ASX Announcement **Thursday 27 October, 2005**

Dia-B September Quarter Update

Highlights:

- Dia-B on track to commence phase 1 human trials in June 2006 for major project ISF402.
- ISF402 found to have no toxic effects in final in-house animal trials.
- Dia-B appoints US GMP accredited peptide manufacturer and Australia's leading GLP (Good Laboratory Practice) animal toxicologists.
- Significant progress made in three other projects: Bafilomycin, IM014 and CDA1.
- Dia-B develops an antibody to Bafilomycin; a food toxin that accelerates Type 1 diabetes.
- Eleven fractions in IM014 project found to have bioactivity.
- Dia-B finds that CDA1 is an excellent target to reduce scarring, a major aim of the project.

Melbourne - Dia-B Tech Limited (ASX:DIA) announced today that with the appointments of a US GMP (Good Manufacturing Practice) manufacturer for the ISF402 peptide production, and the Australia's leading GLP (Good Laboratory Practice) animal toxicology laboratory for the validation of in-house findings, the Company is on track to commence Phase 1 human trials in June 2006 in their major project ISF402.

During the quarter, researchers at Monash University significantly advanced the project closer to Phase 1 human trials. Results from animal toxicology testing of ISF402 showed that it has no toxic effects**.**

"These are important developments for our ISF402 project. Unlike existing therapies for diabetes, ISF402 occurs naturally in the body and so is likely to have few side effects. This latest toxicology results confirm that ISF402 have no adverse effects in mice and provide strong support for us to advance to human trials", said Dia-B Chairman, Dr Michael Wooldridge.

The appointment of Sydney-based ICP Firefly Pty Ltd to conduct independent toxicology tests is the final step before advancing to human clinical trials.

Significant progress was also made in the three other projects of Dia-B which include: Bafilomycin, IM014 and CDA1.

During the quarter, Dia-B developed an antibody to Bafilomycin, which is a food toxin that accelerates Type 1 diabetes. The antibody will be used for identifying the toxin in prediabetic subjects as well as in food products.

In the IM014 project, which focuses on the antidiabetic properties of IM014, a bark extract used to treat Type 2 diabetes, researchers isolated 11 fractions that appear to have bioactivity, and these are being investigated further before moving to testing some or all of the 11 fractions using high resolution mass spectrometry to facilitate identifying the precise chemical constituents of those fractions for subsequent drug development.

Finally Dia-B researchers at the Baker Medical Research Institute made significant discoveries in the CDA1 project, a protein which can cause significant complications in diabetics. CDA1 is an excellent target to reduce fibrosis, a major aim of the project.

For further details, refer to “Shareholder Quarterly Report”.

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