

ASX ANNOUNCEMENT

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Cytopia cancer program reaches important milestone at Cancer Therapeutics CRC

Cytopia Limited (ASX:CYT) today announced significant progress by Cancer Therapeutics CRC Pty Ltd (CTx) towards the identification of a pre-clinical drug candidate. This candidate is based on intellectual property licensed from Cytopia to CTx.

In May 2008, Cytopia and CTx entered into an agreement where CTx would develop a series of chemical leads discovered by Cytopia against an unnamed cancer target. This target has now been confirmed as the enzyme Focal Adhesion Kinase (FAK), a protein involved in many cancers.

FAK is thought to play an important role in the growth, invasion, and spread of solid tumours. The development of inhibitors of FAK is now the focus of research in a number of pharmaceutical and biotech companies worldwide.

The agreement between the two parties has been structured to allow Cytopia to take up exclusive commercialisation rights for any drug candidate or share with CTx any partnering revenues and royalties for a candidate commercialised by CTx.

CTx's Scientific Management Group has reviewed the achievements of its research team over the past year and has promoted the project into the final lead optimisation phase of drug discovery. Achievement of this milestone means additional CTx staffing and resources will now be made available to further develop the chemical lead series originally supplied by Cytopia.

Key achievements of CTx include:

- establishment of a multi-disciplinary team of scientists;
- rapid development of three distinct chemical lead series;
- determination of the 3D structure of the FAK protein by crystallography with lead structures bound to the protein; and
- progression of one lead series to the lead optimisation phase, with backup series identified.

"We are very impressed with the progress the CTx team has made over the initial twelve months of the program, and look forward to the final optimisation of these compounds" said Cytopia CEO Mr Andrew Macdonald. "With this innovative collaboration expected to deliver a preclinical drug candidate, Cytopia will have the opportunity to commercialise yet another cancer compound".

“The CTx team has accomplished a lot in a relatively short period of time, and outcomes like this give solid justification to the CRC Scheme for supporting our endeavours. Furthermore, we plan to continue these successes as our program moves forward, adding significant value to the FAK project and other early stage cancer initiatives in Australia” said Dr. Tony Evans, CEO of CTx.

Enquiries

Mr Andrew Macdonald
Chief Executive Officer
T: +61 3 9208 4232
andrew.macdonald@cytopia.com.au

Dr Chris Burns
Director, Research
T: +61 3 9208 4235
chris.burns@cytopia.com.au

About Cytopia

Cytopia Ltd is an Australian biotechnology company focused on the discovery and development of new drugs to treat cancer and other diseases. Cytopia conducts its research and drug development through subsidiaries based in Melbourne, Australia and San Francisco, USA and specialises in developing new small molecule compounds with an improved therapeutic profile for the treatment of cancer.

The company's lead drug candidate is CYT997, a vascular disrupting agent (VDA) for the treatment of various cancers, which is currently being trialed in Phase II clinical studies. Cytopia is continuing to build on its range of JAK inhibitors and kinase expertise, with CYT387, a novel oral JAK2 inhibitor focused on the treatment of myeloproliferative disorders, expected to enter Phase I clinical studies in 2009.

Website: www.cytopia.com.au

About Cancer Therapeutics

Cancer Therapeutics CRC Pty Ltd has been formed through a collaboration between a number of Australia's leading research institutions and commercial organisations for the purposes of cancer drug discovery and development. It is funded under the Australian Government's CRC scheme.

The objective of the Company is to take novel or relatively novel molecular targets or early stage compounds from research institutes or biotech companies in Australia, or overseas, undertake hit discovery, hit to lead development and lead optimisation, to produce high quality pre-clinical trial candidates for further development through commercialisation.

Website: www.cancercrc.com

Dr Guy Heathers
Chief Business Officer
T: +61 3 9345 2138
guy@cancercrc.com

Dr Tony Evans
Chief Executive Officer
T: +61 3 9345 2138
tony@cancercrc.com