (such as the acidic stomach), will be utilised to protect the antibodies with in the colostrum so they can pass undamaged into the intestine to neutralise the bacterial toxins.

Epidemiology of *C. difficile*
C. difficile is the major diagnosed cause of infectious diarrhoea that develops in patients following hospital admission in the United States and developed countries around the world. Each year *C. difficile* infection results in approximately three million cases of diarrhoea and colitis in the United States alone. The mortality rate of these cases is approximately 1 to 2.5 percent.

Almost all antibiotics, including vancomycin and metronidazole, the common antibiotics used to treat *C. difficile* infection, may cause CDAD. Other risk factors for the development of CDAD include advanced age, previous surgery and depression of the immune system such as that found associated with transplantation and HIV infection.

About *C.difficile* and how the situation is changing
C.difficile is a member of the genus *Clostridium*, which also includes the bacteria that cause tetanus, botulism and gas gangrene. It was named *difficile* because it grows slowly and was difficult to isolate.

Normally, harmless bacteria in the intestine prevent the overgrowth of *C. difficile*, but the use of broad-spectrum antibiotics can disrupt these 'healthy' bacteria, and allow *C. difficile* to proliferate excessively. Under these circumstances, *C difficile* releases toxins which cause inflammation and damage the intestinal lining. Complications include perforation of the intestine and death.

Recently, new strains of *C. difficile* have emerged in Canada and the US that produce high levels of toxins and are resistant to many existing antibiotics. (For further information on the new strains appearing in North America see The New England Journal of Medicine http://content.nejm.org/cgi/content/abstract/353/23/2433)

Importantly, antibiotic resistance is not an issue in the use of antibody therapies, such as Anadis hyperimmune antibody products. Antibody therapies therefore do not contribute to the evolution of new antibiotic resistant "super-bugs" - an extremely serious emerging health issue.

About Anadis Limited:

Anadis Ltd, a Melbourne based biopharmaceutical company focused on Nutraceutical and Pharmaceutical research and development. Anadis specialises in the development of bovine colostrum derived products for therapeutic use in humans. Projects include:

Anadis' first commercialised product: **Travelan** is a natural product, which significantly decrease the risk of the medical condition known as Travellers Diarrhoea and the symptoms of gastrointestinal disorders. Travelan is a bovine colostrum preparation, prepared from cows hyper-immunized against the 13 most common strains of *E.coli* – the most common cause of Travellers Diarrhoea (Bali Belly, Delhi Belly, etc.).

Travelan has recently received a "Green Light' for sales in the US and a distributor in Canada has been appointed. Travelan is being considered for other markets including: Singapore, India, Korea, United Arab Emirates, Thailand, Malaysia, South Africa and the UK and EU.

Travelan has recently been potentially identified for additional gastrointestinal indications including Irritable Bowel Syndrome IBS and Inflammatory Bowel Disorder IBD.

For more information please visit www.travelan.com.au

EV-71 - a bioactive protein based preventative product against Enterovirus 71, a debilitating polio like disease, is one of the viruses that causes 'hand, foot and mouth' or 'slapped cheek' disease. A significant proportion of younger children effected can develop nervous signs such as fits, paralysis and Enterovirus 71 has the potentially to be fatal.

A set of **Bio-Warfare/Respiratory Protection** technologies, a project in conjunction with the Australian Department of Defence and US Bio-Defence Organisations, initially focused on short-term immediate protection from airborne bacteria such as Anthrax and Plague, future civilian applications include Hay Fever and Asthma.

Bio-Shield 10 a range of "bio-shielding" technologies which protect delicate molecules, enzymes and proteins, initially targeted for use in the pro-biotic market.

Development into an **Immune Stimulating Infant Formula** is underway, initially destined for the Asian market.

Pyloran, which has been clinically proven to reduce levels of *H.pylori* bacteria in the stomach and reduce the symptoms of *H.pylori* associated gastritis - Anadis is also in early development of a ***H.pylori* vaccine.**

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