

ASX ANNOUNCEMENT

MEDICAL THERAPIES SIGNS AGREEMENT FOR THE ACQUISITION OF PLATFORM TECHNOLOGY

16 April 2008, Sydney, Australia: Medical Therapies Limited (ASX: MTY), announced today that it has entered into an Intellectual Property Agreement with Cell Signals Inc, covering the acquisition of a large portfolio of assets relating to the use of midkine in therapeutic and diagnostic applications.

The intellectual property acquired by Medical Therapies includes 28 patents and patent applications for the diagnosis and treatment of tumors, inflammatory disorders and auto-immune diseases as well as a portfolio of over 120 anti-midkine antibodies.

Consideration for the acquisition involves the issuing of 20 million Medical Therapies shares and \$1.5 million cash on settlement to Cell Signals. The transaction is subject to shareholders' approval.

Commenting on the announcement Medical Therapies CEO, Maria Halasz said:

"This acquisition adds immediate and significant value to Medical Therapies' asset portfolio."

"The transaction also provides the opportunity to generate early revenues through license fees and royalties based on the number of existing collaborations."

Midkine is a small molecular weight protein which belongs to the cytokine family of growth factor-like compounds.

"Midkine is expressed strongly during tumor growth and inflammation. As a consequence it is an ideal target for the treatment and diagnosis of a large number of cancers and inflammatory conditions," said Chief Scientific Officer Dr Stephanie Williams.

Midkine was discovered by Emeritus Professor, and Cell Signals non-executive director, Dr Takashi Muramatsu and Professor Kenji Kadomatsu at Nagoya University in 1988. Studies relating to its importance and applications in a number of cell pathways have since been conducted worldwide. Cell Signals is the owner of the intellectual property portfolio in relation to its therapeutic and diagnostic applications.

Commenting on the announcement Cell Signals CEO, Dr Sadatoshi Sakuma said, "We are delighted to have the opportunity to work with the Medical Therapies team to maximise the commercial potential of our vast midkine intellectual property."

MIDKINE ASSETS

Midkine has been researched extensively since its discovery in 1988. A large body of evidence has been accumulated by Cell Signals in relation to its use for the diagnosis and treatment of various tumors as well as inflammatory and autoimmune diseases. Some of the key applications of the midkine technology portfolio are listed below. For these and additional indications a detailed commercialisation plan will be developed by a joint Cell Signals/Medical Therapies team. This will occur within 60 days of the settlement of the transaction.

THERAPEUTICS

Midkine for the treatment of myocardial infarct (acute and chronic)

In the USA alone 1.5 million people suffer from acute myocardial infarct annually. There is a significant unmet medical need for treating the muscle damage that occurs as a result of a myocardial infarct, making midkine potentially a first-in-class agent and breakthrough therapeutic approach. Midkine has been tested in animal models for both the prevention and treatment of heart damage, in particular left ventricular fibrosis.

Anti-midkine antibodies for cancer and auto-immune diseases

The asset portfolio includes more than 120 anti-midkine antibodies which will be further developed targeting the treatment of solid tumors, anti-inflammatory conditions and autoimmune diseases.

Widely believed to be an autoimmune disease multiple sclerosis affects an estimated one million people around the world. Some anti-midkine antibodies showed positive results in preventing the disease in animal models. Inhibition of midkine using antibodies may provide an effective therapeutic strategy against other autoimmune diseases as well as multiple sclerosis.

Reduced midkine expression decreases proliferative activity of cancer cell lines. In **colorectal cancer** midkine expression was knocked out by the proprietary antisense nucleotides which resulted in reduced growth of CMT-93 rectal carcinoma cells. In **prostate cancer** midkine expression was knocked out by siRNA which resulted in reduced proliferation of PC-3 prostate cancer cells. Using anti-midkine antibodies in animal models of cancers have also shown promising results.

DIAGNOSTICS

Early detection of cancer

ELISA based midkine diagnostic tests have been successfully developed for the non-invasive early detection of a number of cancers. This is particularly important as early detection often means improved prognosis for patients. These tests are currently sold to the research market in Japan and collaborations will be pursued for extending the technology and commercialising it globally.

Neuroblastoma screening for children

Up to 80% of children are currently tested for neuroblastoma during routine health checks at age six months. Existing markers make it difficult to predict whether the condition is malignant or benign. Midkine levels appear to correlate positively with the presence of early stage malignant neuroblastoma and therefore could become a standard screening method.



TERMS OF THE INTELLECTUAL PROPERTY AGREEMENT

On the settlement date Cell Signals will transfer all of its rights to its midkine related intellectual property (Transfer IP). This will include patents, trademarks, manufacturing information and technical know-how. In addition, Cell Signals will hand over all midkine and reagent stocks to Medical Therapies.

In return Medical Therapies will, subject to the approval by a general meeting of shareholders, issue 20 million shares to Cell Signals or its nominees on the settlement date in addition to the payment of \$1.5M in cash. The payment of cash and the issuing of the shares will be the entire consideration for the Transfer IP.

The Intellectual Property Agreement also provides for the establishment of a Transition Committee for the development of a business and commercialisation plan.

About Medical Therapies Limited (ASX: MTY):

Medical Therapies Limited is an Australian pharmaceutical development company committed to the commercialisation of its drug candidates for anti-inflammatory indications including colitis, inflammatory bowel syndrome, prostatitis and a range of other acute inflammatory conditions. The Company's patent-protected technologies originate from The University of Sydney and include a number of metal complexes of anti-inflammatory drugs showing increased safety and reduced toxicity in pre-clinical trials.

About Cell Signals Inc,

Cell Signals is a private biotechnology company based in Yokohama, Japan. The company has developed and owns a large number of patents and patent applications relating to diagnostic and therapeutic applications for midkine, as well as anti-midkine antibodies.

For further information visit www.medicaltherapies.com.au or contact:

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Investment in biotechnology companies

There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investments in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Medical Therapies recommends that investors seek professional advice before making an investment in its shares.

Forward looking statement

This Announcement may contain forward looking statements regarding the Company's business and commercialisation objectives. These statements should be viewed as "at risk" and they are subject to the technical and commercial risks associated with companies engaged in developing pharmaceutical products. Although Medical Therapies may not publish changes to forward looking statements it will release all material information to the market in a timely manner.

