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## **MEDIA RELEASE**

5 June, 2006

### **Cytopia announces major license and R&D collaboration**

Melbourne, Australia-Cytopia Ltd (ASX:CYT) today announced the signing of a global license and research and development collaboration with Novartis to develop orally active, small molecule therapeutics targeting JAK3 kinase for the prevention of transplant rejection and the treatment of multiple indications in autoimmune diseases such as rheumatoid arthritis.

Both companies will contribute expertise and intellectual property relating to JAK3 inhibitors for the purpose of bringing compounds into the clinic. Novartis will assume responsibility for product development and commercialisation. Cytopia has retained co-promotion rights for Australia and New Zealand.

“This deal is an important recognition of Cytopia’s internationally-leading position in the development of kinase inhibitors, particularly for the JAK family of kinases that are pivotal in the immune system”, said Dr Kevin Healey, Cytopia’s Managing Director and Chief Executive Officer. “We are delighted to be working with a company that is a global leader in transplantation, one of the major target areas for the alliance.”

Cytopia has a strong structural-based design approach to the development of kinase inhibitors and has been able to achieve impressive levels of both potency and specificity for a number of targets, particularly on JAK3. In conjunction with Monash University, Cytopia was the first to publish the crystal structure for JAK2, a related target and employs a proprietary software platform (ChemaPhore) for the *in silico* screening, design and refinement of drug leads.

Under the terms of the agreement Cytopia will receive payments from Novartis of approximately A\$13 million over three years including an up front payment and research funding. Over the life of the agreement Cytopia may become eligible to receive development, regulatory and sales milestones which could total approximately A\$274 million if an agreed number of multiple indications are successfully commercialised. Cytopia will also receive royalties on product sales.

## About JAK3

JAK3 is a member of the JAK kinase family. JAK1 and JAK2 were discovered by Cytopia's Chief Scientific Officer, Dr Andrew Wilks when at the Melbourne Branch of the Ludwig Institute for Cancer Research and Cytopia has become a world leader in the development of highly specific inhibitors for this class of enzymes.

Without JAK3 the immune system can not perform normally and individuals missing the JAK3 gene are severely immune compromised. Current therapies for transplant rejection and autoimmune diseases such as rheumatoid arthritis rely on drugs that also act on cells other than those of the immune system and in many cases cause severe side effects. JAK3 only occurs in cells of the immune system and so there is a strong possibility that JAK3 specific drugs offer a novel approach to treating these disorders with a potential reduction in side effects.

## Transplantation and Autoimmune disease markets

The current market for drugs to prevent transplant rejection is approximately US\$3 billion and Novartis is a key player. The transplant market is set for significant growth with the number of transplants reported to grow from 440,000 to 700,000 by 2010 and more specific and potent drugs could significantly penetrate this market.

Autoimmune diseases include rheumatoid arthritis (RA), inflammatory bowel disease, psoriasis, atopic diseases and multiple sclerosis. The RA market alone is forecast to grow to US\$15 billion by 2009. Current drugs for this application either treat pain, slow disease or "mop up" immune stimulators. JAK3 inhibitors potentially offer a way to intervene more specifically and earlier in the progression of this disease.

## About Cytopia

Cytopia Ltd is an Australian biotechnology company focused on the discovery and development of new drugs to treat cancer, immune disorders and cardiovascular diseases. Cytopia conducts its research and development via subsidiaries based in Melbourne and New York and specialises in discovering new molecules that can inhibit enzymes known as kinases, an exciting new class of drugs.

Burrill & Co, a San Francisco based life sciences investment bank, acted as advisors to the company in completing this agreement.

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