



ABN 68 108 088 517

9 February 2007

Mr Stephen Small
Assistant Advisor, Issuers (Sydney)
Australia Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Stephen

**Re: Giaconda Limited (ASX: GIA)
Corporate Governance – amendment to contingent liabilities**

Due to a recent review of our Corporate Governance procedures and documentation, the Company wishes to advise that it has made amendments to three agreements concerning contingent liabilities. These agreements pertain to:

- Patrick McLean, Chief Executive Officer of Giaconda, CEO Bonus payments for FY 2005 and FY 2006 and part of FY 2007 living away from home allowance (LAFHA).
- Professor Thomas Borody, Chief Medical Officer of Giaconda, CMO Salary CY June 2004 – December 2005, and Director's fees CY January 2006 – June 2007.
- The Centre for Digestive Diseases, Chief Medical Officer's fees under service agreement for FY 2007.

These agreements reflect the Board's strategy to implement long term planning in the retention of the Company's staff and consultants while conserving cash so that the Company can successfully bring its products to market.

The amendment to these documents is an addition to the terms of deferment which originally stated that such payments would be deferred until Giaconda enters into a licensing agreement for one of its products; and the Board reasonably determines that the payment of these amounts will not impact on the operational viability of the Company.

The second term now included states that, deferment of such payments will cease if either the first condition is met or there is a change in the ownership of more than 50% of the issued shares of Giaconda.

These amendments have not been included in contemplation of any potential transaction or indications of interest. The Board is however of the opinion that should such an event occur it would be appropriate for these delayed payments to be made at that time.

Yours sincerely


Kirrilli Parker ACIS
Company Secretary

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