Eastland Medical Systems LTD

ASX Release

EASTLAND'S ArTiMistTM MANUFACTURING UPDATE

Eastland's Board is pleased to provide you with the following update on the manufacturing program for Eastland's lead project ArTiMistTM.

As announced earlier this year Eastland has signed a contract manufacturing agreement with Therapex, a division of E-Z-EM Canada Inc. which is a part of the BRACCO Group. Therapex is a contract manufacturing organisation that was founded in 1968 in Montreal, Canada. They specialise in the development and manufacturing of non-sterile semi-solids and liquids such as ArTiMistTM. Therapex is acknowledged by the American FDA, Canadian HPFBI and the European EMEA regulatory agencies and has an outstanding quality and regulatory compliance history.

Therapex will manufacture the registration and validation batches and will be our primary contract manufacturer of ArTiMistTM. The agreement is a fee for service agreement and is not a Manufacturing license or a joint venture agreement.

Therapex have progressed the manufacturing process substantially over the past 4 months and are on track to produce registration batches in December 2012. Scale up testing is now complete and the analytical and technical development programs are well advanced.

Therapex have begun the capital improvement programs on the ArTiMist TM filling equipment and filling room modifications are now underway to allow for the manufacture of ArTiMist TM at the Canadian factory.

We are looking forward to the equipment installation and qualification over the next 10-12 weeks and the filling of 20,000 units of ArTiMistTM in the first registration batches scheduled for December 2012.

Further information:

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BACKGROUND

Over 1 million children die every year from malaria. The majority of deaths from severe malaria in childhood are caused by the delayed administration of effective antimalarial treatment. There is a relentless deterioration in the clinical condition of a young child with malaria who fails to get effective treatment, with death ensuing in a matter of hours or days. Any successful attempt to reduce mortality from malaria will have to explore novel possibilities for minimising such delays.

ArTiMistTM treatment is administered sub-lingually or under the tongue and enters the bloodstream where the parasite lives, attacking at a far greater speed than conventional tablets and reducing the need for continued hospitalisation whilst presenting significant potential cost savings to governments and relief organisations. ArTiMistTM is especially effective in the treatment of children and young infants who are experiencing malaria-related and gastro-intestinal problems and cannot tolerate tablet treatments.

- ArTiMist[™] addresses major global un-met medical need in the treatment of children with severe malaria.
- 2 patent families, granted in some countries and undergoing examination via PCT in others.
- Progressing rapidly to commercialisation of world's first sub-lingual malaria treatment for children.
- ArTiMistTM was identified by Thompson Reuters as one of the 5 most promising drugs in Phase III clinical development.