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ASX MEDIA RELEASE

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Binding Settlement Agreements Signed with Chinese Parties

The Board of Agenix Limited [ASX: AGX] is pleased to announce that the commercial terms for a final and binding 'all in' settlement to resolve the dispute concerning its Peoples Republic of China ("PRC") bio-pharmaceutical investments have now been agreed.

Under the main settlement agreement, Shanghai Rui Guang Bio-Pharma Development Company Limited ["SHRG"] is to pay to Agenix the total amount of ¥44,000,000 (approximately AUD\$9 million) by 30 November 2009. Security for the payment of this sum includes personal guarantees from Jonathan Zheng and Richard Zhang, directors of the PRC vendors under the 2007 transaction documents and a banking 'pay-when-paid' direction in favour of Agenix.

The parties have now signed formal documentation implementing the deal ["the agreements"]. An instalment of RMB 100,000 was received upon signing.

"We are pleased to have a final and binding settlement. Once the terms of the agreements are implemented Agenix will have access to a pipeline of products and completion of the payment will approximately double the capitalisation of Agenix," said Agenix Chairman Nick Weston. "As Kierkegaard put it, 'where once a dreadful abyss yawned a railway bridge now stretches, from which the passengers can look comfortably down into the depths.' The current board inherited some tremendously difficult legacy issues and to some extent has had to keep its own counsel during this negotiation but we are now much closer to articulating a clear way forward for Agenix."

Shareholders will be asked to vote on an ordinary resolution to approve the proposed settlement at the next AGM of Agenix. Shareholders will be sent explanatory materials, including a summary of an independent expert's report, to assist them in considering the resolution.

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About the settlement

The settlement involves a binding obligation for the payment to Agenix of ¥44,000,000 by instalments:

1. The first instalment of RMB 2,200,000 was made under the Preliminary Settlement Agreement and received on 15 December 2008.
2. RMB 100,000 was received upon signing :
3. RMB 700,000 within 15 days of the effective date of the Final Settlement Deed (namely by 26 April, 2009);
4. RMB 500,000 by 26 May 2009;
5. RMB 500,000 by 26 June 2009;
6. RMB 500,000 by 26 July 2009;
7. RMB 500,000 by 26 August 2009;
8. RMB 500,000 by 26 September 2009;
9. RMB 500,000 by 26 October 2009; and
10. The remaining amount of the Settlement Sum by 30 November 2009.

If SHRG obtain finance by 29 May 2009 pursuant to a loan agreement from a PRC financial institution, payment of RMB 15,200,000 is to be made by 29 May 2009; otherwise it is to be made on or by 30 November 2009 along with then balance payable of RMB 22,800,000.

These payments are refundable by Agenix if shareholder approval is not given.

YouHeDing

Under the agreements, the Agenix Wholly Foreign Owned Enterprise: Agenix Biopharmaceutical (Shanghai) Co., Ltd (**the Agenix WFOE**) has irrevocably, exclusively and unconditionally obtained all rights to market the hepatitis B anti-viral YouHeDing (generic Adefovir Dipivoxil) outside of PRC and the Chinese parties retain all rights within PRC. The arrangements are the subject of mutual restraints. The parties have agreed to have the terms restated in other documents which will be in more detail or more precise but not different in effect.

Pipeline Products

The agreements provide that subject to certain conditions the parties will co-operate to establish a new joint venture entity [**JV**] in PRC to own all the intellectual property rights of the following products in the pipeline [**Pipeline Products**]:

1. Generic Tenofovir (anti-hepatitis B);
2. New Generation generic Adefovir (anti-hepatitis B);
3. Generic Capecitabine (comprising two acyclic nucleotide anti-cancer indications for colorectal cancer (CRC) and for liver cancer);
4. Natural Chinese Extract technology (an anti HIV natural integrase inhibitor).

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Pipeline Products *(Continued)*

Once the enabling documents are agreed with all relevant parties, Agenix will own 57% of the JV via the Agenix WFOE; under the original PRC businesses' acquisition documents, Agenix held a 60% interest in the Pipeline Products. The School of Pharmacy of Second Military Medical University, Shanghai, PRC [SMMU] will own 40% and an equity interest of 3% will be owned by the vendors of the 2007 transaction.

The new joint venture will grant an exclusive irrevocable licence to the Agenix WFOE to conduct all development, registration and management decisions on commercialisation of the Pipeline Products for global markets, including PRC. Upon successful product registration with the SFDA in PRC, the Agenix WFOE will acquire the intellectual property rights of the Pipeline Products from the joint venture company.

Agenix has agreed to a non-exclusive preferred supplier agreement with Shanghai Yi Sheng Yuan Pharmaceutical Company Limited ("YSY") for the manufacture of the trial samples of the Pipeline Products and also commercial production once each product receives regulatory approval. YSY is not a party to any of these documents but has provided a letter of undertaking to operate as a Release and Indemnity following completion.

Valuation of Pipeline Products

IMS Health has conducted a valuation of the Pipeline Products, for the PRC market alone, and estimates a total value to Agenix at (RMB MN) is 68.5 mill (A\$14.9 mill). This is net of the expected development costs of A\$19.6 mill and an average of 6 years full development. To be clear, the valuation for the 4 pipeline products does not include markets outside of PRC.

Suspension from Trading

With the crystallisation of the position in China, the Board anticipates that lodgement of the audited financial reports for the year ended 30 June 2008 and half-year ended 31 December 2008, holding of the annual general meeting and a demonstrated adherence to ASX Listing Rules will enable the company to resume trading around the middle of this year. These tasks are currently underway and progress together with an indicative timetable will be announced shortly.

Jeffrey Luckins
Company Secretary
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