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VIA FACSIMILE: 9614 0303

12 December 2006

Ms Julia Kagan
Senior Adviser, Issuers
Australian Securities Exchange
Level 45
Rialto South Tower
525 Collins Street
MELBOURNE VIC 3000

Dear Ms Kagan

In respect of the questions raised in your letter today concerning the Company's share price movement, we respond as follows (response in bold):

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?

   The Company is unaware of any such information

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).

   Not Applicable

3. Is there any reason to think that there may be a change in the operating profit before income tax so that the figure for the half year ended 31 December 2006 would vary materially from the previous corresponding period? If so, please provide details as to the extent of the likely variation

   The company expects the operating profit for the six months to 31 December 2006 to be broadly in line with the results for the trend shown during the equivalent periods in 2002, 2003 and 2004. The result in 2005 was unusually low and the reasons were explained in the Report of Directors released to the ASX on 23 February 2006

4 Is there any other explanation that the company may have for the price change in the securities of company?

   The company has no explanation for the price change in securities

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

   The company is in compliance with the listing rules

Yours sincerely

Adrian McKenzie

Adrian McKenzie
Company Secretary

ASX

AUSTRALIAN SECURITIES EXCHANGE

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12 December 2006

Adrian McKenzie
Institute of Drug Technology Australia Limited
Boronia VIC 3155

By email only

Dear Adrian

Institute of Drug Technology Australia Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from $1.68 at the close of trading on Monday, 4 December 2006, to a high of $1.98 today.

In light of the price change, 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 reason to think that there may be a change in the operating profit before income tax so that the figure for the half year ended 31 December 2006 would vary materially from the previous corresponding period? If so, please provide details as to the extent of the likely variation

4. Is there any other explanation that the Company may have for the price change in the securities of the Company?

5. 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 return email or by facsimile on **facsimile number 03 9614 0303.** It should not 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 close of trading today, Tuesday 12 December 2006.

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,

Julia Kagan
<u>**Senior Adviser, Issuers**</u>