

Alchemia and SDP Technology Enter Cancer Drug Collaboration

Brisbane, Australia, 19 March 2009: Australian drug developer, Alchemia Limited (ASX:ACL) has entered into a drug discovery agreement with Melbourne-based SDP Technology Limited. SDP will have exclusive rights to develop anti-cancer drugs targeting the enzyme sphingosine kinase 1 (SK1) using Alchemia's VAST chemistry.

SK1 has been shown to play a central role in cancer by reducing apoptosis (cell death) and promoting cell proliferation and survival. SK1 is overexpressed in numerous cancers and inhibiting its activity can arrest tumor growth in preclinical models.

SDP has screened a library of compounds synthesized by Alchemia that are specifically designed to inhibit the kinase family of enzymes. As a result SDP has identified a number of compounds with promising activity against SK1. More detailed analysis of those compounds is now underway.

"Sphingosine kinase is a very attractive target for anti-cancer therapies and we are delighted to be working with SDP to develop inhibitors," said Pete Smith, PhD, Chief Executive Officer of Alchemia. "The project has already identified a number of active molecules and shown a strong relationship between their structure and activity. This is a core ability of our VAST technology which we see as offering a rapid route to novel drugs, especially when the structure of the target is unknown."

"While Alchemia dramatically reduced its drug discovery activities last year to conserve cash, we will continue to look for opportunities like this to realize value from our pre-existing assets."

Ian Brown, Managing Director and CEO of SDP said, "Having access to Alchemia's VAST technology has enabled SDP to take a substantial leap forward in its sphingosine kinase drug discovery and development program. The initiative has provided opportunities quickly and efficiently and has created significant value for shareholders."

An important development in cancer therapy is the discovery and clinical use of signal transduction inhibitors. SK1 is a signal transduction molecule whose function is disturbed in a wide range of cancers and hence inhibitors of this enzyme would have widespread clinical utility. The partnership between Alchemia with its unique library of molecules and SDP with its strong intellectual property position is a significant step toward the development of such agents.

Under the terms of the deal between the companies SDP will have rights to the structural data from the initial screen and to develop molecules using Alchemia's VAST chemistry. In exchange for these rights Alchemia will be granted 5% of the fully diluted equity in SDP with a further equal tranche of shares and options if a molecule based on its chemistry is advanced into the clinic.

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About SDP Technology Limited – www.sdptechnology.com.au

SDP Technology Limited is a drug discovery and development company focused on commercialising inhibitors of its proprietary cancer target Sphingosine Kinase (SK). The enzyme SK1 has been strongly implicated in a range of disease states, particularly in the development and progression of cancer (eg prostate, lung, breast and colon cancers).

About Alchemia Limited – www.alchemia.com.au

Alchemia is a drug discovery and development company founded on its chemistry expertise. The Company's lead program is fondaparinux (synthetic heparin, a generic version of GlaxoSmithKline's Arixtra®) which is expected to generate near term revenues for the company and is partnered with Dr Reddy's Laboratories Inc. for the U.S. market. Alchemia's pipeline of assets is built on two platform technologies: HyACT® (targeted cancer delivery) and VAST™ (drug discovery). HA-irinotecan, for the treatment of colorectal cancer, recently achieved positive Phase II clinical trial results.

VAST™ and HyACT® are trademarks of Alchemia and Alchemia Oncology.

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