



BioLayer Corporation Limited

22 December 2006

BioLayer raises Funds from Major Shareholders

BioLayer Corporation Limited (ASX:BLS) (“Bio Layer” or the “Company”) today announced its major shareholder Coates Myer & Company together with First Cape Management and Asia Union Investments have agreed to subscribe for in aggregate \$1,300,000 of converting notes in the Company.

The investment is subject to the Company’s shareholders approving the issue of the notes. The full terms of the converting notes will be set out in documentation accompanying the notice of meeting sent to shareholders. A summary of the key terms follows:

Term	3 years
Coupon	10% p.a.
Conversion to Shares	Notes may be converted to ordinary shares at any time at the option of the note holder. Note holders of 85% by value may elect to have all notes converted into ordinary shares. All notes convert automatically into shares upon maturity or on the occurrence of a complying capital raising. On conversion, all outstanding interest will be paid in shares.
Price of Conversion	If conversion occurs as a result of a complying capital raising, the conversion price is the lower of 18 cents per share or the price at which shares are issued in the complying capital raising. In all other cases the conversion price is 18 cents per share.
Options	One option will be issued to note holders for every two shares issued on conversion. Options have an exercise price equal to a 10% premium over the price at which shares were issued to the note holder on conversion of the notes.
Complying capital raising	A complying capital raising will occur on the Company raising the lesser of \$3.5 million and \$5 million less the amount raised pursuant to the issue of notes.
Redemption	Notes are redeemable and interest repayable in cash only on delivery by a holder of a default notice or on an insolvency event occurring in relation to the Company.

“As previously disclosed this investment is the result of diligent work by BioLayer and its Board to seek further funds for the on-going operational needs of the company” said David Beins, BioLayer’s Managing Director and CEO.

The investment, together with the recently announced AusIndustry grant, is expected to fund BioLayer through to the beginning of 2008 and assist the Company in executing on its 3 year plan of consummating revenue generating commercial arrangements.

BioLayer Corporation Limited ABN 75 070 028 625
Unit 4, 26 Brandl Street, Eight Mile Plains QLD 4113
Phone 07 3219 0085 Fax 07 3219 0553 Email contact@biolayercorp.com
Web www.biolayercorp.com



BioLayer Corporation Limited

“The Company expects to seek additional funding during the second half of 2007 at a level sufficient to fund the Company to a point where it is cash flow positive. The current intention is to ensure that all shareholders will have the opportunity to participate at that time.” said Mr. Beins.

In addition to the above funding plans, the Company is in discussion with other parties to secure additional funds on the same terms as the converting notes to be issued to Coates Myer. The amount of additional funds is currently unknown and success in this regard is not guaranteed. The Company proposes to seek approval from shareholders to issue up to \$1.75 million of converting notes in aggregate including the above investments.

About BioLayer

BioLayer Corporation is an Australian material sciences company specialising in the design and assembly of multi-component coatings for the solid phase of immunoassay and bioseparations. BioLayer’s proprietary coatings bind, orient and protect proteins such as antibodies in specific ways that enhance functionality. In the case of immunoassay this results in dramatically improved performance like better sensitivity, and cost savings like batch-to-batch reproducibility. In bioseparations it means a totally synthetic and robust surface that specifically and reversibly binds any target protein. BioLayer works with many types of solid phase materials and formats, like beads of different kinds, membranes and plates. For more information, visit www.bio-layer.com.

BioLayer Corporation Limited ABN 75 070 028 625
Unit 4, 26 Brandl Street, Eight Mile Plains QLD 4113
Phone 07 3219 0085 Fax 07 3219 0553 Email contact@biolayercorp.com
Web www.biolayercorp.com