epitan

15 August 2003

Rick Iversen
Companies Advisor
Australian Stock Exchange
Level 3, 530 Collins Street,
Melbourne, Victoria 3000

Dear Mr Iversen,

Re: Price Query

I refer to your facsimile of 15 August and respond to your questions as follows:

ITEM 1:

No. There is no information concerning EpiTan Limited (**EpiTan**) that has not been announced which, if known, would explain the recent trading in EpiTan's shares.

The Directors of EpiTan believe that the recent trading in its shares is primarily due to the increased awareness in the market place of EpiTan and of the progress of the clinical trials of its primary drug candidate, Melanotan.

In that context, EpiTan draws the attention of the Exchange to its announcement on 5 May 2003 reporting progress on its Phase IIb drug study. EpiTan reported that it was "extremely encouraged by the progress reports and fully expects the results to show that sunburn damage is markedly reduced following Melanotan treatment". The last of the eighty volunteers are expected to complete their regime on 11 September 2003. The preliminary results of the Phase IIb trial are expected in early October 2003.

EpiTan also announced on 16 June 2003 that it had obtained approval to begin its first human implant trial for Melanotan and that it planned to meet with the US Food and Drug Administration for the purpose of obtaining approval to begin trials in the US, via an IND, with Melanotan implants. This meeting is currently scheduled for 8 October 2003

EpiTan is actively seeking a partnership with a larger pharmaceutical company to assist with the commercialisation of Melanotan. It is also seeking to accelerate and expand its clinical trial programme. These matters have previously been announced.

ITEM 2: Not applicable.

ITEM 3: Subject to the statement in item 1 above, EpiTan has no other explanation for the price change and increase in volume in the trading of its shares.

ITEM 4: Yes. EpiTan has complied and will continue to comply fully with the Listing Rules and, in particular, Listing Rule 3.1. EpiTan and its directors are fully aware of their continuous disclosure obligations under the Listing Rules.

Yours sincerely

Iain Kirkwood
Company Secretary

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15 August 2003

Mr Iain Kirkwood
Company Secretary
EpiTan Limited
52 Collins St
MELBOURNE

By facsimile: 03 9662 4788

Dear Iain

EpiTan Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from 47.5 cents on 12 August 2003 to a high of 80 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by facsimile on **facsimile number 03 9614 0303**. It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie **before 9.30 a.m. E.S.T.**) on Monday, 18 August 2003.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Rick Iversen
Companies Advisor