

**The Australian Stock Exchange Limited,
Companies Announcements Office
SYDNEY**

**Via: asxonline
18th February 2005**

VRI PARTNERS WITH SANITARIUM

VRI has completed a collaboration agreement with Sanitarium to develop a range of Functional Food products incorporating PCC®. Revenue from product sales should commence during 2005.

Sanitarium is one of Australia's largest food companies employing approximately 1,700 people and exporting to over 30 countries - including the United Kingdom, Asia, the United States and the South Pacific.

Sanitarium brands include Australia's most popular breakfast cereal Weet-Bix®, the So Good® soymilk brand with an 85% market share and the Up & Go® liquid breakfast range.

Functional Foods represent a major market opportunity for PCC® as a novel health-promoting ingredient. VRI's strategy in Functional Foods is to partner with companies who own or can develop leading food brands capable of incorporating PCC®. Partnerships will be exclusive to specific products and regions. The food company can then make wellness claims based on VRI's scientific and clinical evidence.

The terms of the Sanitarium agreement are confidential, however VRI's approach to (Functional Food) licensing agreements is to take a margin on supply of raw material and/or a royalty on sales.

Regulations for functional foods globally are becoming tougher, requiring companies to scientifically substantiate health claims on foods. This regulatory environment places VRI in a commanding position as its scientific and clinical data have been developed for therapeutic products which have more stringent regulatory hurdles.

VRI's CEO Mr. Kim Slatyer said "the Sanitarium agreement represents third party validation of our technology and is VRI's first foray into the massive and growing Functional Food market. Having partnered with a major Australian food company, VRI is now pursuing similar opportunities globally".

The functional food industry in the United States is predicted to double in value by 2007 to sales of more than US\$37.7 billion (according to a Business Communications Inc., report, "Functional/Nutraceutical/Wellness Foods and Beverages" (RGA-109R)).

A C Nielsen's report, What's Hot Around the Globe – Insights on Growth in Food and Beverages 2004, states that the top two growth categories in 2004 were both functional foods - Soy-Based Drinks (+31%) and Drinkable Yoghurts (+19%). This shows that functional foods can provide double-digit growth in food markets.

For more information contact:-

Mr Kim Slatyer, CEO – 02/9209 4268

VRI BioMedical Ltd
is bringing science to wellness by
commercialising a range of
products for health maintenance and
disease prevention, based on robust
scientific and clinical research.
VRI BioMedical has developed
extensive intellectual property
in three platform technologies:
probiotics diagnostics vaccines

VRI BioMedical Ltd
ACN 084 464 193 - ABN 97 084 464 193
Suite G09, 1 Central Avenue, Australian Technology Park, Eveleigh, Sydney NSW 1430, Australia
Phone: +61 2 9209 4268 Fax: +61 2 9209 4256