



ABN: 49 102 456 048

Mr Gonzalo Valencia  
Adviser, Issuers (Melbourne)  
ASX Limited  
525 Collins St  
Melbourne Vic 3000

Dear Mr Valencia,

We refer to your letter of 22 March 2007 in relation to the increase in the price of Dia-B Tech Limited's shares and the increase in the volume of trading and answer your queries as follows:

1. No, the Company is not 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

As announced previously to the market (4 December 2006), the Company's major project ISF402 is proceeding through the Phase 1 human trial process. The Company's recent capital raisings totaling \$1,650,000 were to allow the acceleration of the Phase 1 trial. The Company has appointed Nucleus Network to conduct the Phase 1 human trial which has the objective of proving that ISF402 has no safety concerns. In all, 48 people will be involved in the trial; 36 of whom will be dosed with ISF402.

It is anticipated that an interim report from Trident Clinical Research, who are data managing the project, will be received in April 2007. Once this interim report is received, the market will be informed.

2. Not Applicable.

3. Continued investment in Research & Development will be expensed in line with the Company's accounting practice which is AIFRS compliant and will reflect the increased level of activity focused on the Phase 1 trial for ISF402, as previously advised to the market.

Expenditure levels are in accordance with budget, and reflect the funds raised through the recent Share Purchase Plan.

4. No, there isn't any reason to think that the Company may record any material abnormal or extraordinary items for the full year ended 30 June 2007.

5. No, the Company is not aware of any other explanation for the price change and increase in volume in the securities of the Company.

6. We confirm that Dia-B Tech Limited continues to comply with all ASX Listing Rules. The Company will be presenting to brokers and the investment community in the near future on the R&D results and the progress of all 3 diabetes projects.

Yours sincerely  
Dia-B Tech Limited

Ken A Smith  
CEO / Company Secretary

23 March 2007

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Suite 1.03A, Pacific Tower,  
737 Burwood Road,  
Hawthorn, VICTORIA. 3122

**Dia-B Tech Limited**  
(ABN: 49 102 456 048)  
[www.dia-btech.com.au](http://www.dia-btech.com.au)

Phone: +61 3 8862 6319  
Facsimile: +61 3 8862 6610



ASX

AUSTRALIAN SECURITIES EXCHANGE

22 March 2007

Mr Ken Smith  
Dia-B Tech Limited  
Suite 1.03A, Level 1  
737 Burwood Road  
Hawthorn Victoria

By e-mail only – ken@dia-btech.com.au

ASX Limited  
ABN 98 008 624 691  
Level 45  
South Tower Rialto  
525 Collins Street  
Melbourne VIC 3000  
GPO Box 1784  
Melbourne VIC 3001

Telephone 61 3 9617 8711  
Facsimile 61 3 9614 0303  
www.asx.com.au

Dear Ken

### **Dia-B Tech Limited (the "Company")- Price Query**

We have noted a change in the price of the Company's securities from 6.5 cents at the close of trading on 16 March 2007 to a high of 10 cents at the time of writing today. We have also noted an increase in the volume of shares traded today.

In light of the price change and increase in volume, 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 net operating result attributable to members so that the figure for the full year ended 30 June 2007 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the full year ended 30 June 2007? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
6. 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 e-mail at gonzalo.valencia@asx.com.au. 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 half an hour before the start of trading (ie **before 9.30 a.m. EDST**) on Friday 23 March 2007.

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.

#### **Australian Securities Exchange**

Australian Stock Exchange  
Sydney Futures Exchange

Australian Clearing House  
SFE Clearing Corporation

ASX Settlement and Transfer Corporation  
Austraclear

### **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

[Sent electronically, without signature]

Gonzalo Valencia  
Adviser, Issuers