

Innovative Biosensors, Inc. Receives Grant from the National Institutes of Health to Develop a Rapid, Ultra Sensitive Test for “Mad Cow” Disease

College Park, MD, August 4, 2005 – Innovative Biosensors Inc. (IBI), a company developing rapid, ultra-sensitive tests to detect harmful pathogens, today announced that it has been awarded a grant from the National Institutes of Health (NIH) National Heart, Lung, and Blood Institute (NHLBI) Small Business Innovation Research (SBIR) program that will assist with development of a rapid test for prion, the causative agent of Bovine Spongiform Encephalopathy (BSE), also known as “Mad Cow” disease.

The company will use the funds to develop a test for BSE using the CANARY™ technology. The CANARY technology, which was developed at MIT and licensed exclusively to IBI, offers the best known combination of speed and sensitivity in pathogen detection.

“We are excited about the opportunity that the NHLBI SBIR grant provides our company. With this grant, we will be on our way to potentially building one of the most competitive rapid, ultra-sensitive BSE tests available,” said Joe Hernandez, President and CEO of Innovative Biosensors, Inc. “There is a significant need for more rapid, more sensitive test for BSE, which could ultimately be used on live animals ”

About BSE

BSE is a progressive neurological disorder of cattle that results from infection by an unconventional transmissible agent. Through the end of November 2003, more than 183,000 cases of BSE were confirmed in the United Kingdom alone in more than 35,000 herds. Since 1996, strong evidence has accumulated for a causal relationship between ongoing outbreaks in Europe of BSE and a disease in humans called variant Creutzfeldt-Jakob disease (vCJD). Both disorders, which are caused by an unconventional transmissible agent, are invariably fatal brain diseases. Transmission of the BSE agent to humans, leading to vCJD, is believed to occur via ingestion of cattle products contaminated with the BSE agent; however, the specific foods associated with this transmission are unknown. (Source: CDC Website. March 2005).

About the National Heart, Lung, and Blood Institute SBIR Program

The goal of the program is to foster research on pharmaceuticals, medical devices and implants, biologics, informatics, and biotechnologies for the causes, prevention, diagnosis, and treatment of heart, blood vessel, lung, and blood diseases. (Source: NIH Website. March 2005)

About Innovative Biosensors, Inc.

Innovative Biosensors is a privately held company developing novel technologies for the rapid detection of pathogens. The Company's technology is expected to have broad applications in food testing, animal health, and human health care, including drug discovery and development and disease diagnosis. Additional information is available at www.innovativebiosensors.com

This release may contain forward-looking statements that are subject to certain risks and uncertainties, including Innovative Biosensors' mission to develop and commercialize instrument systems, Innovative Biosensors' ability to develop new technologies to conduct rapid diagnosis. Such statements are based on management's current expectations and are subject to a number of

factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Innovative Biosensors cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: Innovative Biosensors' expectations that they will incur operating losses in the near future, the early stage of development of Innovative Biosensors' products and technologies, uncertainties related to preclinical and clinical testing and trials, uncertainties surrounding the availability of additional funding, Innovative Biosensors' reliance on research collaborations, the actions of competitors and the development of competing technologies, potential patent infringement claims against Innovative Biosensors' products, processes and technologies, Innovative Biosensors' ability to protect their patents and proprietary rights and uncertainties relating to commercialization rights.

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