EQiTX

ASX Announcement

Chairman's Address to the 2005 Annual General Meeting

Good afternoon shareholders.

As I said in my letter accompanying the Annual Report, the past year has seen considerable progress focussed on continuing to achieve milestones and advancing both the VacTX and ZingoTX projects.

To do so effectively, required the company to be based where it was in the right biotech environment and where it could attract suitably skilled people to enable the company to capitalise on commercialisation opportunities.

To that end, the company relocated its corporate and management base from Perth to Melbourne early in 2005 and has since been able to strengthen and consolidate the new management team.

Many analysts say that having the right management is the most important criterion in predicting the success of a company. Our new management team has settled in well in what has effectively been the team's first full year on the job. I believe we have one of the most dedicated and professional management teams in Australian biotech.

I would therefore like to acknowledge **our management team**:

- Sue MacLeman, who has added leadership, drive and professionalism since her appointment as CEO in September 2004
- Joy Hewitt has been a great success in her roles as Chief Commercialisation Officer of EQiTX and General Manager of VacTX
- Nicholas Ede, is a terrific asset as Chief Operating Officer of EQiTX and General Manager of ZingoTX
- John Rawling, the newest member of the senior management team who has done a commendable job as Company Secretary and Chief Financial Officer of all group entities since taking up the reins only a few months ago.

Now let me talk about **the business of EQiTX.**

EQiTX is building a portfolio of acquired technologies with large target markets and a number of potential product applications. The investment risk is spread across complementary product classes to build commercial value and decrease risk.

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The ZingoTX project was acquired in June 2003. Product development progressed well over the year, with ZingoTX successfully completing what we know as Milestone 2 and moving to Milestone 3. This means we have selected a lead candidate to proceed to a formal preclinical/toxicology programme.

More specifically, the milestones achieved by ZingoTX for its novel analgesic compounds in 2004-2005 include:

- Successful completion of a medicinal chemistry lead optimisation project resulted in compounds with greater potency. We identified two lead compounds for advanced efficacy studies in animal models of chronic and neuropathic pain
- Naming of the ZingoTX compounds "CAPSAROLS™", with their protection by international trademark
- Further strengthening the strong intellectual property position, with the filing of a new patent to further protect the CAPSAROLS™
- The ZingoTX CAPSAROL™ lead drug candidates has demonstrated strong and persistent analgesic effects, with no observed side effects at therapeutically active doses
- From these studies, ZingoTX has selected a lead drug candidate to begin formal preclinical toxicology and pharmacokinetic studies. The successful completion of these studies will enable the candidate compound to progress to Phase I clinical trials
- The awarding of a $1.45 million Commercial Ready Grant from the Australian Government, to support the drug development program over the next 12 months

The ZingoTX technology was showcased at the Bio2005 conference in Philadelphia and the World Pain Congress held recently in Sydney.
EQiTX continued to invest in ZingoTX as it achieved its milestones and gained majority control of ZingoTX with a further investment of $395,000 in March 2005. EQiTX's equity stake rose to 54% with an additional investment of $300,000 in July 2005.

The acquisition of **the VacTX project** was finalised in January 2004 and highlights of the past 12 months have included:

- A new research collaboration with Johns Hopkins University in the US to develop and evaluate lipopeptide vaccines targeting an oncogenic virus. As part of this arrangement VacTX has secured an option to license the intellectual property resulting from the collaboration
- Successful completion of the large animal study of the prostate cancer vaccine preparatory to initiating out licensing activities.

- Scientific reports endorsing the VacTX technology appeared in refereed journals including the Proceedings of the National Academy of Science USA, and at scientific conferences
- Negotiations are ongoing with other potential collaborators to develop VacTX lipopeptide vaccines for exciting disease targets

EQiTX further increased its equity stake in VacTX through an investment of $500,000 in January 2005 and a further $500,000 in August 2005 to now control 36.8% of VacTX.

The **Scientific Advisory Board** continues to work closely with the EQiTX technical committee, which comprises of management, Dr Kevin Fahey and Professor Mark Von Itzstein. The Scientific Advisory Board provides independent advice on progress of projects and new opportunities to the EQiTX Board and management. The Scientific Advisory Board's composition changed in August 2005 with the appointment of Professor James McCluskey from the University of Melbourne and the retirement of Professor John Hamilton. This very active part of the company contributes a wealth of commercial and relevant scientific expertise in monitoring progress and reviewing potential new projects.

Let me return to the business model. Your Board believes that EQiTX as a business will only succeed with clever commercialisation of projects, leading to growth of productive assets. Australia is rich in medical innovation. Chronic diseases and age-related conditions is a market that is already huge and growing in the medium term. EQiTX is advancing its portfolio of technologies to stages where they will be compelling acquisitions for multinational pharmaceutical and biotechnology companies.

EQiTX holds each acquired technology in a separate company, with exclusive rights to the intellectual property. At the appropriate time, these could then either be sold to biotechnology or pharmaceutical companies, or provide future earnings through licensing.

EQiTX offers benefits to both investors and owners of intellectual property with its distinctive commercialisation model. EQiTX retains scientific, technical and commercial skills in-house to add value by identifying and commercialising potentially high investment grade projects.

EQiTX people also work hard to build strong links with biotechnology and pharmaceutical companies. These relationships provide avenues to progress the technologies through clinical and regulatory pathways. EQiTX continues to be positioned as the commercialisation partner of choice for medical research.

The momentum set in the past year bodes well for our ambitions to keep building the pace of commercialisation. The success so far has been achieved with hard work and co-operative team spirit of the whole management team, scientific staff and the Scientific Advisory Board. Our sincere thanks are extended to each and every one of them for a job well done.

I also thank my fellow Directors for their continued efforts in dealing with the many issues and challenges that have confronted the Board. Each has applied their particular skills and experience in positive ways that have resulted in a united and focussed Board.

In conclusion, I believe we have made very good progress over the past year. Despite a difficult biotech market, I remain confident that the coming months will see an increased awareness in the market of the real value of EQiTX, its projects, the potential to capitalise on them and thereby significantly enhance shareholder value.

Sol Majteles
Chairman
28 November 2005

About EQiTX (www.EQiTX.com)

EQiTX Limited (ASX:EQX) is a publicly listed Australian biotechnology company with interests in the areas of chronic diseases and age-related conditions. EQiTX is developing a portfolio of technologies to a stage where they will be of commercial interest to multinational pharmaceutical and biotechnology companies. The company's two main programs are: the ZingoTX project to develop pharmacologically active compounds for pain management; and the VacTX project to develop and commercialise novel synthetic immunotherapeutics against a range of human conditions, including infectious diseases, cancer, allergies and autoimmune diseases.