CollTech
biomaterials innovation

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COLLTECH ANNOUNCES PLACEMENT OF $1.1 MILLION AND UNDERWRITTEN $1.0 MILLION SHARE PURCHASE PLAN OFFER

PRIVATE PLACEMENT

CollTech is pleased to announce that it has successfully raised $1.1 million through a private placement to institutional and professional investors. The capital raising was managed by BBY Limited via a placement of fully paid ordinary shares at 9.5 cents per share. The placement price represents an 11.7% discount to CollTech's weighted volume average price in the 5 days prior to 8 August 2005. The shares issued will rank equally with the Company's existing ordinary shares.

SHARE PURCHASE PLAN (SPP)

The Board will also offer all existing shareholders an opportunity to participate under the same terms through a Share Purchase Plan (SPP) offer. This offer will be made to all shareholders who hold shares on the record date of 8 August 2005. Accordingly, all CollTech shares purchased on or before and held on 2 August 2005 will be included on the share register at the record date of 8 August 2005 and therefore be entitled to participate in the SPP offer. The share plan offer will open on 15 August 2005 and close on 2 September 2005. Documentation in relation to this offer will be mailed to shareholders on or about 15 August 2005.

The SPP offer will enable each shareholder to purchase up to $5,000 worth of ordinary shares at the placement price of 9.5 cents per share. The Directors of CollTech have determined that the medium term capital requirements of the Company are such that the total proceeds of the SPP will not exceed $1.0 million. Although the SPP Terms & Conditions reserve the Company's right to accept oversubscriptions, if the Directors determine that oversubscriptions will not be accepted, shares will be allocated to applicants on a pro-rata basis. Any shortfall on the SPP up to $1.0 million has been fully underwritten by clients of BBY Limited.

USE OF FUNDS

The funds raised from the placement and the SPP will be used to:

- Supplement CollTech's cash position following the commencement of sales in September 2005
- Pursue sales and marketing opportunities with partners and distributors for food and cosmetic grade collagens in Europe and the USA
- Purchase advanced filtration equipment to advance the commercialization and sale of research and medical grade collagens
- Extend the sheepskin supply chain to optimize collagen quality for the production of high-value research and medical grade collagens
- Accelerate ISO/GMP implementation to meet customer and regulatory requirements
- Extend the Intellectual Property portfolio

CASH POSITION

The placement and SPP adds substantially to CollTech's current sound financial position, with cash reserves expected to be $3.2 million at the conclusion of the SPP. With this additional capital, and the imminent commencement of sales revenue, the Board believes that CollTech is in a strong position to advance its timelines for the entry into higher value markets for its unique ovine Collagen source.

ADVANCED TIMELINES FOR DEVELOPMENT OF HIGHER VALUE OVICOLLTM RANGE

Recent market visits by CollTech to the USA, Japan, Singapore and India to conduct market research and meet with potential partners, distributors and customers has confirmed the market need for high value medical grade ovine-sourced collagen. This market need has been heightened by the recent banning of bovine sourced products including biomaterials products into Japan and Taiwan due to BSE (Mad Cow Disease).

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In commenting on the capital placement and SPP, CollTech's CEO, Michael Pixley, said "The capital injection will enable CollTech to advance its marketing into Europe and North America and importantly allow our newly appointed CSO Dr Deborah Cooper to accelerate our QA and regulatory program seeking to achieve ISO13485. This will give CollTech the ability to engage the highly lucrative Medical market for its ovine sourced Collagen."

A copy of CollTech's corporate presentation used during the capital raising is available on CollTech's website www.colltech.com.au under the Shareholder Information icons.

CONTACT INFORMATION

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ABOUT COLLTECH

CollTech Australia Limited (CAU) is an Australian listed bio-industrial company specialising in the production of high-grade collagen and other biomaterials from animal sources. CollTech has developed and patented a novel manufacturing technology enabling the world's first commercial extraction of collagen from a unique source – sheep (ovine) skin. CollTech will market four key collagen products under its OviColl™ brand for the global food, cosmetic and medical markets.