



ASX Release 22 June 2004

Psiron signs MOU and moves to a cancer therapy focus

Psiron is pleased to announce the signing of a Memorandum of Understanding (MOU) with ViroTarg Pty Limited and its major shareholders, The University of Newcastle Research Associates (TUNRA Ltd) and SciCapital Pty Limited.

The purpose of the MOU is to allow the parties to finalise a worldwide licence agreement to develop and commercialise the potential anti-cancer biologicals known as oncolytic viruses owned by ViroTarg Pty Limited.

The ViroTarg project has been published in Clinical Cancer Research and received commentary in a recent edition of the prestigious British medical journal "Lancet-Oncology".

The equity and cash-structured proposal values the intellectual property and patents at close to \$10 million which is believed by the Psiron Board to be very reasonable when consideration is given to the following:

- the therapy is ready to enter clinical testing once manufacture of clinical trial supplies is completed;
- pre-clinical testing has shown promise in terms of efficacy;
- there is pre-clinical evidence of potential benefit across a range of cancers including melanoma, breast, prostate, ovarian and colorectal;
- the clinical phase of development for serious diseases such as cancer is often shorter than for chronic diseases because an early indication of efficacy e.g. in a Phase II study has a stronger weighting in the risk/benefit assessment;
- the strong potential for Phase II results in a number of distinct cancer types makes the technology attractive to multinational pharmaceutical companies seeking to in-licence compounds to fill their product pipelines. At the successful completion of Phase II trials the value of new therapies in development escalates significantly; and
- generally speaking, values of technologies at this stage of development for the larger markets such as cancer are higher than \$10 million.

The worldwide market for drugs to treat these cancers is currently more than \$US7 billion per annum and growing. There is a high unmet need for efficacious and safe treatments in all cancer types, particularly ovarian and prostate cancers.

The principal researchers at the University of Newcastle, Prof. Darren Shafren and Dr Richard Barry are world leaders in the field of oncolytic viruses. International peer review of their work has been encouraging. Their research unit at Newcastle has the depth of expertise necessary to pursue the development of this project in conjunction with the clinical groups to which they have formed strong links. As part of Psiron's proposal, the researchers will be financially tied to the development of the biologicals and rewarded on its success.

Psiron is well-positioned to contribute to the current development stage of the oncolytic virus project to take the project through early phase trials because of Board member experience and through access to other qualified personnel available to the Company.

Dr Wolf Hanisch, non-executive director of Psiron, and the Managing Director of CBio Limited, an investee business of Psiron, has recently overseen the completion of Phase Ia and Phase Ib clinical trials to FDA standards in Australia. He will supervise five additional Phase II studies for CBio commencing July 2004. Dr Hanisch, when in the USA at Cetus Inc and IDEC Inc was involved in the development of anticancer drugs as well as other biologicals.

Ms Julie Nutting, Psiron's CEO has experience in all phases of clinical study and the requirements for registration of products for marketing approval and reimbursement. She has successfully taken the Company's Sorafin product to Phase II clinical trial under a Biotechnology Innovation Fund grant.

The licence agreement will require that Psiron shareholders approve the transaction and it is hoped that completion of the licence agreement will occur before the end of July. This period includes a 14 day due diligence period.

Once the execution of the licence agreement is effectuated by Psiron this significant oncology project with lead anticancer compounds in Phase I/II human trials, will head the pipeline of other important projects and valuable investments of the Company and focus Psiron as an anti-cancer biotechnology company supported by:

- the Phase II development of Sorafin;
- the drug delivery business, InJet Digital Aerosols Limited (which signed a worldwide licence agreement with Canon Inc of Japan last year);
- the biotechnology business, CBio Limited; and
- the medical technology business, Analytica Ltd.

Thus Psiron will have a depth of projects supporting its anti-cancer business.

For further information:

Ms Julie Nutting
Chief Executive Officer
Phone: (02) 9659 8650