

ASX ANNOUNCEMENT

MIDKINE STRATEGY

29th August 2008, Sydney, Australia: Medical Therapies Limited has completed its strategy for the commercial development of its recently acquired Midkine Intellectual Property portfolio, the largest patent and patent application portfolio around Midkine globally. An outline of the plan is included here with key development milestones for potential revenue and value generation over the next two years.

This is a significant step in the Company's progress signaling the commencement of the product development and commercialization program. Since the acquisition of Midkine MTY, together with its expert advisors, has been refining its detailed strategy and business plan for this important therapeutic and diagnostic target to deliver maximum value for shareholders.

MIDKINE PRODUCT DEVELOPMENT

The Company will focus on two key areas of value generating activities:

- **In-house therapeutic program** for the clinical development of Midkine for the treatment of acute myocardial infarction (AMI) and brain ischemia
- **Early partnering of non-core assets** following optimization of data packages for the Company's anti-midkine antibodies, nucleotide and diagnostic/prognostic assets

The Midkine protein's use for the treatment of **acute myocardial infarction** (AMI or heart attack) will be the key in-house indication which the Company expects to take to clinical proof of concept stage initially. Significant patent protection also exists for Midkine therapy for **brain ischemia** (stroke), which is expected to become the second therapeutic program for in-house development.

In addition to the clinical development of Midkine **MTY will actively seek out partnership opportunities** for its non-core assets. The Company believes that added value can be generated for these assets by undertaking a limited, highly targeted work program to generate additional supporting data.

This work will be done progressively over the next twelve months in preparation for partnering. MTY will add further value by detailed characterization of the best candidates within its substantial antibody assets and by further assessing their biological activity.

PARTNERSHIP OPPORTUNITIES

Diagnostics/prognostics

Midkine is highly expressed during the early stages of certain cancers and the Company has patent protection around their early detection. Data suggest that anti-midkine antibodies could be used in the diagnosis of lung cancer, oral and esophageal squamous cell carcinoma, prostate, colorectal and pancreatic cancers and in neuroblastoma.

Therapeutic antibodies

The Company's recently granted patent for midkine and its inhibitors in the treatment of inflammatory conditions provides a very strong position for partnering our antibodies with anti-inflammatory activity. Current data suggests that rheumatoid arthritis, Crohn's disease and psoriasis could all be therapeutic targets.

In addition, the Company has data showing the slowing down of disease onset and symptom formation in the standard animal model of multiple sclerosis. Other areas where early data appears promising are overcoming chemotherapy resistance and diseases associated with adhesion formation.

Therapeutic nucleotides

The Company's extensive data includes anti-midkine antisense, siRNA and aptamers showing activity in blocking synthesis of Midkine. Therapeutic applications could potentially include certain solid tumors and cancers where bone metastasis is likely. Anti-midkine siRNA has also proven to be effective in preventing restenosis in early animal experiments.

MIDKINE ADVISORS

Following the critical review of the Company's plans for Midkine Emeritus Professor Takashi Muramatsu, the co-discoverer of Midkine, has joined the scientific advisory panel of MTY. Professor Muramatsu is one of the leading global experts in the field, and is the inventor on many of the Company's patents. We are very pleased to welcome a scientist of his calibre to our advisory panel.

Dr Sadatoshi Sakuma, who is the scientists behind the extensive data that has been generated over the past years, has also joined the Company as a scientific adviser on Midkine. His expert knowledge of the research and development work completed to date will be essential in further development of the Company's Midkine assets.



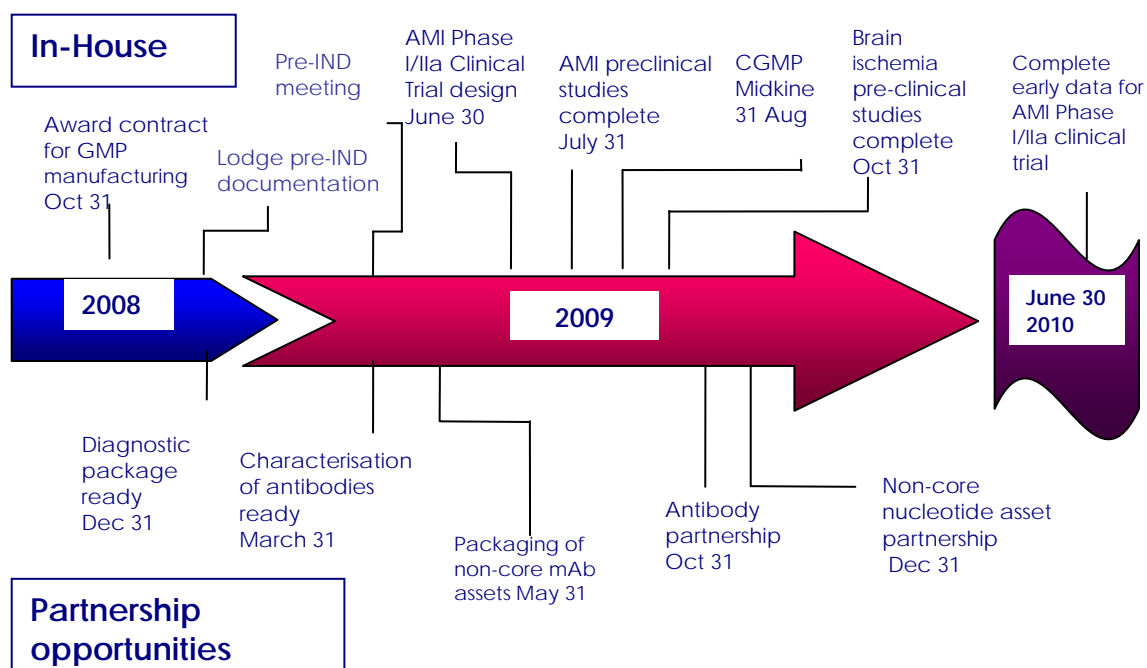
MAJOR MILESTONES¹

In-house development

- Award contract for cGMP manufacturing of Midkine- **31 October 2008**
- Lodge pre-IND documentation - **December 2008**
- Pre-IND meeting - **March 2009**
- Clinical trial design finalised for AMI - **30 June 2008**
- Pre-clinical work completed ready for phase I/IIa clinical trials for acute myocardial infarction (AMI) under IND - **31 July 2009**
- Complete cGMP manufacture of Midkine protein - **31 August 2009**
- Complete preclinical studies of Midkine for brain ischemia in preparation for clinical trials - **30 October 2009**
- Complete phase I/IIa AMI trials in 20+ patients - **30 June 2010**

Partnering of non-core assets

- Complete diagnostic package for partnering - **31 December 2008**
- Complete characterisation of antibody portfolio for partnering - **March 2009**
- Complete strategy for other non-core assets and package those for partnering - **May 2009**
- Complete partnering of antibody portfolio - **31 October 2009**
- Complete partnering of non-core nucleotide assets - **31 December 2009**



¹ The Company believes that these milestones are realistic and achievable to the extent that they are dependent on the Company's performance and its reliance on industry standards. Timing for the achievement of these milestones, however, may be influenced by the availability of third party service providers and sufficient funding. In addition, negotiations for partnering non-core assets may also depend on internal factors of the potential partner, while timing for regulatory approvals may vary due to circumstances outside of the Company.



FURTHER RESEARCH INTO MIDKINE

The Company is in the process of establishing a research collaboration with a leading institution to complement the existing body of evidence in relation to Midkine's role in various pathological processes and to support the commercial development of the current Midkine assets.

PATENT STRATEGY

In addition to the product development program the Company has also developed its patenting strategy which will be focused on pursuing and maintaining patent coverage in only those areas where a commercial outcome for the Company is likely. MTY also expects to have additional IP assets developed through patenting opportunities that may arise from its research collaborations.

The Company believes that the strategy developed in conjunction with industry experts is a strong and feasible program which will lead to numerous value adding milestones over the next 24 months through partnering opportunities as well as development of the in-house clinical program.

About Medical Therapies Limited (ASX: MTY):

Medical Therapies Limited is a biotechnology company listed on the Australian Stock Exchange. The Company is the owner of the largest intellectual property portfolio around midkine, including several therapeutic uses of the protein and a large number of anti-midkine antibodies and nucleotides. Midkine is a native protein expressed during early cancer formation as well as at the onset of inflammatory processes. Midkine is a significant therapeutic and diagnostic target and Medical Therapies is committed to the commercialisation of these exciting drug candidates. In addition to its in-house therapeutic program Medical Therapies is actively seeking partnership opportunities for its non-core therapeutic and diagnostic assets.

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

Maria Halasz
CEO
M +61 416 008 413

Investment in biotechnology companies

There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment 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.

