



4 November, 2008

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
*Via Electronic Lodgement*

Dear Sir/Madam,

**EPICHEM TO FIND CURE FOR DIABETES,  
JOINS FORCES WITH CURTIN UNIVERSITY.**

PharmAust (ASX: PAA) is pleased to announce that its wholly owned subsidiary, Epichem Pty Ltd, has entered into a Joint Venture Agreement ("JVA") with Curtin University of Technology (Curtin) to develop orally available insulin mimetics for the treatment of diabetes.

The JV will expand on Curtin's existing intellectual property and will see Epichem provide the synthetic and medicinal chemistry services of one chemist for up to one year in return for 40% of the project. Curtin will contribute biological testing and assist with the design of potential new drugs.

The incidence of diabetes is increasing rapidly and it now affects more than 194 million people worldwide. The disease has been reported as one of the most costly health problems in the world, costing the USA alone over US\$100 billion annually. Current treatments for insulin-dependent diabetes involves the invasive administration of insulin by injection, and so the development of an orally available insulin mimetic to avoid the use of needles would be a major breakthrough in the treatment of the disease.

Epichem is focused on generating a profit for shareholders through its fee-for-service contract work, whilst continuing to generate potentially valuable intellectual property through its in-house and collaborative research projects.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Bryant McLarty".

**Mr Bryant McLarty**  
Executive Chairman  
PharmAust Limited  
08 9380 6550

A handwritten signature in purple ink, appearing to read "Wayne Best".

**Dr Wayne Best**  
Managing Director  
Epichem Pty Ltd  
08 9360 7696