



ABN: 49 102 456 048

NOTICE OF ANNUAL GENERAL MEETING

Incorporating **Explanatory Memorandum** and **Proxy Form**

To Be Held On:

Tuesday, the 14th of November 2006
at 10:00am

To Be Held At:

Alan Gilbert Building,
Second Floor,
161 Barry Street (Cnr Grattan Street),
Carlton South,
VICTORIA 3053

This is an important document. It should be read in its entirety.

If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

DIA-B TECH LIMITED

ABN: 49 102 456 048

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Dia-B Tech Limited [ABN 49 102 456 048] (“the Company”) will be held at Alan Gilbert Building, Second Floor, 161 Barry Street (Cnr Grattan Street), Carlton South, VICTORIA 3053 at 10:00am on the 14th November 2006. This Notice of Meeting should be read in conjunction with the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

BUSINESS

To receive and consider the Annual Financial Report of the Company for the year ended 30th June 2006 and the Reports by Directors and Auditors thereon. At the meeting, a representative of the Company’s auditors, Webb Callaway Paton will be available to answer any questions of the members.

To consider, and if thought fit, to pass, with or without amendment, the following resolutions as ordinary or special resolutions as set out:

ORDINARY BUSINESS - RESOLUTIONS

Resolution 1: Approval of the re-election of Mr. Patrick J. Volpe

To consider, and if thought fit, pass the following as an ordinary resolution:

“That, Mr. Patrick J. Volpe, who retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

Resolution 2: Approval of Prior Capital Raising

To consider, and if thought fit, pass the following as an ordinary resolution:

“THAT, the Members approve the prior issue of 14,385,900 DIA Shares issued pursuant to the capital raising that was announced to the ASX on 1st September 2006 and further described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 2 by:

- *persons who participated in the issue ; and*
- *any associate of any of those persons.*

However, the Company need not disregard a vote on Resolution 2 if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Resolution 3: Approval of 1:1 free attaching DIAO Options

To consider, and if thought fit, pass the following as an ordinary resolution:

"That in accordance with the provisions of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited, the directors of the Company be authorised to grant a total of 14,385,900 DIAO Options to the allottees of the DIA Shares the subject of the placement referred to in Resolution 2 with those DIAO Options to be placed to such allottees free of charge and otherwise on the same terms and conditions as those DIAO Options listed on ASX and trading under the ASX Code DIAO and with such options being exercisable at \$0.20 on or before 31st December 2010."

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 by:

- persons who are ineligible participated in the issue; or
- any associate of any of those persons.

However, the Company need not disregard a vote on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4: Approval of the adoption of the 2006 Remuneration Report

To consider, and if thought fit, pass the following as an ordinary resolution:

"That, members hereby adopt the 2006 Remuneration Report as published in the Directors Report section of the Company's 2006 Annual Report."

Resolution 5: Approval of the change of Company Auditor.


To consider, and if thought fit, pass the following as an ordinary resolution:

"That Webb Audit Pty Ltd, a registered audit company with ASIC be hereby appointed external auditor of the company, replacing the incumbent auditor, Webb Callaway Paton and that proper professional fees be paid as remuneration to the new auditor."

GENERAL BUSINESS

To transact any business which may be lawfully brought forward.

BY ORDER OF THE BOARD



Ken Smith
CEO & Company Secretary
Dia-B Tech Limited

Dated: 2nd October 2006

The accompanying Memorandum and the Proxy and Voting Instructions form part of this Notice of Meeting.

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Memorandum provides information about Resolutions proposed by the Directors of Dia-B Tech Limited ABN 49 102 456 048 (“DIA” or “the Company”) in the attached Notice of Annual General Meeting.

ORDINARY BUSINESS - RESOLUTIONS

Members will be asked to consider resolutions approving:

1. The re-election of Mr. Patrick J. Volpe, who retires in accordance with the Company’s Constitution and, being eligible, himself for re-election, be re-elected as a Director;
2. The prior issue of 14,385,900 DIA Shares pursuant to the capital raising that was announced to the ASX on 1st September 2006;
3. The grant of 14,385,900 Options to acquire ordinary shares in the capital of the Company to the allottees of the shares the subject of the placement referred to in Resolution 2 which placement was announced to the ASX on 1st September 2006;
4. The non-binding 2006 Remuneration Report as published in the Directors Report section of the Company’s 2006 Annual Report;
5. The appointment Webb Audit Pty Ltd as auditor on ASIC approving the resignation of the current auditor Webb Callaway Paton.

2. THE RESOLUTIONS

Resolution 1: Shareholder Approval for the Re-election of Mr. Patrick J. Volpe

At each Annual General Meeting of the Company, one third of the directors of the Company (except a Managing Director) must retire from office by rotation, in accordance with the Company’s Constitution. No director (except a Managing Director) shall retain office for a period in excess of three years without submitting himself or herself for re-election. A director who retires from office by rotation and is eligible for re-election may offer him or herself for re-election.

Mr. Volpe has worked extensively in the stockbroking industry specialising in corporate restructuring, business acquisitions, investment advising and capital raisings. He has held management and financial positions with National Australia Bank Limited, Pacific Dunlop Limited and Ansett Transport Industries Limited. His experience covers many industries including mining, media, transport and services, manufacturing, banking and taxation. Mr. Volpe has been successful in listing several companies on the Australian Stock Exchange including Dia-B Tech Limited.

In the past 10 years Mr. Volpe has been Executive Chairman of several public companies. Other than those current positions detailed below, these companies have included Media Entertainment Group Limited, Mintech-8 Limited, E-com Global Limited and AIM Resources Limited (formally Fraser Range Limited). He is also currently the Chairman of Cardia Technologies and A-Cap Resources Limited.

Mr. Volpe was appointed to the board of Dia-B on 9th October 2002. He is a member of the Audit, Risk & Compliance Committee.

Resolution 2: Approval of the previous issue of 14,385,900 DIA Shares pursuant to the capital raising that was announced to the ASX on 1st September 2006

Under ASX Listing Rule 7.4 an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if shareholder approval is subsequently obtained. Under ASX Listing Rule 7.1 an entity must not issue, or agree to issue, more than fifteen percent (15%) of its capital in any 12 month period without the approval of its shareholders.

By obtaining Shareholder approval for the issue of the DIA Shares, the subject of Resolution 2, DIA retains the ability to issue up to fifteen per cent (15%) of its capital to take advantage of any future capital raising opportunities.

Resolution 2 is proposed to obtain shareholder approval for the prior issue of DIA Shares for the purposes of raising \$ 719,295.00 working capital and to accelerate the commencement of the Phase 1 clinical human trial of its ISF402 anti-diabetes compound in October 2006.

The DIA Shares the subject of Resolution 2 had an issue price of \$0.05 and were issued on the same terms as existing DIA Shares.

The DIA Shares, the subject of this Resolution, were issued to investors who were and are excluded offerees and sophisticated and professional investors under Sections 708(8) and 708(11) of the Corporations Act 2001 (“the Act”).

Resolution 3: Approval of the issue of 14,385,900 free DIAO Options

Resolution 3 is proposed to obtain shareholder approval for the grant to each of the allottees of the shares placed as referred to in Resolution 2 of DIAO Options pursuant to the 14,385,900 DIA Shares issued under resolution 2.

The options the subject of Resolution 3 have no issue price as they being granted free of additional charge to the allottees of the shares, the subject of the placement referred to in Resolution 2 and are being granted on the same terms as the existing DIA Options currently traded on ASX under the ASX Code DIAO, being exercisable at \$0.20 on or before 31st December 2010. These DIAO Options are being granted by the Company pursuant to the terms entered into with the allottees of the DIA Shares referred to in Resolution 2. At the time that the DIA Shares, the subject of Resolution 2, were agreed to be placed, the Company agreed with the allottees thereof the Company would convene a general meeting to approve the grant of the DIAO Options on the terms set out.

These DIAO Options, the subject of this Resolution are likewise being issued to the same excluded offerees who were and are sophisticated or professional investors under Sections 708(8) and 708(11) of the Act.

Resolution 4: The Approval of the Non-Binding 2006 Remuneration Report as published in the Directors Report section of the Company’s 2006 Annual Report.

Pursuant to the Corporations Act 2001 the Annual General Meeting of a listed company must propose a resolution that the Remuneration Report be adopted. Also pursuant to the Corporation Act, the vote on this Resolution is advisory only and does not bind either the directors or the Company.

The purpose of Resolution 5 is to lay before the Shareholders the Company’s non-binding Remuneration Report so that Shareholders may ask questions about or make comments on the management of the Company in accordance with the requirements of the Corporations Act 2001 and vote on a non-binding resolution to adopt the Remuneration Report for the year ended 30 June 2006.

Resolution 5: The Approval of the change of Company Auditor.

Webb Callaway Paton, the current auditor of the Company has advised the Audit Committee that it has established Webb Audit Pty Ltd, a company registered with ASIC as a Registered Audit Company, the sole purpose being to conduct audit and assurance services. This company and all of its activities are currently regulated by ASIC.

ASIC advises that appointing Webb Audit Pty Ltd technically effects a change of auditor in accordance with the Corporations Act 2001 and accordingly we have received formal resignation from Webb Callaway Paton, effective as at the date of the AGM, with appointment of the new entity Webb Audit Pty Ltd, subject to the approval of ASIC firstly and then members of the Company at the AGM.

The current lead and review partners and staff will continue in their roles with Webb Audit Pty Ltd. The Audit Committee have made a recommendation, endorsed by the Board, that Webb Callaway Paton be replaced as external auditor of the company by Webb Audit Pty Ltd. Webb Audit Pty Ltd has been nominated by a member of the Company to be external auditor.

3. SHARE PURCHASE PLAN (SPP) TO RAISE UP TO \$1,650,000 AS ANNOUNCED TO THE ASX ON 1ST SEPTEMBER 2006.

As announced to ASX on 1 September 2006 Dia-B proposes to implement a Share Purchase Plan ("SPP") under which each of the members of Dia-B on the register on the record date chosen to determine entitlements to participate in the SPP will be entitled to purchase up to 100,000 DIA Shares at an issue price of \$0.05 per share.

A total of 33,000,000 shares are proposed to be issued under the SPP which is in line with the provisions of the Listing Rules and the SPP aims to raise up to \$1,650,000 which, together with the proceeds of the placement referred to in Resolution 2 will be used to fund working capital requirements and the estimated \$2.5 million cost of the Phase 1 human clinical trials. The amount raised under the SPP will vary depending on the number of applications received.

A separate announcement with a detailed timetable for the SPP will be made in due course following which the SPP documentation will be despatched to those persons entitled. Only members of the Company on the record date at which entitlements are to participate in the SPP are determined will receive an offer under the SPP.

4. CAPITAL STRUCTURE

The following table illustrates the existing and proposed changes to the Company's capital structure if the Resolutions are approved and the full amount of \$1,650,000 is raised under the SPP by the issue of 33,000,000 shares.

ISSUED CAPITAL

Ordinary Shares

Shares	Number of Securities
Existing DIA Shares (Includes 16,241,467 Shares escrowed until 24/01/2007)	110,291,876
DIA Shares proposed to be issued pursuant to SPP (assuming SPP fully subscribed).	*33,000,000
Total Ordinary Shares	*143,291,876

Options

Options	Number of Securities
Existing DIAO Options (Includes 16,241,467 Shares escrowed until 24/01/2007)	72,995,799
DIAO Options proposed to be issued pursuant to Resolution 2	^ 14,385,900
Total Options	87,381,699

^ Free attaching options pursuant to Resolution 2

4. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders are requested to either attend personally at the forthcoming meeting to be held at Alan Gilbert Building, Second Floor, 161 Barry Street (Cnr Grattan Street), Carlton South, VICTORIA 3053 at 10:00 am on Tuesday 14th November 2006 or otherwise to forward their proxy form duly completed to be received at the nominated office of the Company at Suite 1, 1233 High Street, Armadale, Victoria 3143 (or by facsimile to (03) 9822 7735 at least forty-eight (48) hours before the time for holding the meeting.

5. GLOSSARY

“ASIC” means the Australian Securities and Investments Commission.

“ASX” means Australian Stock Exchange Ltd.

“ASX Listing Rules” means the listing rules of the ASX from time to time.

“Capital Raising” means the proposed issue of up to thirty-three million (33,000,000) DIA Shares in the manner described in this Memorandum.

“**Company**” means Dia-B Tech Limited ABN 49 102 456 048.

“**Directors**” means (unless the context suggests otherwise) the directors of DIA from time to time.

“**Meeting**” means the Annual General Meeting of DIA at which the Resolutions will be considered.

“**Memorandum**” means this Explanatory Memorandum.

“**DIA**” means the Company or Dia-B Tech Limited ABN 49 102 456 048.

“**DIAO Options**” means an option to purchase a fully paid ordinary share in the capital of DIA exercisable at twenty cents (\$0.20) on or before 31 December 2010 and subject to the same terms as the class of securities quoted on the ASX as DIAO. Those terms and conditions are:

- (a) The option shall expire at 5.00pm (AEST) on 31 December 2010. ("Expiry Date").
- (b) The option shall entitle the optionholder to subscribe for an ordinary share in the capital of Dia-B Tech Limited ("Dia-B"). A Share issued on the exercise of the options will rank equally in all respects with the then existing issued ordinary fully paid shares in the capital of Dia-B from the date of issue and will be subject to the provisions of the Constitution of Dia-B.
- (c) The option may be transferred at any time in accordance with the Corporations Act 2001, the Security Clearing House Business Rules and/or the Listing Rules.
- (d) The option shall be exercisable at \$0.20 (20 cents) per option ("Exercise Price").
- (e) Options may be exercisable at any time prior to the Expiry Date by notice of exercise in or to the effect of the form to be endorsed on the option Certificate or as otherwise provided to the optionholder by Dia-B accompanied by payment of the Exercise Price for the number of options exercised.
- (f) An optionholder has no right to a change in the Exercise Price or to any change to the number of underlying securities over which the option can be exercised.
- (g) An optionholder shall not be entitled to participate in new issues of ordinary shares offered to members of Dia-B during the currency of the option.
- (h) In the event of any reorganisation of the capital of Dia-B the options shall be treated in the manner required by the Listing Rules of Australian Stock Exchange Limited as in force as at the date of any such reorganisation and as appropriate to the type of reorganisation proposed.

“**DIA Shares**” means an ordinary fully paid share in the capital of DIA.

“**Resolutions**” means the resolutions put forward in the Company's Notice of Annual General Meeting dated Tuesday 14th November 2006, of which this Explanatory Memorandum forms part.



SAMPLE CUSTOMER
SAMPLE ADDRESS
SAMPLE ADDRESS
SAMPLE ADDRESS
SAMPLE ADDRESS

All correspondence to:
Dia-B Tech Limited
Suite 1, 1233 High Street
Armadale, Victoria. 3143
Phone: (03) 9824 5254
Fax: (03) 9822 7735

Appointment of Proxy

I/We being members/s of Dia-B Tech Limited and entitled to vote hereby appoint

the Chairman of the Meeting (mark with an "X")

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Dia-B Tech Limited to be held at Alan Gilbert Building, Second Floor, 161 Barry Street (Cnr Grattan Street), Carlton South, VICTORIA 3053 at 10.00 am on 14th November 2006 and at any adjournment of that meeting.

Voting directions to your proxy – please mark 'X' to indicate your directions

	<i>For</i>	<i>Against</i>	<i>Abstain*</i>
Resolution 1: Re-election of Mr. Patrick J. Volpe to serve as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Approve of the prior issue of 14,385,900 DIA Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Approve of the issue of 14,385,900 1:1 free attaching DIAO Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Approve the adoption of the 2006 Non-Binding Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Approve the change of company auditor to Webb Audit Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE - This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security holder 1

Security holder 2

Security holder 3

Sole Director and
Sole Company Secretary

Director

Director/Company Secretary

Contact Telephone Number

<input type="text"/>	<input type="text"/>	/ /
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Contact Name

Contact Daytime Telephone

Date

How to complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please contact the Company's share registry to arrange for changes to be made.

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be noted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: were the holding is in one name, the holder must sign.

Joint Holding: where the holding is more than one name, all the security holders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at 10:00am on Tuesday 14th November 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by posting, delivery or facsimile to:

<p><u>Nominated Office</u> Suite 1, 1233 High Street Armadale Victoria 3143 PO Box 8694 Armadale Victoria 3143 Phone: (03) 9824 8166 Facsimile: (03) 9824 8161</p>	<p>OR</p>	<p><u>Share Registry</u> Security Transfer Registrar 770 Canning Highway Applecross Western Australia 6153 Phone: 08 9315 2333 Facsimile: 08 9315 2233</p>
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LILLIS SERVICES PTY LTD

A.C.N: 076 379 265

Thursday 28th September 2006

The Directors
Dia-B Tech Limited
Suite 1.03A Pacific Tower
737 Burwood Road
Hawthorn
VICTORIA 3122

Dear Mr. Wooldridge,

I write on behalf of Lillis Services Pty Ltd, as a Member of **Dia-B Tech Limited**.

I nominate Webb Audit Pty Ltd, a Registered Audit Company with the Australian Securities & Investments Commission, to assume the role of Company Auditor for **Dia-B Tech Limited** from Webb Callaway Paton, noting that there is no effective change of auditors as the lead and review partners and associated staff will continue their roles from Webb Callaway Paton to Webb Audit Pty Ltd.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Phillip Hains', written over a horizontal line.

Phillip Hains
Sole Director / Principal
LILLIS SERVICES PTY LTD