VRI BioMedical

Facsimile

To:	Company Announcements Office	From:	John Frame
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Phone:		Date:	20th December 2002.
Re:	VRI BioMedical Limited	CC:	

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Subject:

Continuous Disclosure – Founder Shareholder Update

VRI
BioMedical

20th December 2002

Founder Shareholder Update

VRI BioMedical Limited (VRI or the Company) wishes to inform the market in view of the recent trading in the Company's shares, the plans of its founders and promoters in relation to the shares they hold that have recently come out of escrow.

The following shares of VRI's founding shareholders came out of escrow on 14th December 2002:

Holder	No of shares
Australian Heritage Group Limited (AHT)	8,333,333
Leon Ivory (Ivory & Co Pty Ltd)	8,839,799
Kim Slatyer (Trivenia Pty Ltd)	8,839,799
Robert Clancy (Maktram Pty Ltd)	8,999,999

Due to the effect of recent trading on the Company's share price, the Company has taken steps to ensure a managed approach is taken in respect of the founding shareholders' shares in the Company. As a result, the following arrangements have been put in place (subject to any regulatory consents, exemptions or approvals that may be required to be obtained):

- Maktram has advised the Company that it needs to sell a further 3,000,000 of its VRI shares but has agreed to co-operate with the Company to place the 3,000,000 shares in an orderly manner designed to have minimal impact on the market for the Company's shares by 28 February 2003. Maktram has agreed not to enter the market in any way prior to 28 February. If the 3,000,000 shares are not placed by 28 February then Maktram will provide the Company with an opportunity to suggest alternative methods for Maktram to dispose of the shareholding that will not have the negative impact on the share price seen on 16 December.

  Maktram and Robert Clancy are confident of the Company's future prospects and have advised the Company that Maktram has no current intention to sell any of the 5,679,000 balance of its shareholding.

- Leon Ivory and Kim Slatyer have agreed to enter voluntary escrow agreements binding them to not dispose of any of their shares for a further 12 month period unless placements to strategic investors in lines of more than 1 million shares can be effected at or around the prevailing market price. The voluntary escrow of Slatyer and Ivory will be enforced by a holding lock on the respective shareholdings.

- AHT re-affirms its commitment to the company and is enthusiastic about VRI's plans for the next 12 months. If AHT disposes of any of its VRI shareholding it will do so in consultation with the Company so as to have as minimal effect on the Company's share price as is possible. AHT stresses that if it disposes of any of it's shareholding it in no way should be read as any criticism of, or concern with, VRI. AHT is an investment bank and therefore is in the business of making early investments and exiting those investments profitably when the opportunity arises.

The Company is acutely aware that the founder and promoter shares represent a substantial proportion of the Company's issued capital. The Company has received enquiries from local and foreign institutional investors in relation to securing reasonable equity positions in the Company. The Company is committed to assist in placing locally and overseas (including through the recently established Level One ADR Programme in the USA), any founder and promoter shares in an orderly manner to strategic investors without adversely impacting the market in the company's shares.

For further information please contact either:

Leon Ivory, Executive Chairman or John Frame, Company Secretary on (08) 9321 3655