MEDICALTHERAPIES

MTY News

Issue 1 11 September 2007

Chiefly speaking - 100 days of progress

Dear Shareholder,

Welcome to this first edition of MTY News.

Recently, as I was marking my 100th day at MTY, I resolved to provide you with not only an update on our achievements during that time but also an insight into our plans for the future.

Indeed it has been a busy period with progress in all areas of your company including business development, regulatory work, clinical trial preparations and manufacturing.

We have been keenly aware of the need to accelerate our current technical program and the necessity of complimenting it with advanced stage technology.

Acquisition of new technologies is not only time consuming but often unpredictable. Especially as we are focused on finding an advanced project which will add significant value to your company. In short, we have been looking for a winner.

I am very pleased to report that we are right on schedule and have identified two qualifying technologies, one of which we will progress to full due diligence.

Both of these technologies have already been in early human clinical trials and are ready for phase 2 clinical testing. In addition, they are both targeting unmet medical needs in areas close to our core technologies.

We expect to give you more details in the coming weeks.

With our acquisition plans now well under way we have to concentrate on how we can fund and support an advanced clinical program.

Other important issues in the immediate future are the selection of additional board members and simplifying our capital structure.

In our quest to transform your company into a solid drug development business we have been focusing on the three fundamentals; technology, people and money. I hope after reading this issue of MTY News you will be able to conclude that we have made progress in all.

I would like to thank you for your patience and support during the last few months and hope that you will continue to take the same keen interest in your company going forward.

I would like to invite you, as always, to contact me direct should you have any questions about the issues discussed here or generally about your company.

Finally I would like to encourage you to attend our Annual General Meeting where you will have the opportunity to discuss your company in detail.

Kind regards,

MARIA HALASZ

MORE COMMERCE LESS RESEARCH

As Cuprindo is now well on the way to being commercialised we are increasingly focused on transferring the copper Indo-methacin technology into a cGMP manufacturing environment.

SAVE THE DATE

31 October 2007
Notice of AGM

28 November 2007
Annual General Meeting

PRESENTATIONS

Maria Halasz has recently presented on the Australian Biotech Summit in Sydney. Her presentation focused on raising capital for biotechnology in Australia and globally.

Professor Trevor Hambley was Keynote Speaker at a recent Conference of the Society of Biological Inorganic Chemistry held in Vienna in July. He is also Keynote Speaker at the Royal Society of Chemistry Dalton Discussion in September.

CONGRATULATIONS TO

Professor Trevor Hambley who has been elected to the position of President Elect of the Society of Biological Inorganic Chemistry and will assume the position from July 2008.

In this issue:

Technical review yields new product opportunities

We have now completed a full internal review of our technology and identified five key products for development. As a result of the review we have selected the most promising data and we are planning to take **Cuprindo,** our lead drug candidate, into clinical trials at the Centre of Digestive Diseases in indications such as Distal Proctitis, Cholecystitis, Colitis and Cardiovascular Inflammation. We have also found sufficient pre-clinical data to support further trials on **VOM**, our promising Vanadium Oxametacin compound, to test its blood glucose lowering effects in rats. We are currently in the process of producing sufficient quantities of the VOM active compound for the trials.

David James, our Chief Operating Officer, has been hard at work to transfer Cuprindo into a commercial cGMP manufacturing environment.

Pre-IND meeting in sight

Earlier this year we have appointed Ground Zero Pharmaceuticals (GZP) as our regulatory advisers to progress on the path to an Investigational New Drug (IND) Application with the FDA. We are pleased to report that GZP have completed a detailed assessment of our technology from a regulatory perspective and provided us with a programme for Cuprindo to enter FDA approved clinical trials.

Carrying out clinical trials under an IND is a long and expensive process that few Australian companies have pursued in the past. However, it is the only way to truly advance any medical technology and to add value in the path to commercialisation. With the help of GZP we have commenced preparations for a pre-IND meeting with the FDA, stepping closer to one of the major milestones in our regulatory work.

Derek Bolling, our Financial Controller held steady during our recent audit and the preparation of our Annual Report.

MTY's MAB members hit the ground running

Our Medical Advisory Board has recently had its inaugural meeting and the members have been actively assisting in our acquisition plans since. We would not have been able to advance without their technical and commercial input into our review of potential technology targets. We expect our panel to expand as we progress with Cuprindo and as a result of any acquisition.

Commenced manufacturing of Cuprindo

David James, our Chief Operating Officer, has completed the technology transfer of Cuprindo from the research laboratory to a cGMP manufacturing environment. His dedicated work should yield clinical trial quantities of Cuprindo within the next couple of months. This material will be used for the upcoming clinical work planned at the Centre for Digestive Diseases.

Nothing is too difficult for our talented Office Manager Sindy Taouk.

Acquisition plans are on schedule

During the past three months we have reviewed a large number of technologies with the view to acquire a complimentary project to our current therapeutic program. We have set out a number of key criteria in order to add maximum value to your company. Our most important objectives were to find a technology which is in advanced clinical development, is either in the anti-inflammatory or cancer therapeutic area, has solid IP and strong technical data. I am pleased to report to you that we are in the final stages of making a decision regarding the most suitable target which will then be subject to due diligence and final appraisal.

Winding back research at the University of Sydney

As our Cuprindo technology has now progressed from research to a commercial environment we expect to concentrate on carrying out pre-clinical trials in GLP certified laboratories. To date the vast majority of our research was carried out at the University of Sydney labs under a research agreement. We are currently in the process of negotiating an amendment to the research agreement to rationalise the University research and to prepare a deliverables schedule more suited to the skills and facilities available there. Concurrently we are contracting third party certified laboratories to carry out our upcoming pre-clinical trial work.

MEDICALTHERAPIES

Suite 15
33 Waterloo Rd
North Ryde NSW 2113
T: +61 2 9889 1222
F: +61 2 9889 2022
E: info@medicaltherapies.com.au
www.medicatherapies.com.au