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ASX / MEDIA ANNOUNCEMENT

***Alchemia and TetraQ collaborate on new pain treatments***

Australian drug development company Alchemia Limited (ASX: ACL) today announced it would commence a collaborative research project in 2006 with The University of Queensland (UQ) through its preclinical service provider, TetraQ to develop a new generation of opioid-based painkillers to treat severe pain.

The project will aim to identify new drug candidates that have similar or better painkilling abilities but fewer side effects than morphine and other opioid-based painkillers. Such side effects include respiratory depression and opioid induced constipation.

The collaboration will bring together Alchemia's VAST™ proprietary chemistry technology with the expertise of TetraQ, headed by one of Australia's leading researchers in the pain field, Professor Maree Smith.

Alchemia Chief Executive Officer Dr Tracie Ramsdale said Alchemia would commit approximately \$200,000 to the program over three years.

"A collaborative project is an ideal way for Alchemia to move forward with our early drug discovery program in the pain area while maintaining momentum with our later stage lead programs, such as our generic Synthetic Heparin drug scheduled to launch in 2008," she said.

"This new project on pain highlights the depth of Alchemia's product pipeline, which also contains opportunities in oncology, with our lead anti-cancer candidate ACL16907 moving to clinical trials in 2006, as well as eye disease and antibiotics."

Director of TetraQ, and of the UQ Centre for Integrated Preclinical Drug Development Professor Smith said UQ received an ARC linkage grant for a total of \$372,000 to contribute to the project's expenditure over the three years.

“My team is delighted by the opportunity to work with a well-regarded drug discovery and development company such as Alchemia,” she said.

“We bring expertise and strength in academic and in *in-vitro* research in the pain area, which, through this collaboration with Alchemia, may deliver a new drug to significantly relieve pain for patients with reduced side effects.”

It is estimated that chronic pain affects one in five individuals globally, with prevalence rates correlated directly with advancing age. Chronic pain not only adversely affects the quality of life for sufferers but it also places a large economic burden on our healthcare system.

### ***ENDS***

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#### **About Alchemia – [www.alchemia.com.au](http://www.alchemia.com.au)**

Alchemia is a drug discovery company with a novel drug discovery platform technology, focused on the development of a generic Synthetic Heparin and on discovering a pipeline of oncology, eye disease and antibiotic therapeutics. Alchemia has leveraged its carbohydrate chemistry expertise to develop a more efficient, economical manufacturing process which Alchemia believes will ensure its generic Synthetic Heparin will be cost competitive with Arixtra® and other heparin-related drugs, providing Alchemia with a potentially significant market share of the \$US3 billion worldwide heparin market.

Alchemia’s generic Synthetic Heparin is being developed in collaboration with manufacturing partner, The Dow Chemical Company and marketing partner, American Pharmaceutical Partners and is expected to be launched in the US in 2008.

#### **About TetraQ – [www.tetraq.com.au](http://www.tetraq.com.au)**

Based at the University of Queensland in Brisbane, with research conducted through the UQ Centre for Integrated Preclinical Drug Development, TetraQ is the first contract research organisation in Australia to provide integrated preclinical services to the global pharmaceutical and biotechnology industries. Conducting business through UniQuest Pty Ltd, TetraQ provides specialist services and advice to companies who are in the early stages of drug development and can assist in bridging the gap between drug discovery early stage clinical trials. Services include efficacy assessment, ADME (absorption, distribution, metabolism and elimination) profiling, toxicology assessment and pharmaceuticals profiling, including preclinical drug formulation.