

ASX ANNOUNCEMENT

COMPLETION OF SETTLEMENT OF THE IP AGREEMENT

3 July 2008, Sydney, Australia: Medical Therapies Limited (ASX: MTY), announced today that it has completed Settlement pursuant to its Intellectual Property Agreement with Cell Signals Inc for the acquisition of the Midkine protein related technology assets.

Medical Therapies and Cell Signals entered into an Intellectual Property (IP) Agreement on April 16 2008. The agreement provides for a series of conditions to be met by the parties prior to Settlement as follows:

- Approval, by a majority of MTY shareholders, of the issue of 20,000,000 shares to Cell Signals in return for Transfer of the IP to MTY; and
- Approval, by a majority of MTY shareholders, of the issue of shares to NS Capital Limited or its nominees for the funding of the transaction; and
- Due diligence by MTY on the transfer of the IP; and
- Due diligence by Cell Signals on MTY.

During the recently held EGM the shareholders of MTY overwhelmingly supported the transaction and passed all resolutions. In addition, due diligence has now been completed by both parties allowing the Settlement to take place.

Consequently Cell Signals has, as of today, transferred all of its rights to its midkine related intellectual property including patents, trademarks, manufacturing information and technical know-how. Furthermore Cell Signals has passed ownership of all stocks of midkine protein and reagents to Medical Therapies.

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

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ABOUT MIDKINE

The Midkine protein was discovered by Emeritus Professor, and Cell Signals director, Dr Takashi Muramatsu and Professor Kenji Kadomatsu at Nagoya University. Studies relating to its importance and applications in a number of cell pathways have since been conducted worldwide. Cell Signals has developed, over several years, a large intellectual property portfolio in relation to several therapeutic and diagnostic applications of Midkine and its inhibitors.

THERAPEUTICS

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

In the USA alone 1.5 million people suffer from myocardial infarct annually. Current treatments focus on reducing the damage to the heart muscle. Midkine has been tested for both the prevention and treatment of damage to the heart, in particular left ventricular fibrosis, in animal models. It is expected that midkine will be used either as a single therapeutic or co-therapy for the treatment of both acute and chronic myocardial infarct.

Anti-midkine antibodies and nucleotides for cancer

The asset portfolio includes more than 120 anti-midkine antibodies which will be further tested and developed targeting the treatment of solid tumors, anti-inflammatory conditions and autoimmune diseases. Pre-clinical data indicates that 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 other animal models of cancers have also shown promising results.

DIAGNOSTICS

Early detection of cancer

Midkine is strongly expressed at early stages of various cancers and inflammatory diseases. ELISA based Midkine diagnostic tests using proprietary anti-midkine antibodies have been successfully developed for the non-invasive early detection of elevated Midkine levels. MTY will pursue clinical validation of its Midkine diagnostics for early diagnosis of cancers in collaboration with suitable commercial partners.



ABOUT MEDICAL THERAPIES LIMITED (ASX: MTY)

Medical Therapies Limited is an Australian biotechnology company committed to the commercialisation of its drug candidates for cancer and anti-inflammatory conditions. The Company has recently acquired the Midkine related intellectual property portfolio and will continue the product development of the most promising therapeutic and diagnostic candidates in-house as well as through collaborations.

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.

