



ASX AND MEDIA RELEASE

4 November 2005

AUSTRALIAN MRI MAGNET ATTRACTS JAPANESE MANUFACTURER

Execution of Project agreements with JASTEC

Magnetica is pleased to announce the execution of three project agreements for the further design and commercialisation of three magnet designs with Japan Superconductor Technology Inc (Jastec), a wholly owned subsidiary of Kobe Steel.

The 3 Project Agreements are designed to provide the framework under which Magnetica and Jastec will cooperate to bring three separate projects to market. The Project Agreements detail the contributions to be made by each party and the returns from income received when product are commercialised.

In two of the Agreements, Jastec has engaged Magnetica to re-design existing magnets used for analytical work and sold world-wide. Royalties from the sale of these magnets are expected to commence by 2007 after manufacturing begins next year.

The third Agreement covers a major project to develop a new whole body MRI superconducting magnet for use in human diagnostic imaging, which will make MRI scanning more efficient and patient-friendly. Development of this magnet is well advanced and plans include building a prototype in 2006 before possible manufacture and commercialisation in 2008.

Execution of the Project Agreements follows on from the Magnetica/JASTEC Alliance Agreement whereby the companies agreed to cooperate for the purposes of developing a global MRI business.

A media release in relation to the execution of the Project Agreements accompanies this announcement.

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- Media Release -



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AUSTRALIAN MRI MAGNET ATTRACTS JAPANESE MANUFACTURER

Australian-designed high performance magnets for Magnetic Resonance Imaging (MRI) equipment could be manufactured by Japan Superconductor Technology, Inc. (Jastec), a subsidiary of Kobe Steel, as early as next year following the signing of three Project Agreements.

Magnetica Limited, the company commercialising magnets from Australia's largest MRI program at the University of Queensland, signed the Agreements with Jastec to re-design two existing Jastec magnets and develop an innovative new MRI magnet.

Magnetica Managing Director Dr David A Evans said the Agreements are the first commercial outcomes of an alliance the two companies formed in June 2005 to develop a global MRI magnet manufacturing business based in Japan and Australia.

"This is evidence of the rapid progress we are making in developing our innovative MRI designs and intellectual property and converting the alliance with Jastec into a full joint venture," Dr Evans said.

"Magnetica is drawing on 15 years of R&D outcomes at the University of Queensland's A\$30 million MRI facility to make these projects a reality.

"The Project Agreements provide a clear path for bringing three magnets to market and are an important first step in developing our global MRI business."

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Mr Yasuhiko Otani, President of Jastec, said the Project Agreements demonstrated the confidence Jastec and Magnetica have in each other's abilities.

“There is a major demand for whole body MRI magnets, and we believe Magnetica has the best design skills in the world to develop these magnets for us to manufacture,” Mr Otani said.

“We believe our new magnet will be highly attractive in the global MRI market.

“With Jastec’s manufacturing expertise and Magnetica’s design skills we are confident we have the fundamentals for a world class MRI business.”

MRI scanners are used to produce quality images of soft tissue in humans for early diagnosis and treatment of illness and injury. The global market for MRI scanners in 2005 is valued at US\$4 billion, with MRI magnets comprising an estimated US\$1.3 billion of that market.

Magnets produced by the Magnetica-Jastec alliance will be marketed to one or more of the systems integrators who supply MRI scanners to the marketplace, including GE, Siemens, Philips, Toshiba,, ONI and Hitachi.

Magnetica, which is listed on the ASX but currently not trading, has forged strong partnerships with the University of Queensland and Jastec to design and manufacture MRI magnets. Its team includes scientists who have previously commercialised MRI magnet technology now incorporated in most high field GE and Siemens MRI systems.

Jastec is the largest Japanese manufacturer of superconducting non-MRI magnets and superconducting wire. It is a 100% subsidiary of Kobe Steel, a company with consolidated revenues of US\$13 billion in 2004.

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About Magnetica Limited

Magnetica Limited is an Australian company specialised in the design, development and commercialisation of superconducting and non superconducting high performance magnet systems, primarily for human diagnostic imaging.

Magnetica invents, designs, develops and commercialises magnets, magnet systems and magnet sub-systems into products for use in the global human diagnostic imaging market.

Magnetica brings together the know-how, experience, industry knowledge and contacts required to produce superconducting MRI magnets. The company has leading edge competitive capabilities which are enhanced by its alliance with Jastec, an international developer and manufacturer of magnets.

Magnetica’s technical competencies and its proprietary intellectual property are based on outcomes from over 15 years of world class research and development at the University of Queensland, which has the most comprehensive magnetic resonance research equipment and infrastructure in Australia.

Magnetica’s focus is on the healthcare systems and equipment market, and its first products are in the market segments with the largest market share and fastest growth in the expanding global MRI market of US\$4 billion.