EQITX LIMITED
ACN 009 188 694

NOTICE OF GENERAL MEETING
&
EXPLANATORY STATEMENT
TO SHAREHOLDERS

This Notice of General Meeting and Explanatory Statement should be read in their entirety. If members are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

For a General Meeting to be held on
Monday 10 March 2003 at 10.00 am (WST)
at Conference Suite,
Level 8, Exchange Plaza,
2 The Esplanade, Perth
Western Australia

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NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Eqitx Limited ("Eqitx" or "Company") will be held at Conference Suite, Level 8, Exchange Plaza, 2 The Esplanade, Perth, Western Australia on Monday 10 March 2003 at 10.00 am (WST).

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes the various matters to be considered.

AGENDA

ORDINARY BUSINESS

RESOLUTION 1 - APPROVAL OF CHANGE OF ACTIVITIES

To consider and, if thought fit pass, with or without amendment, the following as an **ordinary resolution**:

> *"That for the purposes of ASX Listing Rule 11.1 and for all other purposes, Shareholders hereby approve and authorise the Company to change the nature of its activities to investment in the biomedical and biotechnological industries, being a significant change in the nature and scale of its existing activities as set out in the Explanatory Statement."*

Short Explanation: The ASX Listing Rules require the Company to seek shareholder approval in circumstances in which it proposes to make a significant change to the nature and scale of its activities. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by:
(a) a person who may obtain a benefit, except a benefit solely in the capacity of a shareholder if the resolution is passed; and
(b) an associate of the person (or class of persons).
However, Eqitx need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the proxy form, or it is cast by a person chairing the meeting as a 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 2 - ALLOTMENT OF SHARES

In accordance with the Corporations Act, the Company's Constitution and ASX Listing Rule 7.1 to consider and, if thought fit pass, with or without amendment, the following as an **ordinary resolution**:

> *"That subject to Resolution 1 being passed, for the purposes of Listing Rule 7.1 of the Listing rules of Australian Stock Exchange Limited and for all other purposes, the Company approves and authorizes the Directors of the Company to raise up to $2,500,000 by the issue and allotment of fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this notice."*

Short explanation: Under the Listing Rules, the Company may seek shareholder approval prior to a placement to authorize it to make an issue of securities in excess of the 15% threshold of its total ordinary securities and to allow it to make future issues of securities up to the threshold of 15% of its total ordinary securities in any twelve month period. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:
(a) a person who may obtain a benefit, except a benefit solely in the capacity of a shareholder if the resolution is passed; and
(b) an associate of the person (or class of persons).

However, Eqitx need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To consider any other business that may be brought forward in accordance with the constitution of the Company or the law.

BY ORDER OF THE BOARD

STEPHEN J BROWN
Company Secretary

Dated: 4 February 2003

ADMISSION TO MEETING

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the constitution of the Company. Attorneys are requested to bring the original or a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist shareholders of Eqitx Limited ("Eqitx" or the "Company") with their consideration of the resolutions set out in this Notice of Meeting. This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in the Explanatory Statement or the preceding Notice, please contact the Company, your financial advisor or your solicitor.

1.0 GENERAL INFORMATION

This information sets out the general information about the matters set out in the Notice. The other sections provide specific information relating to particular activities.

1.1 Overview

The Company proposes to change the nature and scale of its activities to that of developing and actively managing a portfolio of biotechnology investments.

Eqitx will continue to hold its investment in its controlled entity, Minpetro Global Resources Ltd, relating to the Mokhtikovskoye Oil Field in Western Siberia, Russia and continue to take action to attempt to recover the debt, interest and share of revenue due to the Company.

1.2 Change of Nature and Scale of Activities

Eqitx is proposing to strategically move towards the acquisition of biotechnology opportunities with a view that biotechnology will become its core business.

At a General Meeting held on 4 April 2002, Shareholders gave approval for Eqitx to investigate the searching and evaluation of biotechnology opportunities with a view to acquisition.

In response to this approval, Professor Mark von Itzstein was invited to join the board and the Company's advisory panel was also strengthened with the appointment of Dr Kevin Fahey. In addition, Dr Noel Chambers was appointed Chief Executive Officer and Dr Julie-Anne White was appointed Business Development Executive.

The opportunities proposed to be sought in the first instance will generally be early stage studies with a minimum criterion of supportive *in vivo* animal studies that provide sufficient scientific evidence to warrant their further evaluation and acquisition.

In many cases the technologies developed are done so by researchers with high levels of expertise in a specific field of research. Eqitx will value-add to the research utilising its resources to co-ordinate the activities required by a variety of experts to progress the technology towards clearly identified commercially significant outcomes.

Upon acquisition Eqitx will manage the corporate, research and development and commercialisation activities of opportunities, outsourcing laboratory work to appropriately qualified and established facilities on a contract basis.

Eqitx will base its exit strategies on trade sale or share market listings.

1.3 Business Objectives

The business of Eqitx revolves around the company's ability to identify and attract quality biotechnology opportunities for acquisition to which it can significantly value-add utilising its resources to enable the commercialisation of the R&D programme.

The primary objectives are:

- To become the preferred commercialisation partner for institutions wishing to develop quality biotechnology R&D programmes.
- To selectively acquire technologies with significant commercial potential and technical merit.
- To advance the R&D programme adding commercial value utilising the scientific, administrative and managerial resources that Eqitx will retain.
- To commercialise the R&D programmes via trade sale or share market listings.

1.4 Eqitx Board and Management Structure

The Board, executive management and Advisory Panel of Eqitx contains a mix of business people and scientists, with a wide range of experience in developing and commercialising biotechnology projects.

The Board consists of:

Mr Solomon Majteles

Mr Majteles is a lawyer in private practice and has had over 30 years experience in business, property, corporate and general commercial law. He has also been a board member or Chairman of a number of publicly listed companies over the past 20 years. Mr. Majteles has been a director of Eqitx Limited since December 2001.

Professor Mark Von Itzstein

Professor von Itzstein completed his PhD in organic chemistry at Griffith University in 1984. He was then awarded an Alexander von Humboldt Fellowship to carry out research at the Universität Marburg in Germany. Mark's internationally renowned career as a carbohydrate chemist began in the Department of Medicinal Chemistry at Monash University in 1986. One of his research group's major achievements was the design and synthesis of the new anti-influenza drug, Relenza. As a result of this research, he was jointly awarded the prestigious Australia Prize for pharmaceutical design in 1996.

In February 2000 Mark returned to Griffith University to establish, with support from the Queensland Government, the Centre for Biomolecular Science and Drug Discovery. This Centre has, as it's mission, the task of discovering clinically useful medicines. Mark's research group is particularly interested in the discovery of new generation antibiotics and anti-virals, drugs to treat cancer, the complications of diabetes, as well as other conditions.

In July 2002, Mark was named as one of eleven recipients of the Commonwealth Governments Federation Fellowship for his research into carbohydrates and how they can be manipulated to discourage infection. Professor von Itsztein has been a director of Eqitx Limited since May 2002.

Mr Geoffrey Harland

Mr. Harland was a senior Army Officer until his retirement from the Defence Force in 1991. Between 1991 and 1996 he was a Principal Investigator with the Australian Securities Commission. Since leaving the public sector in 1996, Mr Harland has held senior management positions with publicly listed companies Hillcrest Resources NL and Meditech Research Ltd. Mr. Harland is a skilled administrator and is experienced in all aspects of corporate governance issues. He brings to the Board considerable experience in dealing with public and private sector bodies, including government and academe, both within Australia and overseas. Mr. Harland has been a director of Eqitx Limited since December 2001.

Mr Hilton Nathanson

Mr Nathanson is a commerce graduate from the University of Western Australia. Shortly after graduation he moved to the UK and commenced employment with Capel Cure Sharps, one of UK's largest regional stockbrokers. Between 1993 and 1995 he was an analyst with Goldman Sachs International Ltd, on the UK Equity Desk. In 1996 he established the stockbroking firm, Kyte Securities, in partnership with the Kyte Group Ltd. In July 1998, he launched a European Hedge Fund, which has since grown in assets to more than A$600m and was rated amongst

the top performing Funds for 2001. More recently, he facilitated a management buy-out of Kyte Group's remaining stake in Kyte Securities, securing him control of the re-launched Eden Group in February 2001. The Eden Group services clients worldwide and Mr. Nathanson's specific role is to develop the funds management division of the Group. Mr Nathanson completed his MBA in 1998 at the City University Business School, London and is presently a visiting lecturer on trading psychology at the University. Mr. Nathanson has been a director of Eqitx Limited since December 2001 and is based in London.

Executive management of the Company comprises:

Dr Noel Chambers

Dr Chambers completed his PhD in Medicinal Chemistry at the University of Sydney in 1994. He was then appointed as project leader, managing a commercial drug discovery program with Circadian Technologies and Sydney University and in 1998 was presented the Biota Award for Medicinal Chemistry by the Royal Australian Chemical Institute for his research in the area of Type II Diabetes. Dr Chambers has since been appointed as the Research Manager at Thursday Plantation Laboratories where he lead the research and development of natural products for sale and export and the Business Development Manager for Promega Corporation where he was responsible for the identification of commercial opportunities strategically fitting with Promega's worldwide research efforts and product portfolio. He was most recently employed as the Managing Director of Biotron Limited, an Australian Biotechnology company listed on the Australian Stock Exchange, developing compounds and diagnostic tests for sale or license to major pharmaceutical companies.
He was appointed as CEO of Eqitx Limited on 1st July 2002.

Dr Julie-Anne White

Dr. White has had over 10 years experience working in Europe in both Start-up Biotech companies and multinational pharmaceutical companies such as Wyeth, Merck, Sharpe and Dohme and Cerebrus. She completed her MSc. and PhD at the Institute of Psychiatry, University of London before entering Medicine at St. Mary's Hospital, London. Since returning to Australia she has both worked and consulted for Start-up and established companies. Dr. White has been Head of Neuropharmacology for a UK Start-up contract Neuroscience/Drug Discovery Company and Research Manager for a Start-up biotech company with a mission to combine ethical natural product drug discovery and development with complimentary medicine R&D. She was the recipient of the Merck, Sharpe and Dohme (MSD) and National Institute on Drug Abuse (NIDA) scholarships and has been Director of a consulting company that consults to industry and academic institutions providing advice and management services including the commercialisation of intellectual property, product development, and research management and business development. Most recently, she has been the Consultant CEO for a Startup company involved with contract Neuroscience/CNS drug development. Dr. Julie-Anne White has been appointed as the Business Development Executive of the company with effect from 4th July 2002.

Mr Brian Nathanson

Mr. Nathanson has held executive positions on the Boards of numerous publicly listed companies over a considerable number of years. Until recently he was CEO of Meditech Research Ltd, a successful Perth based Biotech Company. Mr. Nathanson contributed significantly to that company during a period of appreciable growth in its market capitalization by steering the company through the Ethics Committee stage and subsequently the commencement of human trials on the Hyact Cancer project at Royal Melbourne Hospital. Mr. Nathanson was also the Australian General Manager for James Hardie Containers for a significant number of years and between 1991 and 1995 was Commercial Manager for the Great Central Mines Group of Companies.

Mr Stephen Brown

Mr Brown is a member of CPA Australia and Chartered Secretaries Australia and has over 20 years experience in financial management, including corporate and commercial matters of public listed companies.

The Advisory Panel of the Company comprises:

Dr Barney Glover
Dr. Glover is currently Director of Research & Development, Curtin University, WA. He has held this appointment since 1997. Dr Glover is Chairman of the Advisory Panel.

Dr. Glover has particular expertise in research and project management with emphasis on the evaluation and development of innovative technologies with an emphasis on capital raising and commercialisation support. He also has experience in the formation of start up companies and new ventures to exploit early stage technology development.

Dr Kevin Fahey
For the last six years Dr. Fahey has held executive research management positions with the world's largest pharmaceutical company, Pfizer, in both the USA and Australia, retiring in 2001 as Scientific Director – Research Investments, for Pfizer's Global R&D. Before joining Pfizer he was Vice President and Director – Biological and Pre-Clinical Development, for SmithKline Beecham Animal Health (now GlaxoSmithKline) for 4 years.

Much of Dr. Fahey's early career was with the CSIRO Division of Animal Health, Victoria, over a period of 15 years, where he rose to the position of Senior Principal Research Scientist. In this time he was awarded the Dr. Bart Rispen's Memorial Award in Avian Pathology and the CSIRO Chairman's Gold Medal.

Dr Fahey has had a distinguished scientific career, having authored sixty-five scientific publications in refereed international journals and filed six international patents, prior to accepting a leadership/management role in the pharmaceutical industry in the USA.

Since October 2001 Dr. Fahey has been operating his own consulting practice, making available his vast experience to the scientific, pharmaceutical and biotechnology industries in Australia and the USA.

Dr Paul D'Sylva
Dr. D'Sylva is the Director of the Division of Research and Development at Murdoch University. He has responsibility for the management of research and the development and commercialisation of the University's strong intellectual property flow. The Division of Research and Development provides support in the formulation of policies and implementation of strategies that foster and enhance Murdoch University's research and development links with government, industry, investors and the wider community.

Dr D'Sylva holds degrees in public finance and economics, education and mathematics.

Mr Conrad Crisafulli
Mr. Crisafulli is currently the Managing Director of TechStart Australia Pty Ltd, which specialises in taking early stage technologies from conception through to the point where they become interesting to the investment and venture capital community.

Through TechStart, he has an involvement in bringing a number of animal and human health technologies to market. He is also a Director of TechStart Fund Managers Pty Ltd, and a number of technology start-ups, including Melix Limited and EON Pty Ltd. Mr. Crisafulli was chairman of Meditech Research Ltd, a publicly listed biotech company. He is also a director of Tinnitech Ltd, which is engaged in commercialising a technology for curing Tinnitus.

1.5 Project Acquisition

Following shareholder approval at the General Meeting held in April 2002 authorising the Directors to seek other business opportunities in the biotechnology and biomedical field, the Company has evaluated in excess of 70 opportunities. Key evaluation criteria for potential investments include consideration of:

- The quality and stage of the research

- The intellectual property position
- The market potential and competitive advantages within the market
- The development of a realistic outcome focussed research and development plan.

Projects that meet the above criteria are then rigorously evaluated by Eqitx's eminent advisory panel, and then recommended to the Board for negotiation of an investment in the technology. Following satisfactory completion of negotiations, due diligence is undertaken, including obtaining independent experts reports verifying the commercial, technical and intellectual property merits of the opportunity.

On 20 December 2002, the Company announced that a Heads of Agreement had been signed for the acquisition of its first biotechnology project with potential applications in the substantial market for anti-arthritic drugs.

The technology was developed in the School of Pharmacy at The University of Sydney where Professor Basil Roufogalis and his team isolated and subsequently synthesised new active analogues from an extract of the plant, *Zingiber officinale*. Importantly, the patent protecting the synthetic compounds that are to be further investigated for therapeutic use has already been allowed in the U.S.

The lead compounds have shown encouraging proof of efficacy in animal models for the control and management of pain and inflammation and initial toxicity studies have been positive.

It is expected that the further optimisation of these lead compounds will build upon their current specificity profile, with the objective of developing new drug candidates with improved safety profiles compared to currently available treatments.

A new company will be established to exploit the patents relating to the technology and to develop a suite of potential novel drugs across a range of therapeutic areas targeting the substantial markets for pain and inflammation. A prime target will be the multi-billion dollar market for anti-arthritis drugs. The acquisition is subject to shareholder approval of the change of nature of the Company's activities and completion of documentation. The Eqitx Board announced satisfactory completion of the due diligence process on 28 January 2003.

Eqitx will invest a total of $2.36 million over a two year period, subject to the completion of certain milestones (see table below) to ultimately own 58% of the new company with the balance held by The University of Sydney and Thursday Plantation Laboratories Limited. Eqitx will enter into a service agreement with the new company to provide management services on a fee for service basis.

The project will proceed according to pre-determined milestones with the first milestone focussing on lead compound selection. It is currently anticipated that the first milestone will be achieved within six months from commencement following shareholder approval. It is estimated that Milestone 4 will be completed within 33 months of commencement.

Research and Development Milestones

Milestone 1 $315,000 Estimated 6 months duration
Activity: Lead compound selection determined from pre-clinical testing

Milestone 2 $680,000 Estimated 6 – 9 months duration
Activity: A targeted approach using specific, clinically predictive *in-vivo* models in order to evaluate and refine compound activity and toxicology

Milestone 3 $620,000 Estimated 6 months duration
Activity: Refining and developing further therapeutic areas and ensuring full FDA compliance

Milestone 4 $745,000 Estimated 12 months duration
Activity: Pilot clinical trial based on the refined, targeted therapeutic area determine in the previous milestones

TOTAL = $2,360,000

1.6 Technical Summary

The Gingerol project has novel potential drugs based on Ginger and Capsaicin and these are being developed for the management of pain and inflammation. These compounds, based on the active constituents of plants with traditional use in inflammatory and painful conditions are hybrid structures of gingerols and capsaicin.

The compounds have been shown to be vanilloid receptor antagonists as well as COX-1 and COX-2 antagonists. Compounds binding to vanilloid receptors represent a promising new approach for the development of novel analgesics whilst compounds inhibiting COX-1 and COX-2 are known to reduce inflammation.

In-vivo animal studies have confirmed the positive pharmacological activities of the lead compounds in models of inflammation and pain. They are also less pungent than capsaicin and initial toxicity studies have revealed no observed side effects on acute administration.

Initial animal studies have demonstrated that the lead compound exhibits comparable, if not better pain management effects (analgesia) than morphine. Importantly, these compounds did not show tolerance to these effects as morphine did, thus indicating that these compounds may not have the same tolerance and dependency issues that morphine (the most commonly used drug) has and therefore would have a clear market advantage.

Although the main focus will be the pain and inflammation market, Eqitx believes that these molecules may also be developed for such therapeutic areas as incontinence, emesis (anti-nausea) and other therapeutic uses. These types of molecules have also been indicated as protectors against gastric acid ulceration formation and have been suggested to exert antimicrobial actions against *helicobacter pylori* (bacteria associated with development of stomach ulcers). There are also some suggestions that this class of molecules (vanilloids) may have a role in the prevention of human colon cancers.

These new compounds may have advantages over conventional therapies in the use of chronic peripheral and sensory pain. These compounds may also offer new treatments for diseases causing inflammation such as arthritis, where current drugs have significant safety concerns. Eqitx believes that these compounds may also be developed for the incontinency market as well as the anti-emetic markets where there is currently an unmet need for new and improved therapeutics.

1.7 Directors Recommendations

The Directors have no material interest in the outcome of either of the Resolutions, save for their interest arising solely in their capacity as shareholders and optionholders. All the Directors consider that the proposed transactions contemplated by the resolutions set out in this Notice are in the best interests of the Company and recommend that Shareholders vote in favour of all the Resolutions set out in the Notice. The Directors have approved the proposal to put the resolutions contained in this Notice to Shareholders, and have approved the information contained in the Explanatory Statement.

The Directors recommend the proposals set out in the Notice, as they will enable the Company to meet its objective of developing a portfolio of biotechnology projects to which it can significantly value-add utilising its resources to enable the commercialisation of the R&D programme.

2.0 RESOLUTIONS

2.1 Resolution 1 - Approval of Change of Activities

Eqitx Limited proposes to undertake a change in the nature and scale of its activities and for this reason the Company seeks to obtain Shareholder approval under ASX Listing Rule 11.1.2. The Company's proposed acquisition of the Gingerol project detailed in section 1.5 and 1.6 of the Explanatory Statement, and subsequent evaluation and acquisition of other biotechnology projects, will result in a change in the nature and scale of the Company's activities.

In order to proceed with the acquisition of the Gingerol project, the Company is seeking approval pursuant to ASX Listing Rule 11.1.2 to approve the change in nature of the Company's activities and an increase in the scale of those activities.

2.2 Resolution 2 – Allotment of Shares

Resolution 2 seeks shareholder approval to authorise the Directors to raise up to $2,500,000 by the issue and allotment of fully paid ordinary shares in the capital of the company, at an issue price that is at least 80% of the average market price of securities in that class, with a minimum price of $0.20 per share. The average price is to be calculated over the last five days on which sales in the securities were recorded before the date of the prospectus.

Background

As disclosed in Section 1 of this Explanatory Statement, Eqitx proposes to change the nature of its business to the acquisition of biotechnology opportunities with a view that biotechnology will become its core business. A Heads of Agreement for the acquisition of the Gingerol project has been signed, subject to completion of due diligence and shareholder approval to the change in the nature of the Company's activities.

In order to provide working capital to meet the Company's commitments to the Gingerol Project, and to allow for the identification, evaluation and acquisition of new projects, Eqitx will seek to raise up to $2,500,000 from the public by way of a public offering of ordinary shares at a price that is at least 80% of the average market price of securities in that class, with the minimum price of $0.20 per share. The average price is calculated over the last five days on which sales in the securities were recorded before the date of the prospectus. The proposed issue requires the approval of shareholders, by ordinary resolution, pursuant to the ASX Listing Rules. These regulatory requirements are summarised below.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue during any twelve month period any equity securities or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that twelve month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in general meeting. The proposed issue of Shares will result in the issue of more than 15% of the share capital.

ASX Listing Rule 7.3 requires the following information be disclosed to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

(i) The maximum number of Shares to be issued by the Company will be determined calculating the number of shares required to be issued at an issue price that is at least 80% of the average market price of securities in that class calculated over the last five days on which sales in the securities were recorded before the date of the prospectus, with the minimum price set at $0.20 per share, to raise $2,500,000.

(ii) The shares will be issued within three months after the date of this meeting, (or such other date as permitted by ASX);

(iii) The allottees will be at the sole discretion of the Directors, subject to them being eligible applicants pursuant to a prospectus to be lodged by the Company;

(iv) The Shares will rank equally in all respects with the Company's existing shares on issue;

(v) The funds raised from the issue will be used to fund ongoing research and development of the Gingerol project as described in section 1.6 of this Explanatory Statement, to provide working capital to allow the review, evaluation and acquisition of other biotechnology projects and to fund the costs associated with the issue;

(vi) The shares will be allotted progressively;

(vii) The directors do not have any material personal interest in the outcome of the Resolution save for their interests in their capacity as Shareholders.

3.0 ADDITIONAL INFORMATION

The following additional information is also provided to assist shareholders.

3.1 Effect on the Capital Structure of the Company after the proposed Transaction

The following table sets out the proposed capital structure of the Company following the capital raising proposed in Resolution 2. The table assumes that Resolution 2 is duly approved as set out in the Notice of Meeting, and that the placement is fully subscribed at the minimum issue price of $0.20 per share.

	Ordinary Shares Number	Share capital $
Current Issued Shares	17,524,170	44,671,139
Resolution 2 – proposed Shares [1]	12,500,000	2,500,000
Revised Capital Structure [1]	30,024,170	47,171,139

(1) The table above shows the maximum number of shares that may be issued to raise $2,500,000 as proposed in Resolution 2. The actual number of shares to be issued will be calculated in accordance with the formula set out in section 2.2 of this Explanatory Statement.

The following options are currently on issue:

	Options	Exercise Price	Exercise Date
Listed Options	17,000,000	$0.20	30 June 2007
Unlisted Options	51,900	$0.40	7 June 2006
	51,900	$0.50	7 June 2006
	51,900	$0.60	7 June 2006
	51,900	$0.70	7 June 2006
	25,950	$0.75	7 June 2006
	25,950	$0.80	7 June 2006
	129,750	$1.00	7 June 2006
Total Options Issued	17,389,250		

3.2 Pro-Forma Statement of Financial Position

The following pro forma Statements of Financial Position are prepared on the basis of:

(a) Eqitx audited Statement of Financial Position as at 30 June 2002;
(b) Eqitx Limited projected Statement of Financial Position at 31 December 2002, (unaudited);
(c) The assumption that both resolutions in their current form are approved by shareholders at the Meeting and the Capital raising is completed.

Eqitx Limited	As at 30/06/2002 $000	As at 31/12/2002 (Unaudited) $000	Pro forma $000
Current Assets			
Cash at bank	1,622	1,140	3,340
Receivables	25	18	18
Total Current Assets	**1,647**	**1,158**	**3,358**
Non-Current Assets			
Receivables	5,024	5,016	5,016
Other financial assets	26	128	128
Plant & equipment	19	32	32
Total Non-Current Assets	**5,069**	**5,176**	**5,176**
TOTAL ASSETS	**6,716**	**6,334**	**8,534**
Current Liabilities			
Accounts payable	91	130	130
TOTAL LIABILITIES	91	130	130
NET ASSETS	**6,625**	**6,204**	**8,404**
Shareholders Equity			
Contributed equity	44,671	44,671	47,171
Reserves	60	60	60
Accumulated losses	(38,106)	(38,527)	(38,827)
TOTAL SHAREHOLDER FUNDS	**6,625**	**6,204**	**8,404**

3.3 Timetable

It is a requirement of the Australian Stock Exchange that an entity wishing to change the nature of its activities must comply with Australian Stock Exchange Listing Rule 11. Compliance with Listing Rule 11 requires the Company to:

1) Seek shareholder approval to the change of activities. This meeting will be held on 10 March 2003;
2) Eqitx complying with Chapters 1 and 2 of the Listing Rules as determined by the ASX. This compliance requires, amongst other things:
   a) Eqitx issuing a Prospectus; and
   b) Eqitx meeting a net asset test as defined in the Listing Rules.

The Prospectus will be lodged with the Australian Securities and Investment Commission ("ASIC") and following an exposure period of 7 days (or such further period as ASIC may determine) the

Company may then accept subscriptions for shares. The passing of both Resolutions and the successful capital raising under the prospectus will ensure that the Company complies with the requirements of Chapters 1 and 2 of the Listing Rules.

In accordance with the requirements of Chapter 11 of the Listing Rules, Eqitx will request that the Company's shares be suspended from trading, commencing from the morning of the meeting. The suspension will cease once the Company has satisfied the requirements of Chapters 1, 2 and 11 of the Listing Rules of the ASX. It is anticipated that these requirements will be met shortly after the General Meeting.

APPENDIX 1

REPORT OF AORIS NOVA PTY LTD
Dated 22 January 2003

aoris nova Pty Ltd
1 Central Avenue, The Australian Technology Park, EVELEIGH NSW 1430,
ABN 15000 197 893; ACN 000 197 893
Phone: 61 2 9209 4231 Fax: 61 2 9209 4242
e-mail khopper@aoris.com.au
www.aoris.com.au

22nd January 2003

The Directors
EQiTX Limited
Level 3, IBM Building 1060 Hay Street
Perth, Western Australia, 6000

Dear Sirs,

We write in response to your request to prepare an independent expert's report on technology related to the development of drugs.

EQiTX is a Perth based public company listed on the Australian Stock Exchange (ASX code: EQX) that was incorporated on 11 July 1986. In late 2001, a new group of investors injected funds into the company, significant changes were made to the company's management structure and a new Board was appointed. The new Board proposed a number of measures designed to make the company more attractive to investors and the capital markets, including a capital consolidation, fund raising including a proposal authorising the directors to seek other business opportunities and investments in the biotechnology and biomedical field. These proposals were accepted and approved by shareholders at a general meeting held on 4 April 2002. The investment model favoured by EQiTX includes investing in suitable projects through a subsidiary company, which holds 100% of the rights to exploit the intellectual property.

As an initial step into drug development EQiTX has entered into an agreement with the University of Sydney to access intellectual property covering the use of novel phenylalkanol compounds potentially useful in the treatment of pain, inflammation and other conditions such as urinary incontinence.

Aoris Nova has reviewed this technology, intellectual property and research program in comparison with other relevant offerings in the market and under development. We used this information to arrive at an assessment of the potential products, the markets addressed and the development programs.

Aoris Nova has concluded that -

- The phenylalkanol compounds exhibit a broad range of activities associated with inhibition of pain and inflammation, including interaction with specific neuronal receptors (vanilloid receptors) associated with pain.
- Some compounds inhibit pain in an experimental animal model at doses comparable to an effective dose of morphine.
- Combined effects on vanilloid receptors and other accepted analgesic targets are novel and a compound with such a mixture of activities could present therapeutic advantages over currently available analgesics for treatment of particular types of pain.
- Molecules having predominantly a single mechanism of action could be developed for known therapeutic applications. For example a COX-2 specific compound might find general use as a non-steroidal anti-inflammatory drug (NSAID).

- A vanilloid receptor agonist or antagonist might be valuable in the treatment of urinary incontinence and it is likely that other applications will become apparent as the compounds are developed.
- This drug development project is at an early stage, and all such projects present considerable risk. However, EQiTX has defined a strategy to advance compounds rapidly through the preclinical phase of development. If successful considerable value will be added to the project.
- The project is within the competence of the company and the approach to be adopted is realistic. The project will be managed by EQiTX personnel with scientific and senior managerial experience critical to the execution of the project plans, supported by high calibre advisers with relevant drug development experience.
- The world market for analgesics exceeds $US20 billion a year and the World Health Organisation estimates the world-wide direct and indirect costs of urinary incontinence to exceed $US16 billion annually.
- There is a large unmet need for better therapeutics for the treatment of pain, inflammation, urinary incontinence and other conditions for which the phenylalkanol compounds might be useful.
- The intellectual property should allow a period of exclusivity in pursuing the large commercial market available to drugs of this type.

EQiTX business and technologies

Background

EQiTX intends to develop compounds that have been demonstrated to possess analgesic activity and to interact with enzymes and receptors consistent with this activity that are targeted by drugs used to treat pain and inflammation. EQiTX intends conducting a preclinical research program to develop one or more clinically useful products from this project.

Characteristics of therapeutic R&D projects

Research and development for the commercialisation of therapeutic agents usually proceeds in several well-characterised and distinct stages:

- Generation and selection of potentially therapeutically useful chemicals based on existing data or a chance discovery,
- Research is undertaken to increase the degree of confidence in the potential clinical utility.
- A program is designed to develop a potential product with the essential 'drug-like' characteristics as a registerable therapeutic agent, dictated by considerations of patient safety and efficacy.

The preclinical component of this program can include the selection and characterisation of compounds in models relevant to a target disease state, i.e. demonstrations of potency and efficacy; characterisation of bioavailability; distribution, stability, toxicology and safety, followed by selection of a compound with optimal characteristics, formulation for administration by a suitable route and development of a manufacturing process of sufficient capacity, that can produce product under appropriate conditions. This is then followed by staged clinical development (phase I, phase II and phase II) and finally registration and product commercialisation.

The time taken from discovery to market is typically between seven and twelve years of which the preclinical phase of development occupies 2 to 4 years. At any time during this process EQiTX could license or sell a potentially useful compound to a company with the resources to continue the development process, thereby generating royalty payments which are usually calculated as a percentage of future sales. The further that development advances towards product commercialisation the more valuable it becomes, because the risk of failure diminishes and because of the reduction in time before royalties are paid. The contribution by EQiTX in taking these compounds further down the preclinical development pathway would therefore be repaid to the Company in significantly increased value as the products reach market.

EQiTX has entered into an agreement with the inventors and the institution with which they are associated, to undertake initial development of therapeutic products. Aoris Nova has not examined these agreements. We have examined the principle markets addressed, as an indication of the commercial potential inherent in the project. Aoris Nova has also examined a patent relating to the project but has formed no opinion as to the eventual granting of further patent applications in any jurisdiction, nor of the existence of any competing patent or intellectual property that might impinge on the rights of EQiTX.

Pain and Analgesics

Pain is one of the body's most complex functions and response to it is non-uniform and influenced by gender, race and age. Analysis of pain is subjective and it can be described as acute and chronic and further classified as mild, moderate or severe. If not adequately treated, acute pain can develop into chronic pain; described as lasting more than 6 months. Chronic pain may cause changes in the nervous system leading to symptoms that do not appear to have a physical cause and can be difficult to treat. This may result in a potentially lifelong chronic condition. Management of chronic pain requires specific treatment usually involving the prescribing of potentially addictive narcotic analgesics. Current analgesics on the market are probably efficacious in acute pain, although all have associated side effects. However, chronic pain, particularly neuropathic pain, is poorly controlled with available medications. This lack of suitable therapeutics and any good understanding of the underlying mechanisms of chronic pain is stimulating considerable research into new analgesics.

Pain is initiated when sensory neurones called nociceptors transmit information to pain processing centres in the spinal cord and the brain. It is inextricably linked, both physiologically and pathologically, to tissue damage and inflammation which are associated with the release of compounds that either stimulate nerve endings directly, or indirectly by causing further tissue damage that in turn releases compounds that have direct effects on nerves. Historically, mankind has used two major classes of analgesics, each with its origins in plants. Opioid analgesics related to morphine exert their analgesic effects via interactions with specific opioid receptors. Non-steroidal anti-inflammatory drugs (NSAIDs) are typified by acetylsalicylic acid (aspirin). The major mechanism of action of NSAIDs was thought to be inhibition of the enzyme cyclooxygenase (now called COX-1), which catalyses the production of prostaglandins and associated products. In 1991 it was discovered that expression of COX-2, an isoform of COX-1, was induced in inflammation and also inhibited by NSAIDs. New inhibitors of COX-2 have now been successfully marketed as analgesic and anti-inflammatory drugs.

Progress in dissecting and understanding pain mechanisms, coupled with advances in imaging technologies, have demonstrated the path of pain signals in the nervous system and it is possible that more specific drugs can be tailored to a particular type of pain. This extensive research into pain and inflammation, including genetically modified animal models to enable the testing of novel drugs, and the use of genomics and bioinformatics, has provided several potential drug targets. These include specific receptors responsive to serotonin, neurokinins such as substance P, vanilloid compounds (e.g. capsaisin), glutamate, TNF-alpha and a number of other cytokines; enzymes such as 5-lipoxygenase; and various ion channels.

While research into pain and inflammation has provided many new targets for potential novel analgesics, new formulations of old drugs to improve drug delivery, such as the transdermal and trans-oral routes of administration, have also increased their efficacies and reduced side effects.

Analgesics Markets

The world market for analgesics was estimated to be $US23 billion in 2000.[1] Of this total the over the counter (OTC) sector was the largest with 42% of the market, followed by NSAIDs (26%), the opioids (22%), migraine therapies (6%) and local anaesthetics (3%). Americans spend about $US3 billion a year for these OTC products and $US750 million for prescribed narcotics. Arthritic and

[1] Analgesia Markets and Therapies, A.& B. Pleuvry, Urch Publishing

chronic back pains have the largest markets in terms of patient numbers. In Australia it is estimated that approximately one in two people use analgesics every week.[2]

Despite the large sales figures, it is generally agreed that there is still a large unmet need due to poor efficacy and serious side effects of available drugs. The opioids are addictive and induce distressing nausea and constipation. Ingestion of older NSAIDs is associated with bleeding and ulceration in the intestinal tract that can be serious. Platelet function is disturbed in all patients and in some patients kidney function can be compromised. Some individuals are intolerant to NSAIDS. The newly introduced COX-2 inhibitors, although not inhibiting platelet function, do produce cardiovascular and renal problems in some patients. New products, increased awareness by patients, expanding applications of existing products and improved delivery techniques are all expected to contribute to a projected market doubling over the next 8 to 10 years. The demand for pain relief medications is illustrated by the success of the first COX-2 inhibitor, Celebrex, which achieved $US1 billion sales in 10 months after its introduction in 1999. COX-2 inhibitors have already captured 20% of the arthritis treatment market. Monsanto, Celebrex's manufacturer, believes that the market for COX-2 inhibitor drugs will expand from the current value of $US6 billion to $US16 billion per annum. If approved for other indications, the market could even expand to $US25 billion.[3]

There are approximately 200 million people worldwide suffering from urinary incontinence, with less than 20% of them undergoing some form of the treatment. Urinary incontinence afflicts more than 50 million people in the major markets of the U.S.A., Europe and Japan. The World Health Organisation estimates that worldwide direct and indirect costs of urinary incontinence exceeds $US16 billion annually.[4] This is a growing market as prevalence of the problem increases with age.

Market Opportunity and Drivers

The ageing population, higher female to male ratios of consumers and higher prevalence of cancer, arthritis, surgical procedures and HIV are driving the market for analgesics. The ageing population is expected to boost the over the counter (OTC) market segment in particular, as the older age group is more likely to use self-medication. Increased healthcare costs have also expanded the self-medication market, encouraged by governments keen to economise. The OTC market in the U.S.A. is well developed, whereas in countries like the U.K. it is still emerging. The definition of OTC also varies in different countries due to regulations, but generally deregulation has broadened the outlets particularly to supermarkets. It is expected that the NSAID sector in particular will play a big role in increasing revenues.[5] The emphasis on the potential of the OTC market underlines the need for safety and efficacy of the drugs. Cost is also an important factor, especially if drug costs are to be reimbursed by health funds.

Chronic pain is a relatively new area for drug development, due to previous difficulties in the objective measure of pain and the heterogeneity of pain patients. Differences in underlying mechanisms, disease, psychosocial factors and the placebo effect present problems in measuring efficacy. More companies are, however, focusing on this area using new trial designs such as enriched enrolment, to obtain a more homogeneous patient population. This type of trial design also excludes patients who respond to the placebo effect. The projected expansion in the analgesic market is expected to be lead by drugs for chronic pain such as back pain and neuropathic pain. The market opportunity for neuropathic pain, which affects about 26 million people world-wide, is forecast to be $US7 billion.[6] Analgesics free of serious side effects are, however, a challenge for developers.

[2] Australian Bureau of Statistics
[3] IMS Health, Pharmaceutical Profiles 1999
[4] BioScorpio, 2002
[5] Frost and Sullivan's Analysis of the European Pain Management Markets, 2002
[6] The 10th World Congress on Pain (2002)

EQiTX analgesic technology

Phenylalkanol analogues of compounds isolated from ginger

During an investigation of the anti-inflammatory and analgesic properties traditionally associated with ginger, a group at Sydney University, lead by Professor Basil Roufogalis, found that compounds isolated from ginger interacted with vanilloid receptors. Subsequently, over a period of years, they synthesised a series of analogue compounds and tested them for properties related to analgesia and inhibition of inflammation.[7,8]

This *in vitro* testing of analogues in isolated cells indicated that certain molecules produce effects consistent with activation of vanilloid receptors and inhibit the enzymes COX-1, COX-2 and 5-lipoxygenase. In model *in vitro* systems some analogues also demonstrate activities consistent with anti-inflammatory and analgesic activity, such as inhibition of the release of the cytokines TNFalpha and interleukin-1 and of prostaglandin E_2. In some cases the potency of individual analogues was comparable to that of commonly used analgesic agents such as indomethacin and aspirin. A limited number of compounds have been tested for analgesic activity in mice. In this *in vivo* test model one compound was comparable in activity to morphine. The analogues synthesised exhibit varying lipophilicities (lipid solubility) and at least partly for this reason will therefore probably exhibit different pharmacokinetic characteristics. Optimal lipophilicity is likely to be important for potential effectiveness in the central nervous system. Some of this information has been published.[7,8]

Vanilloid receptors as a drug target

Molecules binding to the vanilloid receptor represent a promising area in the development of novel analgesics. The vanilloid receptor (VR1) is a non-selective ion channel that is activated specifically by the naturally occurring compounds capsaicin (from the hot pepper *Capsicum*) and resiniferatoxin (a potent capsaicin analogue from the cactus-like plant *Euphorbia resinifera*) or by noxious heat or by acid. Activation of the receptors on pain-sensing nerve endings allows positively charged molecules, such as calcium, to enter nerve cells and stimulate them. The paradoxical use of capsaicin as an analgesic is due to desensitisation of nociceptor terminals as a result of prolonged exposure to capsaicin. Therefore, both inhibitors and potentiators of VR1 may be useful in the treatment of inflammatory pain, and this receptor has attracted great interest as a therapeutic target.

Capsaicin increases the activity of the vanilloid receptor and is currently used therapeutically for the treatment of incontinence and intractable rhinitis. Although no experimental data is available to demonstrate such utilities of the analogues synthesised they present possible therapeutic applications. It has been suggested that compounds interacting with vanilloid receptors might be useful as antiemetics[9] and it is possible that other therapeutic uses of compounds interacting with VR1 will be discovered.

At least one compound has demonstrated anti-inflammatory activity in an animal test. The available data on the potency of some of the novel compounds on a variety of targets associated with inflammation and pain is promising for the development of therapeutically useful products. The combinations of pain- and inflammation-associated targets susceptible to some single compounds are unlike those associated with currently available drugs used to treat inflammation or pain. Such compounds could present advantages over currently available therapies. A drawback to the clinical use of capsaicin-like compounds is their pungency (production of a burning sensation). Some of the phenylalkanol compounds are less pungent than capsaicin.

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[7] Koo, K.L.K., Ammit, A.J., Tran, V.H., and Duke, C.C. and Roufogalis, B.D. (2001) Gingerols and related analogues inhibit arachidonic acid-induced human platelet serotonin release and aggregation. Thromb. Res., 103, 387-397.

[8] Tjendraputra, E., Tran, V.H., Liu-Brennan, D., Roufogalis, B.D. and Duke, C.C. (2001) Effect of ginger constituents and synthetic analogues on cyclooxygenase-2 enzyme in intact cells. Bioorg. Chem., 29, 156-163.

[9] Andrews, P.L., Okada, F., Woods, A.J., Hagiwara, H., Kakaimoto, S., Toyoda, M. and Matsuki, N. (2000) The emetic and anti-emetic effects of the capsaicin analogue resiniferatoxin in Suncus marinus, the house musk shrew. Br. J. Pharmacol., 130, 1247-1254.

Intellectual property

Analogues of compounds derived from ginger

A patent application (WO 99/20589) entitled '*Medicinal Uses of Phenylalkanols and Derivatives*', with a priority date of 21 October 1997, was submitted under the International Patent Cooperation Treaty. Notice of allowance of this patent has been issued in the U.S.A. and prosecution is ongoing in other jurisdictions including Europe and Japan. This patent has already run for five years and it might be expected that another five years, or even longer, will be required to complete development and obtain marketing approval for a product in major jurisdictions. This means that any new product dependent on this patent would enjoy ten years or less of market exclusivity before the patent expires. If granted in major jurisdictions the remaining duration of this patent is sufficient to reasonable ensure a reasonable period of market exclusivity to a commercial product.

Market Competition for Analgesics

It is not yet known what sort of pain might respond best to treatment with compounds to be developed by EQiTX, although it might be expected that gingerol analogues will probably compete with NSAIDs. There is a large number of drugs of this type on the market and at least another ten in various stages of development have been identified from searches of industry publications. Some of these compounds have mechanisms of action different to any currently marketed products. In the area of neuropathic pain there are over 70 compounds in active development[10], the majority being at the preclinical stage. This is an indication of the perceived lack of effective treatments for this indication. Several compounds directed to vanilloid receptors are also under development as analgesic and anti-inflammatory agents. Competition addressing unmet needs in large markets must always be expected. Many projects will fail to develop commercial products but new products that present clinical advantages are likely to find market acceptance.

Summary

The phenylalkanol compounds are active in broad range of experimental tests associated with pain and inflammation and different combinations of activities could be useful in different therapeutic applications. Combined effects on vanilloid receptors and other analgesic targets are novel and a compound with such a mixture of activities could present therapeutic advantages over currently available analgesics. Molecules having predominantly a single mechanism of action could be developed for known therapeutic applications. A COX-2 specific compound might find general use as a NSAID for example and it has been suggested that these compounds might be useful in the treatment of cancer. A vanilloid receptor agonist or antagonist might find use in the treatment of incontinence. It is likely that other applications will become apparent as the compounds are developed.

Strategies to advance the project

As outlined above (under: Characteristics of therapeutic R&D projects), as well as high potency in producing their desirable therapeutic effects, compounds need to exhibit a large number of characteristics before they can be considered as potential drugs. To be successful a new drug must also be at least as effective as existing therapies and known potential therapies in development. Preferably, new compounds should have demonstrated advantages over these competitors and potential competitors. Other important considerations are the ease of manufacture and eventual price competitiveness. Achieving these goals within a time frame that will allow commercial exploitation under the advantages of patent protection requires careful planning and prioritising. This has been outlined by EQiTX.

The molecules are considered to be at an early stage on the development path for drugs. There is a need to consolidate basic information and move rapidly towards a definitive proof of principle and selection of compounds with potential to be developed as drugs.

[10] Pharmaprojects, 2002

Capabilities of EQiTX personnel

Aoris Nova has interviewed the scientist-inventors associated with the project. Each has worked in the respective area for a considerable time, is a recognised expert in the area of research undertaken to date, and the team leader enjoys an international scientific reputation.

Dr Noel Chambers, CEO of EQiTX, has a background in medicinal chemistry and has directed research and development projects in biotechnology companies developing therapeutic and diagnostic products. Dr Julie-Anne White, Business Development Executive of EQiTX, has experience in planning and undertaking drug development projects in large pharmaceutical companies in the U.K. and in biotechnology companies in the U.K. and in Australia. Dr White has specific scientific expertise in relation to the nervous system and drugs affecting it. The experience of these senior managers is relevant to the projects to be undertaken and will be critical to the execution of the project plans. The company also has high calibre advisors with particular experience in relevant drug development including Professor Mark von Itzstein, EQiTX Director, and Dr Kevin Fahey a member of the Scientific Advisory Panel.

Risks

General

As with all drug development projects the risks of failure are considered to be very high. If the scientific basis for the product is consistent and early experiments support the idea, there is still no means of deciding whether the project is likely to be successful and produce a commercially useful therapeutic product. The probability of success is low in the early stages of development and increases in later stages as clinical trials are successfully completed.

However, the analgesia and inflammation market addressed is sufficiently large to ensure commercial success for any efficacious product that can capture even a very small market share. In any therapeutic area competition is to be expected. It is also to be expected that many of the competing products currently in development will never reach the market. Competition in itself is not as important as careful development of efficacious compounds to ensure that products reach market with a competitive advantage.

Intellectual Property

Patents underpin the value in the development of new therapeutic products. Importantly, the patent and patent applications reviewed here have a priority date that allows sufficient time to develop products that could ultimately enjoy the substantial market exclusivity that is essential to commercial success. The submission of a patent application is no guarantee that a patent will be granted and the granting of a patent application in any particular jurisdiction is no guarantee that a similar patent will eventually be granted in any other jurisdiction. There is also no guarantee that all the claims of any particular patent application will be granted. Even if a patent is granted there is no certainty that any compound or formulation that it describes will eventually be developed into a useful drug. Granted patents can be subject to challenge and might not be adequately maintained or supported by additional intellectual property.
A Due Diligence report on the International Patent Application in relation to this project has been compiled by Melbourne based Patent Attorney's, Griffith Hack. This report, which has been sighted by Aoris Nova, is self-explanatory.

Technical risks

Development risk: There is a high degree of risk associated with all stages of drug development. It might prove very difficult to achieve consistent, effective, maintained blood levels of products, particularly after oral administration. Even if the results obtained in experimental models reach acceptable criteria there is no guarantee of clinical efficacy.

Performance risk: Drug development needs to be as rapid as possible to profit from finite patent protection. Preclinical studies need to be carefully planned and rest centred on advancing a particular product. The assembling of data on the various aspects of a product, needed to demonstrate suitability as a therapeutic agent, must be carefully co-ordinated. This is an area where the expertise of the EQiTX senior scientific staff and professional advisers should be an advantage.

Commercial risks

Many efficacious products are marketed, many companies are working in the areas covered by these projects and the development process is prolonged. The unforeseen emergence of a superior technology is always possible. Pain is a symptom of a primary physiological or pathological disturbance. Historically, many therapeutics are directed to treatment of symptoms associated with different conditions, but real attempts are now being made to investigate possible cures.

The success of the project depends on the manager being able to establish suitable alliances with major pharmaceutical companies that will fund clinical trials to registration. The risk that such alliances will not eventuate is considered to be low if the projects produce potential products that are substantially better than existing products.

Summary and conclusions

EQiTX has acquired a project aimed at the development of therapeutic products. Although at an early stage of the drug development process, compounds have been shown to be active in a variety of tests associated with analgesic and anti-inflammatory effects and it is possible that a drug combining some of these activities could present advantages clinically. The intellectual property of the project should allow a period of market exclusivity for any product developed.

EQiTX has examined the project carefully and defined a strategy to advance compounds rapidly through the preclinical phase of development. The project is within the competence of the company and the personnel and the approach to be adopted is realistic.

Declarations and disclosures

Aoris Nova Pty Ltd is a consulting and contract research company in health and biotechnology involved in technology and financial assessments of projects and companies. This report was prepared by Dr Robert Charles Miller and Dr Kelvin Edward Hopper of Aoris Nova Pty Ltd. Both are registered with ASIC for the preparation of Expert Reports through a license to Aoris Nova (License Number 207482). Dr Hopper is Managing Director of Aoris Nova Pty Ltd and holds a PhD degree from the ANU, BSc from Melbourne University and Certificate of Financial Management from UTS. He has over twenty years experience in the health and biotechnology industries in assessments of technologies that are relevant to the activities of EQiTX, including the preparation of expert reports. Dr Miller has a PhD from the University of Melbourne, experience of drug development, and related experience in technology assessments and valuations in life sciences. He is Business Manager, Biomedical of Aoris Nova. Neither Dr Hopper nor Dr Miller has had any previous association with EQiTX or the originators of the technology. Research assistance was provided by Eunice Farram Ph.D.

This report is provided solely for the Directors of EQiTX for inclusion in a Notice of Meeting of shareholders and Prospectus to be issued shortly and shall not be used for any other purpose without written permission of the Directors of Aoris Nova Pty Ltd. The analysis is based on information provided by a variety of sources and all comments, forecasts and recommendations made in this report are made in good faith on the basis of information available at the time. Aoris Nova has not audited any financial forecasts or any other records of EQiTX. Aoris Nova has also not sought to verify any of the publicly available information that we have used. However, in our assessment of the information from EQiTX and other parties we have not identified anything that would indicate that this is materially misstated or would alter our opinion if further, more detailed studies were

undertaken. We have completed the report over four weeks and have not been under inappropriate limits of time. A draft report was issued to the due diligence committee of EQiTX to confirm factual accuracy and changes were made in the final report to reflect these.

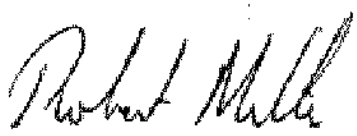
Aoris Nova does not guarantee that the recommendations made in this report will actually come to pass because of possible changes in the markets and general business and other environment, which occur over time subsequent to this report and are outside our control to know. The Company has novel, unproven technologies and there are risks in bringing these to market where they can generate revenues. Our conclusions are current at the time of writing.

We have given our written consent to the issue of this report as appearing in a Notice of Meeting of shareholders in the form and context in which it appears. We have been involved only in the preparation of this Report and not in the preparation of any other part of the Notice of meeting, and specifically disclaim liability to any person in respect of any statements included elsewhere in this Notice of Meeting. We have not, other than as set out above, been involved in the preparation of, or authorised or caused the issue of, this Notice of Meeting.

Aoris Nova has acted independently in preparing this report and neither its Directors nor staff has any pecuniary or other interest in any of the entities or their associates that could reasonably be regarded as affecting its ability to give an unbiased opinion. Aoris Nova will receive professional fees of $27,500 at normal commercial rates for the preparation of this report and an Independent Expert's Report for inclusion in a Prospectus. With the exception of these fees, it will not receive any other benefits, either directly or indirectly nor has received any other fees from EQiTX or developers of the technologies.

Yours faithfully,

AORIS NOVA PTY LTD



Robert Charles Miller PhD
Business Manager, Biomedical

Kelvin Edward Hopper PhD
Managing Director

APPENDIX 2

REPORT OF GRIFFITH HACK
PATENT & TRADEMARK ATTORNEYS
Dated 17 January 2003

GRIFFITH HACK
PATENT AND TRADE MARK ATTORNEYS

Melbourne Office
509 St Kilda Road Melbourne
VIC 3004 Australia
GPO Box 1285K Melbourne
VIC 3001 Australia

Telephone **+61 3 9243 8300**
Facsimile +61 3 9243 8333
Facsimile +61 3 9243 8334
ghmelb@griffithhack.com.au
www.griffithhack.com.au

EQiTX Limited
Amberley Building Centre
Level 3 IBM Building
1060 Hay Street
WEST PERTH WA 6005

Attention: Dr Noel Chambers
Chief Executive Office

BY EMAIL
nchambers@eqitx.com

17 January 2003

Dear Noel

Due diligence report on International Patent Application No. PCT/AU98/00870 in the name of THE UNIVERSITY OF SYDNEY Our Ref: VS:RMB:GF39903:GM41458

As requested, we provide the following report on patent applications by The University of Sydney in which EQiTX Limited has an interest. We understand that this report is to be included in a submission to be made to the Australian Stock exchange by EQiTX Limited. The status summary provided herein is correct to the best of our knowledge at the date of this report.

National Phase Applications corresponding to International Patent Application No. PCT/AU98/00870 by The University of Sydney

This report has been prepared on the basis of our files and of searches carried out by the International Searching Authority and the United States Patent and Trademark Office. We have not been instructed to conduct any independent searches at this stage.

Status of the Applications

International Patent Application No. PCT/AU98/00870 was filed on 20 October 1998, claiming priority from Australian Provisional Patent Application No. PO9900 filed on 21 October 1997. The claims as filed were amended during the international phase to avoid

prior art. The international application has now entered the National Phase in the United States, Australia, New Zealand, Europe and Canada based on the amended claims. The status of each of these applications is summarized below.

COUNTRY	APPLICATION NUMBER	PATENT NUMBER	STATUS
PCT	PCT/AU98/00656		Entered National Phase
Australia	97291/98		Pending; first examiner's report issued .
Canada	2307028		Pending.
Europe	98967135.		Designates all available states Pending.
New Zealand	503976		Pending; acceptance deferred pending resolution of allowability of medical treatment claims
United States	09/509829		Notice of Allowance issued; issue fee paid

The subject matter of the applications

This family of patent applications relates to gingerol analogues of defined structure and pharmaceutically acceptable derivatives thereof, a pharmaceutical formulation comprising the gingerol analogues as active agent, and the use of these gingerol analogues

(a) as analgesics,
(b) in methods for inhibiting platelet aggregation,
(c) in the treatment or prophylaxis of pain by action on sensory nerves, through anti-inflammatory action or through neurokinin inhibitory action, and
(d) in the treatment or prophylaxis of cardiovascular disease.

The claims to the compounds *per se* exclude certain previously-known compounds via a set of provisos. The use and method claims are broader in scope than the compound claims, because the known compounds have not previously been suggested for these uses. The invention also covers a method for preparing some of the compounds within the scope of the claimed formula, by a process which comprises treating ginger extract with heat and/or acid, followed by treatment with a microorganism or enzyme.

Breadth of Claim and Prospects for Grant

The specification cites an extensive list of literature references at page 72, line 36 to page 77, and the specification and claims were drafted so as to distinguish the invention from the disclosures of the prior art. The International Search Report cited nine patent references, seven of which were considered to be of particular relevance to the invention. Therefore during the international phase additional provisos were inserted into the main compound claim so as to exclude the additional known compounds. It was not necessary to insert these

additional provisos into the use or method of treatment claims, as the references did not disclose the use of the known compounds for any of the claimed purposes. Many of the references cited by the Patent Offices are Japanese patent applications. As we do not have full translations of the Japanese specifications or their claims, we have assumed that the abstracts fairly reflect the subject matter disclosed and claimed in these applications.

Nineteen specific compounds are claimed. Each of these compounds has been prepared and biologically tested, as described at page 9, line 12 to page 72, line 34 of the specification. We consider that this detailed description provides adequate support for the breadth of claim sought from a utility and enablement perspective, as it is clearly shown in the specification that the invention has been reduced to practice.

We believe that claims offering a similar scope of protection to those allowed in the United States should be obtained in Australia, New Zealand, Europe and Canada, although the wording may vary slightly in relation to the use and method of treatment claims, according to the national laws of those countries.

Freedom to Operate

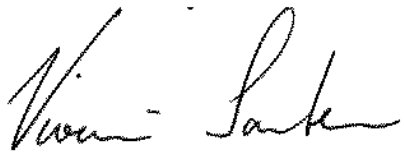
We are not aware of any third party rights which may be infringed by producing compounds of the formula (I) as defined in the main compound claims of the international application and the United States application respectively, or by using these compounds for any of the claimed purposes. Nor are we aware of any third party rights which may be infringed by performing the process defined in claim 9. However, in view of the provisos to the compound claim, it appears that there are known compounds which fall within the broad scope of formula (I) without the provisos. Such compounds still fall within the scope of the method of treatment and use claims. If it is proposed to commercialise any of the known compounds covered by the provisos for the specific uses covered by the method of treatment and use claims, then it would be necessary to investigate whether these compounds are the subject of any current patent rights. If current patent rights do exist, then it will be necessary to obtain a licence from the patent owner before marketing any of these compounds in respect of their new pharmaceutical use.

In some jurisdictions, particularly the United States, infringement can be established on the basis of the use of equivalents, even if every essential feature of a claim is not taken. Accordingly, this infringement assessment can only be regarded as preliminary, in view of the

fact that we are not experts in US, European and Canadian patent law. Before commencing any commercial use of the invention it would be essential to obtain an opinion from an independent attorney at least in the United States.

Best regards

Yours sincerely



Dr Vivien Santer
Principal
vivien.santer@griffithhack.com.au

EQITX LIMITED (ACN 009 188 694)

PROXY FORM

PLEASE COMPLETE IN BLOCK LETTERS

I/We_____

of_____

(address)

being a member/s of **EQITX LIMITED** and entitled to attend and vote hereby appoint:

☐	The Chairman of the meeting (mark with an X)	**OR**		Insert name of person you are appointing if this person is 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 General Meeting of Eqitx Limited to be held on Monday 10 March 2003 at 10.00 am (WST) at Conference Suite, Level 8, Exchange Plaza, 2 The Esplanade, Perth, Western Australia and at any adjournment of that meeting.

☐ If you do not wish to direct your proxy how to vote, please insert (X) in this box. By marking this box, you acknowledge that where the Chairman of the meeting is your proxy, he may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him, other than as proxy holder, will be disregarded because of that interest. The Chairman intends to vote open proxies in favour of both Resolutions. Should you desire to direct your proxy how to vote on any Resolution please insert (X) in the appropriate box below. An abstention will not be counted for the purposes of calculating the percentage of votes cast for, or against, a motion.

This form is to be used in accordance with the directions below. Unless the proxy is directed, he or she may vote or abstain as he or she thinks fit. Please mark with an X to indicate your directions.

BUSINESS	**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1			
Approval of Change of Activities	☐	☐	☐
Resolution 2			
Allotment of Shares	☐	☐	☐

If two proxies are being appointed, the proportion of voting rights this proxy represents is ____ %.

DATED this day of 2003.

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

_____ _____

Contact Name Contact daytime telephone

NOTES:

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.

2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of votes, each proxy may exercise half of the shareholder's votes.

3. A proxy need not be a shareholder of the Company.

4. A proxy is not entitled to vote unless the instrument appointing the proxy and the power of attorney or other attorney (if any) under which it is signed is posted to or deposited at the registered office of the Company at Amberley Business Centre, Level 3, IBM Building, 1060 Hay Street, West Perth, Western Australia, 6005 or posted to Eqitx Limited at PO Box 1592, West Perth, Western Australia, 6872 or sent by facsimile to the Company on (08) 9480 0452 (International + (61 8) 9480 0452) to be received by Saturday 8 March 2003 at 10.00 am (WST).

5. Signing Instructions
   You must sign this form as follows in the spaces provided:

Individual:	Where the holding is in one name, the holder must sign.
Joint Holding:	Where the holding is in more than one name, all of the securityholders must sign.
Power of Attorney:	to sign under 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 to this form when you return it.
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 a 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 form the company's share registry.

For the purposes of section 1109N of the Corporations Act, the Directors have set a snapshot date of Friday 7 March 2003 at 5.00 pm (WST).