

arana news

Chairman's Statement

We have entered into an exciting period of growth and development at Arana Therapeutics. Our products are being developed in line with our plans, in particular for our most advanced compound ART621, and we have started the search for a new CEO to lead us into the next phase of growth for the company.

I would like to take this opportunity to thank John Chiplin for his service and contribution to Arana. John led the company through a period of rapid change and significant progress, including the sale of Peptech's Domantis shareholding, the successful merger last year of Peptech with EvoGenix and the rationalisation and focusing of the technology portfolio.

The Board is committed to finding the best person to lead Arana in its next stage of development from the pool of external and internal candidates. We have a great depth of management talent at Arana; this leadership will ensure we remain focused and on track to deliver our targets.

While the search for a new CEO is conducted, we have appointed Steffen Nock, (currently head of Arana's US operations) as Acting CEO. Steffen is profiled later in this newsletter.

Financial markets continue to bring interesting challenges. Whilst Arana has not been immune to these market forces, we are in an enviable position of financial strength. As you are aware, Arana has significant cash resources that allow us to remain focused on fostering our clinical and commercial goals.

Not only does our financial position allow us to maintain our focus on clinical efforts, it has also allowed the board to make the decision to conduct an on-market buy-back of up to 10% of the company's shares, to be conducted over

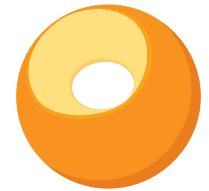
a period of 12 months. The board felt that the recent market volatility provided an opportunity to deliver returns to shareholders, with shares purchased via this program to be cancelled.

We have made several key announcements over the past few months. Perhaps most significantly was the successful submission of an Investigational New Drug application (IND) to the US Food and Drug Administration (FDA) for our anti-inflammatory product ART621. We have also completed the recruitment process in our Phase II psoriasis study for ART621. The results should be made available in early 2009.

In October, we announced the successful completion of a series of humanised and improved antibodies for Vegenics, a subsidiary of Circadian Technologies. This milestone once again further validates our technology platform and has generated additional revenue for the company. Despite the challenges that the markets offer us, we have and continue to make progress where it really matters – in the clinic and in commercialising our technology.



Robin Beaumont
Chairman



arana
therapeutics®

Highlights snap shot

- IND (Investigational New Drug) filed with FDA for lead anti-inflammatory product ART621
- Recruitment completed for Phase II psoriasis study
- Inflammatory pipeline milestones updated
- Humanised and improved antibodies delivered to Vegenics
- Appointment of Steffen Nock as Acting CEO following resignation of John Chiplin

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- ART104 Progressing with partner Kyowa Hakko Kirin
- ART150 Candidate to be validated and finalised in Q1 2009

On the road... highlights

Key communications

Contact details



Arana people profile

Steffen Nock, PhD
Acting CEO

Steffen Nock is the newly appointed Acting CEO of Arana Therapeutics, joining the Arana management team in Sydney.

Steffen was born in Germany and studied Biochemistry at the University of Bayreuth, where he completed a PhD, focusing on protein translation – the machinery in the cell that produces proteins. Steffen moved to Stanford University in Palo Alto, California, following two years spent analysing the molecular motors involved in cell division and the transportation of cargoes within cells.

In 1998 Steffen started his first company, Zyomyx, with 3 colleagues from Stanford University. Zyomyx developed protein chips with applications in proteomics and clinical diagnostics. He was instrumental in setting up the Biochemistry department at Zyomyx, with a team of over 40 people.

In 2002 Steffen started his second company Absalus Inc. in the San Francisco Bay area. This company in-licensed an antibody humanisation technology called Superhumanisation from its inventor Jefferson Foote, a Principal Investigator at the Fred Hutchinson Cancer Center in Seattle. In addition to its technology platform, Absalus had several therapeutic antibody assets. In 2005, Absalus was acquired by Evogenix Pty Ltd. Evogenix was listed on the ASX in August of 2005 and Steffen headed up its US operation. Steffen also served on the board and secured a number of product deals with academic institutions and industrial partners to further enhance the Evogenix pipeline.

With the merger of Evogenix and Peptech, leading to the formation of Arana, Steffen continued in his role as Head of US Operations. In addition, he conducted investor roadshows for Arana in USA, Europe and the Middle East.

Steffen was appointed Acting CEO in November 2008.

"Arana is for me a unique biotech company. It combines superior platform technologies with a deep product pipeline and a strong balance sheet. We have all the ingredients needed to build an internationally recognised and competitive therapeutic antibody company even in this turbulent economic environment. I am looking forward to working with a first class management team and board!"

Steffen loves travelling and the outdoors. Steffen and his family enjoy camping and skiing in the California Sierra Nevada, as well as travelling the world.

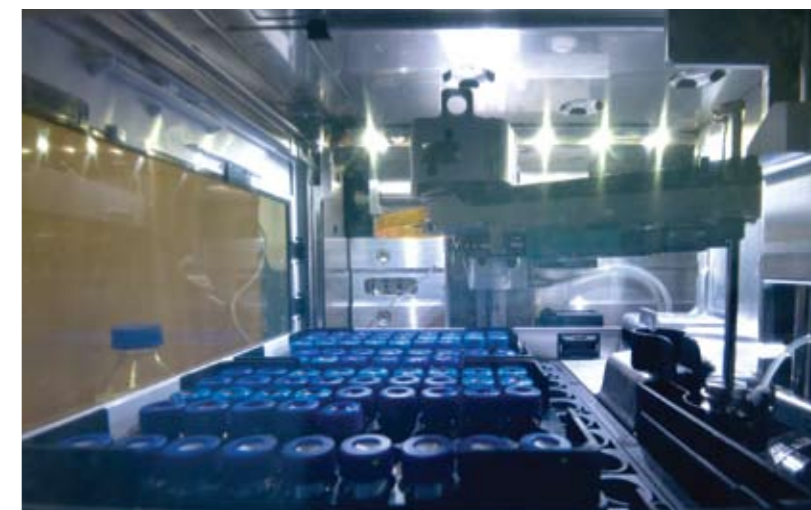
Arana Updates

Anti-Cancer Pipeline Milestones

We detail below the progress of Arana's anti-cancer antibody product pipeline.

ART010, has been created by applying Arana's proprietary protein engineering and optimisation technologies, and targeting cancer-related bone loss. It has been clinically validated as a target by the success in Phase III clinical trials of denosumab, currently in development by U.S. biotechnology company Amgen, and by successful pre-clinical assessments. ART010 and Denosumab both target RANKL, a protein involved in the formation and activation of cells that erode bone.

ART010 is progressing towards completion of formal preclinical work to enable entry into a Phase I clinical trial in the first quarter of 2010. Arana has filed patent applications to cover ART010, which, subject to grant, will provide patent protection for the product until 2025.

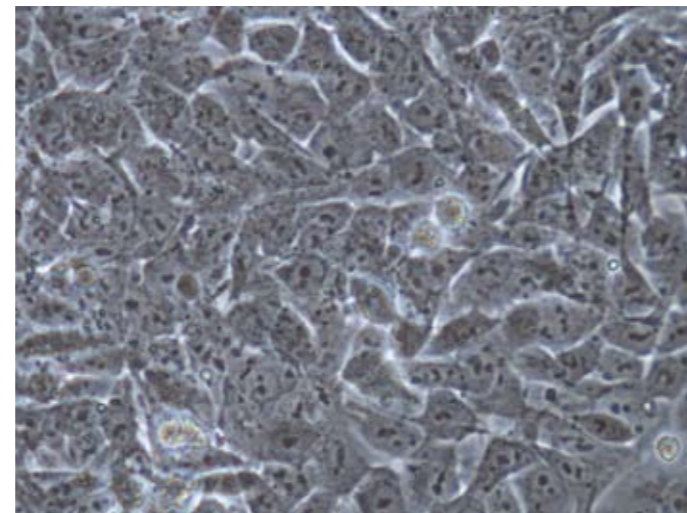


Robotic laboratory equipment.

Arana Updates



ART104, which Arana is co-developing for colorectal cancer with Kyowa Hakko Kirin (KHK), continues to be developed with the application of the Japanese company's technology. The joint development of ART104 with KHK continues to make good progress with the agreed timelines and milestones being met by both parties.



Cells used in manufacturing antibodies.

ART150, which Arana is developing for the treatment of lung cancer and melanoma, is in the late stages of optimisation as a humanised antibody. Arana expects a validated and finalised candidate antibody will be taken forward into the cell line construction phase of GMP (Good Manufacture Practice) manufacture in the first quarter of 2009.

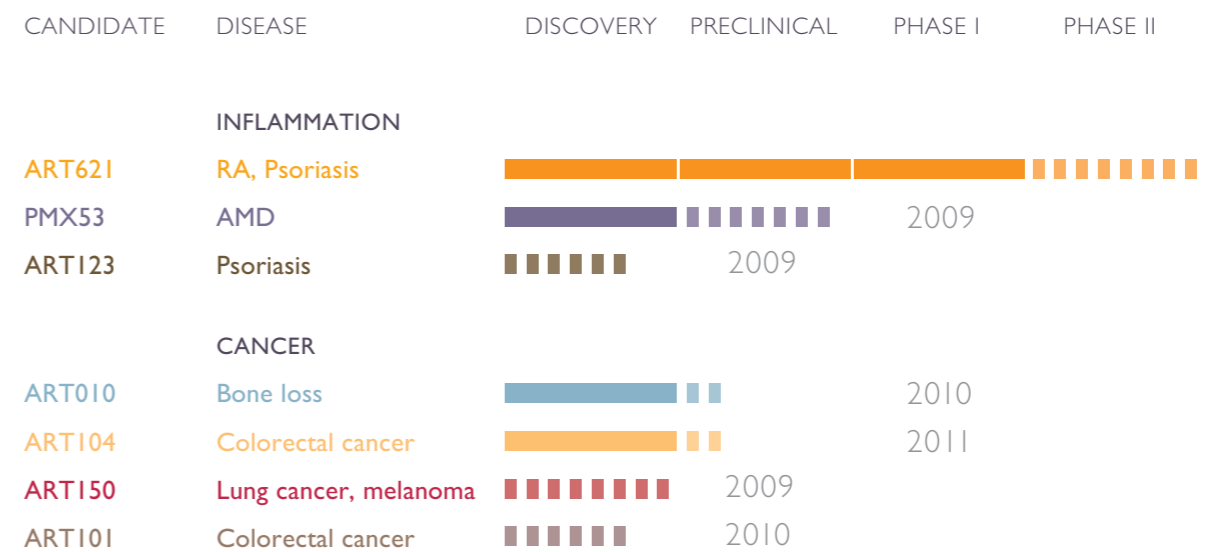
Commenting on these developments, Acting CEO Steffen Nock said: "We are pleased with the progress in our oncology pipeline, with products under development that are targeting important markets where antibody products are revolutionising treatments."

"This progress demonstrates the depth of our engineering technologies and intellectual property capabilities. We look forward to updating the market on our future progress to the clinic."

"The relationship with Kyowa Hakko Kirin promises to create a significant new anti-cancer product with development of ART104 proceeding on plan," Dr Nock added.

Product Pipeline

The diagram below summarises the status of both Arana's anti-inflammatory and anti-cancer products.



Dates are estimated commencement of next major milestone.

Preclinical commences with start of GMP manufacture.

In progress
 Completed

Key communications



August

28th August

Arana announces key anti-inflammatory drug milestone

Arana completes recruitment for Phase II dose-ranging psoriasis study for anti-inflammatory drug ART621

September

22nd September

Arana updates inflammatory pipeline milestones

Arana updates inflammatory pipeline milestones. This includes the development of a new antibody candidate ART123 - targeting inflammatory disease and plans to start Phase I clinical trials for age-related macular degeneration (AMD) candidate PMX53 in 2009.

30th September

Arana files IND for lead anti-inflammatory product ART621

Arana files IND (Investigational New Drug) to the FDA for lead anti-inflammatory product ART621 in a rheumatoid arthritis (RA) indication.

October

2nd October

Arana completes a series of antibodies for Vegenics

Arana successfully completes a series of humanised and improved antibodies for Circadian subsidiary Vegenics.

8th October

Arana announces that it intends to conduct an on-market buy-back

Arana plans to buy-back up to 10% of the company's ordinary shares.

9th October

Arana strengthens board with new appointment

Gordon Black appointed to board.



Gordon Black.

November

3rd November

FDA accepts Arana's anti-inflammatory IND

ART621 successfully passed FDA review enabling Arana to proceed with planned Phase II clinical trial in rheumatoid arthritis.

6th November

Arana Announces Resignation of CEO

Robin Beaumont, Chairman of Arana said: "We wish to thank John for his service and contribution to Arana Therapeutics over his three year tenure."

12th November

Arana Announces Appointment of Acting CEO

Arana announced the appointment of Dr Steffen Nock to the position of Acting Chief Executive Officer.

Arana full Year Results released to the market

Arana reported a strong financial position for its year ended 30 September 2008 and substantial progress in product and technology development.

All news and media releases are published via our website www.arana.com.
By subscribing to our email list, you will be kept up to date with all relevant Arana news.

Calendar

DECEMBER

10-12th – RBC Healthcare Conference, New York, USA - Steffen Nock on panel

JANUARY

15-16th – NG Antibodies, San Diego, USA - David Wilson speaking

Melbourne Opening

Opening of Arana's Parkville Facility by Victoria's Innovation Minister Gavin Jennings - 19th November 2008

Photographs by Fred Kroh



Innovation Minister Gavin Jennings congratulates Rob Crombie, Arana's Vice President, Business Development - Technology, on the opening of the new state-of-the-art facility.



Arana's Jason Simmonds talking to the Innovation Minister Gavin Jennings.



Arana's Melbourne team.

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