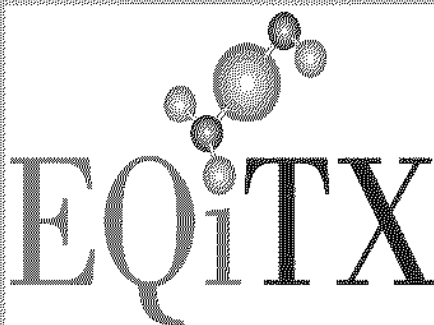


August 2005

Investor Newsletter

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Investor Update



**Sue MacLeman, CEO,
EQiTX**

Dear Shareholder

Welcome to the third edition of the EQiTX investor newsletter. The company made good progress through the middle of this year and there is a lot of news to report.

In addition to our key events, EQiTX participated in Bio2005, the biotech industry's biggest commercialisation meeting in Philadelphia. EQiTX participated in 32 meetings with key representatives of major pharmaceutical and

biotechnology companies.

The objectives of these meetings were to introduce EQiTX and its technologies to prospective partners and to establish relationships with potential commercial development partners.

This is an important activity as usually it takes many meetings before research collaborations or commercialisation agreements are cemented. EQiTX produced a new corporate brochure for the June meeting and this is available on our website.

Channel 7 News dedicated a prime-time story to the VacTX vaccine technology for prostate cancer. Airing in May, the program showed footage of the VacTX laboratories and an interview with EQiTX director and VacTX chairman Dr Kevin Fahey.

In addition, ex-Melbourne AFL footballer Robbie Flower provided the perspective of a prostate cancer sufferer. The story replayed on pay TV channel Sky News.

We hope you enjoy this newsletter which we will continue to issue on an occasional basis to report significant events at your company.

Sue MacLeman
Chief Executive Officer

Key events

- **Collaboration with the renowned Johns Hopkins University, Baltimore USA**
- **\$1.45 million Commercial Ready grant to ZingoTX from AusIndustry**
- **EQX increases investment in ZingoTX to 54%**
- **EQX invests another \$500,000 into VacTX to increase equity stake**
- **TGA approval for clinical testing of a cell-based immunotherapy for Hepatitis C**
- **Our farewell to two senior directors of EQiTX**
- **Award of the David Syme Prize to Dr David Jackson**
- **Professor Mark von Itzstein's latest prize**

VacTX collaboration with Johns Hopkins University

EQiTX joint venture company VacTX Pty Ltd has entered into a research collaboration with Johns Hopkins University in Baltimore, USA to develop and evaluate lipopeptide vaccines to a virus associated with cancer.

"Following publication of data demonstrating that VacTX lipopeptide vaccines consistently trigger strong and long-lasting immune responses, the researchers at Johns Hopkins University approached VacTX seeking to use its delivery technology," said Dr David Jackson, Chief Scientist of VacTX and co-inventor of the lipopeptide technology.

The collaboration involves combining proprietary epitopes discovered by researchers at Johns Hopkins University with the VacTX lipopeptide vaccine platform technology. Both VacTX and Johns Hopkins University will evaluate the activity of the resulting peptide vaccines in animal models.

Under the terms of the agreement, VacTX may obtain rights to further develop and commercialise the resulting lipopeptide vaccines.

The VacTX technology has the potential to produce safe and effective vaccines to prevent or treat conditions including infections, cancer, allergy and autoimmune diseases.

ZingoTX wins \$1.45M Commercial Ready grant from AusIndustry

ZingoTX is developing novel compounds for treating chronic pain. These compounds called Capsarols™, have demonstrated strong and persistent analgesic activity and have a favourable side effect profile at therapeutically active doses.

ZingoTX Pty Ltd has been awarded a \$1.45 million Commercial Ready grant from AusIndustry to progress development of its pain relief drug candidates. The grant will fund 50 percent of the total cost of preclinical toxicology and pharmacokinetic studies for the selected lead candidate. The successful completion of this project will enable the drug candidate to progress to Phase I clinical trials during the second half of 2006.

AusIndustry and its scientifically and commercially skilled selection panel acknowledged the potential of the ZingoTX compounds as a new class of analgesic. These funded studies will commence in Q3 2005 and finish in Q3 2006.

Forthcoming milestones :

- Finalise contracts for the manufacture of the lead Capsarol™ compound in accordance with regulatory standards for a Phase I clinical trial in 2006.
- Finalise arrangements with preclinical and toxicology service providers.
- Select the study site and investigators that will undertake the Phase I clinical trial.

TGA approves clinical trial that utilises VacTX technology

The Australian regulatory authority, the TGA, has approved the protocol for a clinical trial to evaluate the safety of a cell based immunotherapy which is manufactured using the patient's own immune cells and a synthetic lipopeptide vaccine that is based on the VacTX technology. The vaccine is used to activate selected immune cells to recognise the hepatitis C virus and the activated cells are then injected into the patient to boost their immune response to the virus.

This will be the first occasion on which a lipopeptide vaccine based on the VacTX technology has been tested in a human application. The outcome from this study will be important for other lipopeptide applications. The trial is being conducted by the Macfarlane Burnet Institute for Medical Research and Public Health, The University of Melbourne, Peter MacCallum Cancer Institute, Australian Red Cross Blood Services and Monash Medical Centre. The research consortium was awarded a grant in June 2003 by the US National Institutes of Health to fund the study.

Farewell and thank you to Brian Nathanson and Geoff Harland

EQiTX recently announced the retirement of two of its directors, Mr Brian Nathanson and Mr Geoff Harland.

Their decision is in keeping with the company having relocated its corporate and administrative offices to Melbourne, where management and operations are now based.

Brian Nathanson has been a director of EQiTX since July 2003. In this role he has in particular been

responsible for investor relations and capital raisings and has also been a Member of the Audit Committee.

Geoff Harland has been a Director of EQiTX since December 2001. He has been responsible at Board level for Corporate Governance and has also served as Chairman of the Audit Committee.

"We thank both directors very much for their important contributions" said Mr Majteles, Chairman EQiTX.

VacTX Chief Scientist awarded David Syme Prize for synthetic vaccines

In May Dr David Jackson, Chief Scientist of VacTX, won the esteemed David Syme Research Prize.

David Jackson was cited for his role in developing the synthetic lipopeptide vaccine technology being commercialised by VacTX.

The David Syme Research Prize has been awarded since 1904 for the best original research work in biology, chemistry, geology or physics produced in Australia during the preceding two years.



EQiTX director wins Adrien Albert Award

Professor Mark von Itzstein, non-executive director of EQiTX and Chairman of ZingoTX, was honoured with the Adrien Albert Award of the Royal Australian Chemical Institute.

The award was in recognition of his contribution to medicinal chemistry through the design and development of anti-influenza drug Relenza® (zanamivir).

