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UPDATE ON PLANT COMMISSIONING

Bio-industrial company CollTech Australia Limited ("CollTech") [ASX: CAU] is pleased to provide an update on progress towards the commissioning of its collagen extraction facility in Collie, Western Australia.

COMMISSIONING

- The Collie Plant has demonstrated that it can operate successfully at a through-put rate of at least 400 skins per day.
- CSIRO scale up tests proved the industrial scaleability of CollTech IP and confirmed the high quality and yield of the ovine collagen produced. CollTech's scale up to commercial production was based on an existing industrial collagen extraction process successfully used for production of bovine and porcine collagens.
- CollTech has experienced commissioning issues during the commercial scale-up related to the different properties of the novel sheepskin raw material. The process trials to resolve these issues are progressing well.
- The Company is confident that the commissioning issues will be resolved and anticipates the commencement of commercial production in 1Q06 with sales contracts expected to be announced shortly thereafter.

INTELLECTUAL PROPERTY

- CollTech is pleased to announce the grant and sealing of its Australian Patent by the Australian Patents Office. Australian Patent No. 2003229362, entitled *Collagen and method for producing the same*, protects novel aspects of the Company's industrial process for the isolation of bio-molecules such as collagen and gelatine from animal skins. The Australian Patent has a term of 20 years and provides CollTech with 'key to species' protection until May 2023.

MARKETING AND SALES DEVELOPMENTS

- CollTech continues to receive expressions of interest to purchase its OVICOLL™ range of products. The Company is currently negotiating sales opportunities in Taiwan and Japan for its cosmetic-grade soluble collagen and is negotiating supply and joint-venture opportunities for its food-grade insoluble collagen designed for sausage casings. Closure of these sales opportunities is pending supply of OVICOLL™ samples for product trial and evaluation by potential customers.
- Earlier this week CollTech exhibited at AusBiotech 2005 held in Perth WA. The conference yielded strong interest from potential collaboration partners and distributors for OVICOLL™ ovine collagens as a replacement for existing collagen sources in a range of drug delivery, wound healing and tissue engineering applications.

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.

