



ASX Release

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EPICHEM GAINS 51% INTEREST IN JV FOR DEVELOPMENT OF NEW TREATMENT OF DIABETES

PharmAust Limited (ASX: PAA & PAAO) is pleased to announce that its wholly owned subsidiary, Epichem Pty Ltd, has taken a 51% interest in its Joint Venture with Curtin University for the development of an oral treatment for diabetes (the "Perosabetes" project). Epichem has made a cash contribution to Curtin University in return for a further 11% of the Joint Venture, taking its share of the project to 51%. Curtin University retains the remaining 49%.

Current treatments for insulin-dependent diabetes include the invasive administration of insulin by injection, and so the development of an orally available insulin mimetic to avoid the use of needles would be a major breakthrough in the treatment of the disease.

Diabetes is a disease of epidemic proportion, affecting 6% of the world's population and representing 12% of total global healthcare expenditure. In 2009, the International Diabetes Foundation predicted that the number of people with diabetes will increase dramatically from 285M to 438M by 2030, a growth of 54% percent. In 2010, diabetes medications alone conservatively cost over \$100 billion globally. Insulin sales alone exceeded \$14 billion. The need for the non-invasive delivery of insulin or a drug with insulin-like properties still remains.

Epichem has been providing medicinal chemistry expertise and services to the project since 2008 during which time significant progress has been made. Recent efficacy studies with the lead compound in a rodent model of blood glucose modulation yielded very promising results. Epichem and Curtin University will continue to work collaboratively on the project which is still at a very early discovery stage. The project recently won the "Start Up" category of the WA Innovator of the Year Award for Curtin University. Further details on the project can be found at www.epichem.com.au/content/diabetes.pdf

Epichem's Managing Director, Dr Wayne Best, said "Epichem has a strong track record of value adding to its clients' drug discovery projects and the Perosabetes project is an ideal opportunity for us to generate valuable Intellectual Property for our own shareholders."

Epichem is focused on generating a profit for shareholders through its fee-for-service contract work, whilst continuing to generate potentially valuable intellectual property through its in-house and collaborative research projects.

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