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14 June 2007

Companies Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam

ASX ANNOUNCEMENT – NEW IPO INTENDED FOR BIOPHARMICA LTD

This announcement is for notification purposes only

Grandbridge Limited has been advised of BioPharmica Limited's intention to seek an Initial Public Offering (IPO) for Cortical Dynamics, an investee of BioPharmica.

Grandbridge is a substantial shareholder of BioPharmica and currently holds 10.84% of its ordinary share capital.

A copy of the announcement is attached.

Yours faithfully

David Breeze
Director



BioPharmica Limited

14 June, 2007

BioPharmica [ASX: BPH] ASX Release

"New IPO intended for BioPharmica"

BioPharmica intends to seek an IPO for investee Cortical Dynamics on the Australian Securities Exchange.

Under a planned 'spin off' process, BioPharmica (ASX Code: BPH) shareholders would receive a free \$0.20 share in Cortical Dynamics for every listed BioPharmica share that they hold on July 15th 2007.

This means that an eligible BioPharmica shareholder could retain the shares they hold in BioPharmica whilst receiving the same number of \$0.20 shares (at no cost) in the new IPO of Cortical Dynamics. The spin off and listing is subject to approval from shareholders and regulatory bodies.

Cortical Dynamics

Cortical Dynamics is working with BioPharmica and Swinburne University of Technology (SUT) to commercialise and develop the Brain Anesthesia Response (BAR) index monitoring system. The BAR Monitor is designed to detect and record the electrical activity of the human brain in order to assist anaesthetists to keep patients optimally anaesthetised during surgery.

The BAR system measures a patients brain electrical activity (EEG) to indicate how deeply anaesthetised a patient is during an operation via an adhesive sensor applied to the forehead. This monitor is designed to assist anaesthetists and intensive care staff in ensuring patients do not wake up un-expectedly, as well as reducing the incidence of side effects associated with the anaesthetic. . International patent coverage is pending regarding the use of the BAR Monitor in a range of applications.

Market

The depth of anesthesia market is predicted to be worth AUD\$1 Billion by 2008. There are eight products in the market and two companies whose focus is purely depth of anesthesia monitoring. The benchmark monitor at present is BIS (the Bispectra Index at Aspect Medical systems Inc). It has been shown in extensive clinical trials that improved monitoring of the depth of anesthesia reduces recovery times, the costs of anesthesia and the incidence of postoperative recall.

Clinical Trials

A pilot trial at Royal Melbourne Hospital (RMH) tested the sensitivity of the BAR Monitor in quantifying the effect that various levels of the anesthetic agent nitrous oxide have on measures of anesthetic depth. The results of the 60-patient study indicated that the BAR index may be superior in quantifying brain function compared to current approaches. One critical discovery was that the BAR index could measure both brain state and input, something that other brain function monitors have trouble in doing separately.

A second pilot trial at RMH, that utilizes the BAR Monitor in patients given opioids as anesthetic agents, is currently underway in order to extend the validation of the monitor. The National Health and Medical Research Council (NH&MRC) in Australia will be providing supporting funding that includes trials that are expected to take place during 2008 at various Australian hospitals.

The Cortical Anesthetic Monitoring Device which was recently featured on ABC's "Catalyst" on 3rd May 2007 was recently awarded a Federal Government National Health Medical Research Council Development Grant of \$182,500.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Breeze'.

David Breeze,
Chairman
BioPharmica Limited