

9 October 2008

Arana Announces On-Market Share Buy-back

- Buy-back of up to 10% of ordinary shares
- Buy-back to commence on 27 October 2008, for 12-month period

Biotechnology company Arana Therapeutics Limited (ASX: AAH) today announced that it intends to conduct an on-market buy-back of up to 10% of the company's ordinary shares.

The buy-back is expected to commence on 27 October 2008, and will continue for a 12-month period. All shares purchased under the on-market buy-back will be cancelled by the company.

Commenting on the buy-back, Chairman Robin Beaumont said: "We are in a very strong financial position and feel that recent market volatility has provided us with an opportunity to deliver returns to shareholders. We have significant cash reserves, and ongoing revenues, which are forecast to adequately meet the cash requirements of our ongoing drug development programs."

"The board in reaching this decision considered all available capital management options and believes that this action is the best use of the company's funds at this time," he added.

Arana has approximately A\$182 million in cash. It also has recurring revenues from commercial and development partnerships with six international companies including GSK, CSL, Centocor (J&J) and Abbott Laboratories.

Arana's clinical program is focused on developing next generation drugs for treatment of inflammatory diseases and cancer. Its most advanced compound, ART621, is currently in a Phase II trial for psoriasis and last month, Arana announced the filing of an Investigational New Drug application (IND) to the FDA (U.S. Food and Drug Administration), in a rheumatoid arthritis indication.

Ends

About Arana Therapeutics:

Arana Therapeutics (ASX: AAH) is an international biopharmaceutical company focussed on developing next generation antibody based drugs that will improve the lives of patients with inflammatory diseases and cancer.

Arana Therapeutics' innovative engineering technologies provide the basis for developing its next generation antibody candidates. Arana Therapeutics has the financial strength and management expertise to develop its product pipeline.

Arana has a significant track record of commercialising its technologies and has partnerships with GSK, CSL, Centocor (J&J) and Abbott Laboratories.

For further information: www.arana.com

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Appendix 3C

Announcement of buy-back (*except minimum holding buy-back*)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001.

Name of entity	ABN
Arana Therapeutics Limited	98 002 951 877

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On market
2	+Class of shares which is the subject of the buy-back (<i>eg, ordinary/preference</i>)	Ordinary
3	Voting rights (<i>eg, one for one</i>)	One for one
4	Fully paid/partly paid (<i>and if partly paid, details of how much has been paid and how much is outstanding</i>)	Fully paid
5	Number of shares in the +class on issue	234,986,037
6	Whether shareholder approval is required for buy-back	Shareholder approval not required
7	Reason for buy-back	Capital management

+ See chapter 19 for defined terms.
30/9/2001

Appendix 3C Announcement of buy-back

8 Any other information material to a shareholder's decision whether to accept the offer (*eg, details of any proposed takeover bid*)

None

On-market buy-back

9 Name of broker who will act on the company's behalf

ABN AMRO Morgans Limited

10 Deleted 30/9/2001.

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11 If the company intends to buy back a maximum number of shares - that number

Note: This requires a figure to be included, not a percentage.

Up to 23,498,600 ordinary shares (Arana Therapeutics Limited reserves the right to terminate the buy-back at any time)
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12 If the company intends to buy back shares within a period of time - that period of time; if the company intends that the buy-back be of unlimited duration - that intention

From 27 October 2008 to 26 October 2009 (Arana Therapeutics Limited reserves the right to terminate the buy-back at any time)

13 If the company intends to buy back shares if conditions are met - those conditions

No conditions

Employee share scheme buy-back

14 Number of shares proposed to be bought back

-

15 Price to be offered for shares

-

[†] See chapter 19 for defined terms.

Selective buy-back

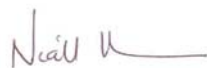
- 16 Name of person or description of class of person whose shares are proposed to be bought back -
- 17 Number of shares proposed to be bought back -
- 18 Price to be offered for shares -

Equal access scheme

- 19 Percentage of shares proposed to be bought back -
- 20 Total number of shares proposed to be bought back if all offers are accepted -
- 21 Price to be offered for shares -
- 22 ⁺Record date for participation in offer -
Cross reference: Appendix 7A, clause 9.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.



Sign here: (Director/Company secretary)

Date: 9 October 2008

Print name: Niall Henderson

⁺ See chapter 19 for defined terms.