

QUARTERLY UPDATE

Business Update on Arana Therapeutics Limited

Snapshot

September 24, 2008

Arana Therapeutics Ltd. ("Arana" or "the Company") is a biotechnology company developing next-generation antibody therapeutics to treat inflammatory diseases and cancer. Arana's business is divided into two sectors: (1) protein engineering technologies; and (2) therapeutics development. The Company's technology platform includes its Superhumanisation™, Synhumanisation®, and EvoGene™ proprietary processes. Application of these technologies can transform lead proteins, including antibodies, into safe, potent therapeutic candidates. The resulting products may be less immunogenic (less likely to cause side effects) yet retain the crucial binding properties of the starting antibody. Additionally, Arana can use its technologies to decrease the timeline and minimize the financial risks of its therapeutic antibody development. The Company does that by further enhancing antibodies against validated targets that would otherwise be excluded from development due to existing competitor patents. Arana's product pipeline targets inflammatory diseases as well as bone, lung, and colorectal cancer, melanoma, leukemia, and solid tumors. ART621, the most advanced candidate, is a Tumor Necrosis Factor alpha (TNFα)-blocker for rheumatoid arthritis (RA), psoriasis, and Crohn's disease. In March 2008, Arana began Phase II clinical trials of ART621 in psoriasis patients, for which it completed recruitment in August 2008. Within Arana's Cancer Franchise, the lead product candidate is ART010, an engineered version of a naturally occurring protein being developed to treat cancer related to bone disease and osteoporosis. The Company has begun producing ART010, which may enter Phase I trials in 2010. Arana has headquarters in Sydney, Australia, with facilities in Melbourne, Australia, and San Francisco, California. The Company opened a new research and development facility in Sydney in July 2008.



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Recent Financial Data

Ticker (Exchange)	AAH (ASX)*
Recent Price (09/24/2008)	A\$0.92
52-week Range	A\$0.86 – A\$1.27
Shares Outstanding**	235 million
Market Capitalization	A\$216.2 million
Average 3-month Volume	197,781
Insider Owners +5%	10.02%
Institutional Owners	11.12%
EPS (6 mos. ended 03/31/2008)	A\$0.70
Employees	76



* Share information is presented in Australian dollars (A\$). At 09/24/2008, A\$1 = ~US\$0.84. ** As of March 31, 2008.

Key Points

Presented in U.S. dollars (\$), unless otherwise noted as Australian dollars (A\$).

- Having completed patient recruitment in the Phase II psoriasis study of ART621, Arana anticipates that formal results could be available in early 2009. In addition, by the end of 2008, Arana intends to file an Investigational New Drug (IND) application in the U.S. for ART621 to treat RA, followed by the start of a Phase II study in RA.
- Arana licenses its protein engineering platform to GlaxoSmithKline plc (GSK-NYSE), Aveo Pharmaceuticals, Inc., CSL Ltd. (CSL-ASX), and Vegenics Ltd. The Company successfully completed a second humanization project with CSL in June 2008, triggering a payment to Arana with potential for future milestone and royalty payments.
- In June 2008, Arana also entered into a strategic partnership with greenovation Biotech GmbH for the co-development of up to five next-generation anticancer antibodies. Under the agreement, antibody generation is to use Arana's Superhumanisation™ and EvoGene™ technologies followed by greenovation's Bryotechnology.
- The market for therapeutic antibodies is estimated at \$20 billion and may reach \$30 billion in the next six years. Autoimmune inflammatory diseases comprise more than 80 disorders, with RA and psoriasis having estimated markets in 2008 of \$10 billion and \$2 billion, respectively. By 2012, the oncology market could reach \$80 billion.
- Arana has over A\$181 million in cash and cash equivalents. Arana believes that its cash position underpinned by a solid balance sheet and expected future revenue flow, combined with its experienced management team, provides the foundation to bring targeted therapeutics to market.

PLEASE REFER TO THE EXECUTIVE INFORMATIONAL OVERVIEW® (EIO®), JUNE 3, 2008, FOR A FULL COMPANY REPORT.

Recent Events

In the past few months, Arana has achieved multiple significant milestones in its corporate development, including developing a new antibody candidate for its Inflammation Franchise; fully enrolling a Phase II psoriasis study of ART621 (Arana's lead anti-inflammatory product candidate); establishing new strategic partnerships with Kyowa Hakko Kogyo Co., Ltd. (4151-TYO) and greenovation Biotech GmbH; completing a second humanization project with CSL; obtaining a pre-Investigational New Drug (IND) number from the U.S. Food and Drug Administration (FDA) for ART621 in rheumatoid arthritis (RA); and appointing a vice president of clinical research. An overview of the Company's most recent events is provided below and on page 3, referring the reader to Arana's website for complete press releases (www.arana.com).

- *On September 22, 2008*, Arana provided an update on the major inflammatory compounds in its drug development pipeline. As part of this update, Arana said it developed a new antibody candidate, ART123, targeting inflammatory diseases. The Company also announced plans to start a Phase I clinical trial for its age-related macular degeneration (AMD) candidate, PMX53, in 2009.
- *On August 28, 2008*, Dr. David Fuller, Arana's chief medical officer, was interviewed by Boardroom Radio (www.brr.com.au) about the Company's announcement that it completed recruitment in its Phase II dose-ranging psoriasis study of ART621. Accordingly, formal results of the study are anticipated to be available in early 2009. The Company also confirmed that it plans to submit an IND application for ART621 in the RA indication during the fourth quarter 2008.
- *On August 13, 2008*, Arana announced the results of its General Meeting, including the details of the resolutions and proxies received with respect to each resolution put forth. The resolutions presented and carried at the General Meeting were the approval of a performance share plan and the approval of a grant of shares to Dr. John Chiplin, Arana's chief executive officer.
- *On August 7, 2008*, Dr. Chiplin presented an overview of Arana to Boardroom Radio. A transcript and audio playback of the presentation is located on the News & Media section of the Company's website.
- *On July 28, 2008*, Arana announced the appointment of Dr. Alan Scott as vice president, clinical research. The appointment was believed to be an important step in the Company's development, as several new clinical trials are expected to commence in the next 18 months.

Dr. Scott's primary responsibility is the operational management of Arana's expanding clinical trial program. He holds a Ph.D. from Glasgow University and has over 12 years of international experience in clinical development of new medicines across Europe and the Asia-Pacific region. Prior to joining Arana, Dr. Scott was director of site start-up for the contract research organization, Quintiles Transnational Corp. In this role, he was responsible for ensuring rapid and efficient start-up of all clinical trials in the Asia-Pacific region. He was also a member of the Quintiles Asia-Pacific senior management. Before entering the clinical research industry, Dr. Scott held a post-doctoral position in biochemistry at the University of Oxford, England, followed by work in Europe in clinical operations and project management for pharmaceutical, biotechnology, and contract research environments.

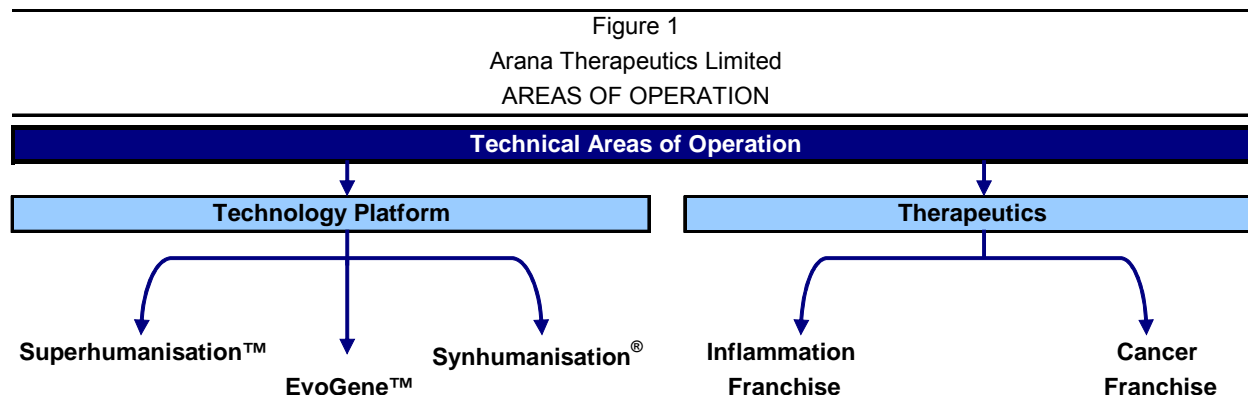
- *On July 3, 2008*, Arana opened its new research and development facility in Sydney, Australia. Australian Minister for Innovation, Industry, Science, and Research Senator Kim Carr and Dr. Chiplin both spoke at the opening. Recordings of these speeches are available in the News & Media section of the Company's website.
- *On June 24, 2008*, Boardroom Radio interviewed Dr. Steffen Nock, president of Arana's U.S. operations. He discussed the BIO 2008 International Convention in San Diego, California, as well as highlighted several aspects of the Company. Topics included ART621, market drivers for therapeutic antibodies, and Arana's competitive advantages versus its competitors, among other items.

- *On June 5, 2008*, Arana announced that it successfully completed a second collaborative project with its partner CSL. Arana utilized its Superhumanisation™ technology to develop humanized versions of a lead antibody from CSL's pharmaceutical pipeline. The humanized products were then further optimized using Arana's EvoGene™ technology. Should CSL elect to develop one of these antibodies through clinical testing, Arana expects to be eligible to earn milestone and royalty payments. In addition, provision of the final report triggers a payment to Arana from CSL under the terms of the collaboration agreement between the two companies.

Company Background

Presented in U.S. dollars (\$), unless otherwise noted as Australian dollars (A\$).

Arana Therapeutics Limited (“Arana” or “the Company”) is a biotechnology company focused on developing next-generation antibody therapeutics to treat inflammatory diseases and various forms of cancer. Arana’s business operation is divided into two sectors, as shown in Figure 1: (1) a protein engineering technology platform for the development and design of therapeutic antibodies; and (2) antibody-related therapeutics development.



Sources: Crystal Research Associates, LLC and Arana Therapeutics Limited.

The current market size for therapeutic antibodies is estimated at \$20 billion, and is projected to reach \$30 billion over the next three to six years, driven mainly by the oncology segment (Source: *Journal of Commercial Biotechnology* 2008, vol. 14:65-72). To date, 24 therapeutic monoclonal antibodies have been approved globally, including 21 in the U.S.—several with sales exceeding \$1 billion (Source: Insight Pharma Reports’ *Monoclonal Antibodies: Pipeline Analysis and Competitive Assessment* [October 2007]).

During the past two years, Arana has transitioned its strategic position to strengthen the Company’s focus on expanding its technology platform portfolio and therapeutic antibody pipeline. As part of this strategy, Arana acquired both Promics Ltd. (May 2006) and the antibody assets of Scancell Ltd. (December 2006), and merged with EvoGenix Ltd. (August 2007). In addition, Arana divested three major holdings: (1) Domantis Ltd.; (2) its joint venture with Biosceptre International Ltd.; and (3) its Peptech Animal Health Pty Ltd. business. These actions provided Arana with a focused and integrated technology platform, an extended portfolio of potential therapeutic agents, and funding to facilitate the clinical development of its biologic candidates.

TECHNOLOGY PLATFORMS

Most therapeutic antibodies currently used in medicine are derived from mice. If administered to humans in the basic form, these murine antibodies can cause an immune response that may reduce efficacy. Humanization is a protein engineering technique that effectively reduces the xenogenic (foreign) content of monoclonal antibodies. During humanization, the antigen-binding portions of mouse antibodies are grafted onto human antibody frameworks. Arana’s protein engineering technology platform incorporates the Company’s proprietary Superhumanisation™, Synhumanisation®, and EvoGene™ technologies in order to humanize and further optimize selected proteins. Each technology is briefly described below and on page 4. Greater details are provided on pages 23-26 of the Core Story section in Crystal Research Associates’ base report, the Executive Informational Overview® (EIO®) on Arana, dated June 3, 2008. A copy of this report is provided at www.crystalra.com.

Superhumanisation™

Superhumanisation™ structurally matches the starting non-human antibody to a human germline antibody with similar target-binding regions. This focus on the three-dimensional structure minimizes the reduction of affinity that routinely occurs through the grafting procedure of standard humanization. The

Tumor Necrosis Factor Alpha (TNF α)

TNF α is a protein produced by white blood cells that has an important role in the body's inflammatory process. TNF α contributes to numerous inflammatory pathologies, including RA, psoriasis, psoriatic arthritis, and Crohn's disease. TNF α blockers have been proven to be beneficial in reducing the damage that the body's immune system causes in inflammatory diseases by suppressing the immune system, but the effect of lowering the immune defenses may also make individuals more susceptible to other infections, such as histoplasmosis, a fungal infection (Source: the *New York Times* September 4, 2008).

Arana estimated that the global market for anti-TNF α products was approximately \$13 billion in 2007 and could reach roughly \$20 billion by 2012. This expansion is expected to result as sales for existing products increase and also as new products become available, in part to address the drug-specific resistance that patients often develop after prolonged use of existing anti-TNF α products. In addition, Arana's anti-TNF α compound uses the smaller domain antibody (dAb) proteins, the smallest known sub-component of an antibody that exhibits the binding properties of a full-sized antibody. The smaller size may have competitive advantages, such as lower immunogenicity, enhanced tissue penetration, and lower production costs.

ART621

Arana's leading anti-TNF α compound, ART621, is a dAb-based product of approximately half the size of a conventional antibody that is being developed to treat multiple inflammatory diseases, such as RA, psoriasis, and Crohn's disease. To the Company's knowledge, ART621 is the first human framework-based dAb ever to be tested in human clinical trials. During preclinical studies, ART621 matched the performance of Amgen, Inc.'s (AMGN-NASDAQ) Enbrel[®], an anti-TNF α antibody product currently on the market. ART621 was well tolerated in human use of single ascending doses and demonstrated a half-life of approximately 14 days, which the Company found to be at least equal to current products despite ART621's significantly smaller size. Arana is now conducting a Phase II dose-finding study in psoriasis patients, for which the Company completed patient recruitment in August 2008. Arana anticipates that formal results of the psoriasis study could be available in early 2009. At that time, the Company will likely be able to present information related to ART621's safety, pharmacokinetics, and immunogenicity in the psoriasis study as well as preliminary efficacy data for the compound.

Additionally, the Company aims to file an Investigational New Drug (IND) application during the fourth quarter 2008 for ART621 to treat RA. To this extent, Arana has already received a pre-IND number from the U.S. Food and Drug Administration (FDA). The Company plans to initiate a Phase II study in RA patients by the beginning of 2009.

C5a

The complement system is a group of plasma and cell membrane proteins that have a key role in the immune system's pro-inflammatory and regulatory functions. The activation of the complement system leads to the generation of C5a, a protein fragment that is implicated in a wide variety of inflammatory diseases as well as wet age-related macular degeneration (AMD). The inhibition of C5a could be beneficial in reducing the damage that the body's immune system causes in inflammatory diseases.

PMX53

PMX53 is a small cyclic peptide intended for the treatment of inflammatory diseases, including wet AMD. This compound inhibits inflammation by targeting the human C5a receptor. In Phase I trials conducted by Promics prior to its acquisition by Arana, a different formulation of the PMX compound was well tolerated. PMX53's smaller size versus existing products could translate into improved penetration and reduced production costs. Arana is in the process of optimizing new formulations of PMX53 as well as undertaking preclinical validation in several inflammatory models, including osteoarthritis (OA), psoriasis, and wet AMD. Phase I trials are expected to be conducted in the first half of 2009 for AMD, subject to the successful completion of ongoing preclinical dose-ranging studies. Data from long-term preclinical OA studies may also be available in early 2009.

ART123

In September 2008, Arana announced its recent development of a new antibody candidate within its Inflammation Franchise, called ART123. ART123 targets the IL12/23 pathway, which has been implicated in the pathogenesis of psoriasis and other inflammatory disorders. Arana produced ART123 using its proprietary antibody engineering technologies and has filed patents to protect the new compound's mechanism of action. This candidate has already demonstrated efficacy in a preclinical psoriasis model, and may enter preclinical safety studies during 2010.

Cancer Franchise

The use of monoclonal antibodies for cancer therapy is expanding. As researchers learn more about the pathways by which cancer cells proliferate and become malignant, they also continue to evaluate antibodies that could disrupt these cellular functions by targeting important regulators. Furthermore, monoclonal antibodies could possibly be combined with traditional cancer fighting methods for improved efficacy of the overall therapy, as therapeutic antibodies generally operate in a different manner than traditional chemotherapy or radiotherapy.

The American Cancer Society (ACS) estimated that there were over 12.3 million new cancer diagnoses worldwide during 2007 and roughly 7.6 million cancer-related deaths (Source: *Global Cancer Facts & Figures 2007*). As the number of people developing cancer increases, the oncology market continues to experience rapid sales growth, driven by increasing volume and higher prices as new products come to market. By 2012, the oncology market is forecast to be the largest therapeutic area with sales between \$75 billion and \$80 billion (Source: IMS Health, Inc. [RX-NYSE]). Arana's six anticancer compounds (fully detailed on pages 32-37 of the Core Story section in the base EIO[®]) target bone, lung, and colorectal cancer, as well as melanoma, leukemia, and other solid tumors.

ART010

ART010 is Arana's lead anticancer compound. Targeting bone metastasis and osteoporosis, ART010 is an engineered version of a naturally occurring protein, osteoprotegerin (OPG). Although OPG serves to regulate bone density and block bone loss pathways in the body, there is evidence that OPG can also interfere with the body's destruction of cancer cells. ART010 fully retains its ability to block bone loss, but its secondary action of interfering with mechanisms involved in the death of cancer cells is significantly reduced. ART010 has shown in preclinical studies not only to protect against bone loss as effectively as OPG, but also to reduce the ability of tumors to grow in bone and to suppress bone breakdown caused by metastasis of cancer cells.

To the Company's knowledge, ART010 is currently one of only two product candidates known to employ this approach to bone loss regulation. The other product is Amgen's fully human monoclonal antibody, denosumab, which is described in the Competition section of the EIO[®] on page 41. Both ART010 and denosumab inhibit a protein called RANKL. This target was validated by denosumab in Phase III trials. In July 2008, Amgen released findings from its three-year, global Phase III study of denosumab in the treatment of approximately 7,800 women with postmenopausal osteoporosis. Treatment with denosumab resulted in a statistically significant reduction in the incidence of new vertebral, new non-vertebral, and hip fractures versus placebo treatment. Side effects were found to be similar in patients taking denosumab and those taking the placebo, with the most common adverse reactions being back pain, joint pain, hypertension, and inflammation of the nose and throat. Arana believes that this Phase III study is one of the first indications that RANKL inhibition can considerably reduce fracture risk. The Company views the results of Amgen's trial as highly encouraging, believing that it indicates a lower risk of clinical failure for ART010 than is typical for this stage of development.

Arana began manufacturing ART010 as scheduled at the start of the third quarter 2008. The Company refined the compound's structure in order to optimize it for use in humans, and then constructed a cell line to produce ART010. Establishment of the cell line represented the first phase of Arana's good manufacturing practices (GMP) manufacturing. ART010 may enter Phase I clinical trials in 2010.

Arana's Strategic Agreements

Arana establishes strategic partnerships with biotechnology and pharmaceutical companies for humanization and optimization projects that use the Company's proprietary technologies—Superhumanisation™, Synhumanisation®, and EvoGene™. In addition, Arana's product development benefits from the Company's partnering strategies and out-licenses.

Arana entered into its most recent corporate partnership with Germany-based greenovation Biotech GmbH in early June 2008. A provider of glycoengineering and pharmaceutical protein production technologies, contract services, and supplies, greenovation's core business entails manufacturing high-potency pharmaceutical proteins and antibodies with modified sugar structures (glycoproteins) that are produced from moss cell lines grown in contained bioreactors. The company's production platform is called Bryotechnology. Under its partnership with greenovation, Arana employs its Superhumanisation™ and EvoGene™ technologies to generate optimized drug candidates that greenovation can then further enhance with Bryotechnology to produce antibodies. The intent of the agreement is to co-develop up to five next-generation anticancer antibodies with improved potency and efficacy. Both companies share in the costs of development as well as commercialization revenues.

Technology Partnerships

Arana's technology partnerships with global pharmaceutical and biotechnology companies provides access to one or more of Arana's technology platforms through collaborative arrangements where, more often than not, Arana undertakes improvement of its partners' products in-house in its Melbourne, Australia, laboratories. Partnerships are normally structured to provide Arana with an upfront payment, milestone payments upon successful achievement of project goals, and royalties on any marketed products resulting from the collaboration. Currently, Arana has technology-driven agreements with GlaxoSmithKline, Aveo Pharmaceuticals, Vegenics, and CSL.

In particular, Arana recently announced the achievement of a significant milestone in its collaboration with CSL that further validates Arana's technology platform. The CSL partnership entails the use of Arana's Superhumanisation™ and EvoGene™ technologies for the development of up to three humanized antibodies from CSL's pharmaceutical pipeline. The Company successfully completed its second project with CSL in June 2008. The first collaborative project between Arana and CSL was concluded in November 2007. Project completion triggers a payment to Arana from CSL, and should CSL elect to develop one of the antibodies through clinical testing, Arana expects to be eligible to earn milestone and royalty payments as well.

Product Partnerships

After the identification and development of what the Company views to be promising validated antibodies, Arana conducts clinical trials through Phase II. The Company then seeks strategic partners to complete clinical development and subsequent commercial launch. The partner is responsible for the costs associated with development and marketing, while Arana receives upfront payments, milestone payments, and licensing or royalty income on the commercial proceeds of the therapeutic compound.

The current license agreements with Abbott and Centocor result from Arana's patent position on anti-TNF α antibodies. Abbott's product, Humira®, and Centocor's product, Remicade®, are TNF α blockers used for a variety of conditions, including moderate to severe RA, moderate to severe polyarticular juvenile idiopathic arthritis (JIA), psoriatic arthritis, ankylosing spondylitis, moderate to severe Crohn's disease, and moderate to severe chronic plaque psoriasis. Revenue streams from these licenses to Abbott and Centocor, which generated A\$16.5 million in 2007, are expected to continue through 2010, when Arana's patent position expires. The Company believes that additional license revenues from these agreements could amount to between \$55 million and \$60 million over this period.

Additionally, in April 2008, Arana entered into an agreement with Kyowa Hakko Kogyo Co., Ltd., a Japanese biotechnology company, for the co-development of ART104 for colorectal cancer. This collaboration provides Arana with \$4 million upfront as well as milestone payments of up to \$4 million.

Headquarters and Employees

Arana was formed through the merger of Peptech Ltd. and EvoGenix Ltd. in August 2007. Headquarters and clinical development activities are based in Sydney, Australia, with technology development facilities in Melbourne, Australia, and business development facilities in Redwood City, California. The aim of the U.S. operation is to identify and validate new projects for Arana's pipeline and to foster relationships with the U.S. financial and scientific communities.

Arana trades on the Australian Stock Exchange (ASX) as "AAH." The Company currently employs 76 individuals. In preparation for the clinical trials upcoming over the next 18 months, Arana has augmented its management team with the appointment of Dr. Alan Scott (biography on page 2) as vice president, clinical research. Dr. Scott, whose primary responsibility is the operational management of Arana's expanding clinical trial program, reports to the Company's chief medical officer, Dr. David Fuller.

Key Points to Consider

Presented in U.S. dollars (\$), unless otherwise noted as Australian dollars (A\$).

- Arana is a biotechnology company focused on developing next-generation antibody therapeutics to treat inflammatory diseases and cancer. The Company maintains proprietary technologies for the development and design of therapeutic antibodies, as well as a pipeline of antibody therapeutics.
- The current market for therapeutic antibodies is estimated at \$20 billion and projected to reach \$30 billion within the next six years, driven mainly by the oncology segment. Approximately 24 therapeutic monoclonal antibodies have been approved globally, several with sales exceeding \$1 billion.
- Arana believes that its antibody-related technology and product development is well positioned to take advantage of growth within the therapeutic antibody market. The Company's business is divided into two sectors: (1) protein engineering; and (2) therapeutics development.
 - The Company's protein engineering platform includes its Superhumanisation™, Synhumanisation®, and EvoGene™ proprietary technologies. These technologies can transform lead proteins, including antibodies, into safe, potent therapeutic candidates. The resulting products are less immunogenic, yet retain the crucial binding properties of the starting antibody.
 - Using its technology platform, Arana studies validated targets that would otherwise be excluded from development due to existing competitor patents, and seeks to decrease the timeline and financial risks associated with creating new therapeutic agents. Arana's pipeline comprises eight candidates divided into the Company's Inflammation Franchise and Cancer Franchise.
- The Inflammation Franchise consists of agents intended to treat wet age-related macular degeneration (AMD), and autoimmune diseases, such as rheumatoid arthritis (RA), psoriasis, and Crohn's disease. Over 5% of the U.S. population has an autoimmune disease (Source: the U.S. Department of Health and Human Services). The market for RA could be \$10 billion in 2008.
 - Arana's lead compound is ART621, a domain antibody (dAb)-based product for RA, psoriasis, and Crohn's disease. To the Company's knowledge, ART621 is the first human framework dAb to be tested in clinical trials. In previous tests, it matched the performance of Enbrel®, a marketed anti-Tumor Necrosis Factor alpha (TNFα) antibody; showed safety in single ascending doses; and demonstrated a 14-day half-life, which was at least equal to current products. ART621 is in a Phase II psoriasis dose-finding trial, expected to be followed by a Phase II study for RA.
- The Cancer Franchise focuses on bone, lung, and colorectal cancer, melanoma, leukemia, and other solid tumors. The oncology market is driven by increasing volume and higher prices as new products come to market. By 2012, it is forecast to be the largest therapeutic area by sales at \$80 billion.
 - Arana's lead cancer candidate is ART010 for bone metastasis and osteoporosis. In preclinical studies, ART010 protected against bone loss as effectively as osteoprotegerin (OPG), reduced tumors' abilities to grow in bone, and suppressed the breakdown of bone by metastasis of cancer cells. Arana has begun manufacturing ART010, aiming for Phase I clinical trials in 2010.
- License revenue streams from agreements with Abbott and Centocor generated A\$16.5 million in 2007 and are expected to continue through 2010, when Arana's patent position expires. The Company believes that it may receive a further \$55 million to \$60 million under these licenses. Arana also partners with third parties for humanization and optimization projects using its proprietary technology platform. In the past year, Arana received success-based payments for completing projects for both CSL and GlaxoSmithKline.
- Arana has over 40 patent families covering its technology platforms and product candidates, which the Company believes provide it with a favorable freedom to operate position.
- Arana has over A\$181 million in cash and cash equivalents, up from A\$169 million at September 30, 2007, which followed the sale of the Company's 31.02% share of Domantis to GlaxoSmithKline. Arana believes that its cash position and experienced management team can enable the Company to bring targeted therapeutics to market.

Risks

Some of the information in this Quarterly Update relates to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those detailed due to risks addressed in Arana's statements filed with the Australian Stock Exchange (ASX), as well as other forms filed from time to time. The content of this report with respect to Arana has been compiled primarily from information available to the public released by the Company through news releases, Annual Reports, and other filings. Arana is solely responsible for the accuracy of this information. Information as to other companies has been prepared from publicly available information and has not been independently verified by Arana. Certain summaries of activities have been condensed to aid the reader in gaining a general understanding. For more complete information about Arana, please refer to the Company's website at www.arana.com. Additionally, please refer to Crystal Research Associates' base report, the Executive Informational Overview[®] (EIO[®]), dated June 3, 2008, and located on Crystal Research Associates' website at www.crystalra.com for comprehensive details of Arana's risk factors.

Crystal Research

a s s o c i a t e s

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Some of the information in this update relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can only be predictions and the actual events or results may differ from those detailed due to risks addressed in Arana’s statements filed with the Australian Stock Exchange (ASX), as well as other forms filed from time to time. The content of this report with respect to Arana has been compiled primarily from information available to the public released by the Company. Arana is solely responsible for the accuracy of that information. Information as to other companies has been prepared from publicly available information and has not been independently verified by Arana or CRA. Certain summaries of scientific activities and outcomes have been condensed to aid the reader in gaining a general understanding. For more complete information about Arana, the reader is directed to the Company’s website at www.arana.com. This report is published solely for information purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any state. Past performance does not guarantee future performance. Free additional information about Arana and its public filings, as well as free copies of this report, can be obtained in either a paper or electronic format by calling (612) 8061-9900.