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ASX Announcement

ConocoPhillips to evaluate Biosignal anti-corrosion treatment

Evaluation to be conducted at Conoco facilities in the US

15 July 2008, Sydney: Biosignal Limited (ASX: BOS) has signed a non-exclusive agreement with major oil producer ConocoPhillips (NYSE: COP) to evaluate Biosignal's novel treatment for microbiologically influenced corrosion (MIC) in oil and gas infrastructure.

ConocoPhillips, the third largest integrated energy company in the USA, will fund the evaluation which will be conducted mainly at ConocoPhillips's Bartlesville Technology Centre in Oklahoma, USA. Biosignal will supply active compound for the evaluation and conduct some trials at its own facilities in cooperation with ConocoPhillips. The evaluation will be conducted over the next six months with results expected early in 2009. Biosignal will be provided with a detailed report on the work conducted.

"There is a great deal of interest from the oil and gas industry in alternative approaches to control of bacteria", said Prof Peter Steinberg, CEO of Biosignal. "The current methods rely on toxic chemicals that can have significant environmental impact."

Biosignal's compounds do not work like traditional biocides that aggressively kill microorganisms. Biosignal's compounds block communications between bacteria and this stops bacterial biofilms forming.

The interest from ConocoPhillips follows support from other oil and gas producers including Santos and BHP Billiton and interest from existing chemical suppliers to the industry.

MIC, and associated loss of production, costs the oil and gas industry in excess of US\$2 billion annually according to independent industry sources.

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About Biosignal and the anti-biofilm technology

Biosignal is commercialising a stunningly distinctive anti-bacterial technology. This technology is proving highly effective across applications ranging from industrial to medical products. The first products are expected to be launched in 2009.

Biosignal's anti-biofilm technology is based on a discovery that the eastern Australian seaweed *Delisea pulchra* produces natural furanones that disable bacteria's ability to colonise surfaces. The fundamental problem with existing anti-bacterials, including

antibiotics, is bacterial resistance. Bacteria rapidly produce resistant strains when faced with strong selective pressure by biocides. Furanones lull bacteria to inaction and appear to avoid the problem of bacterial resistance.