

ASX ANNOUNCEMENT

Removal of \$1.5M potential liability

9 February 2009, Sydney, Australia

Medical Therapies Limited and Cell Signals Inc., have signed an amendment to the Intellectual Property Agreement which replaces a cash payment of \$1.5M with the issuing of 15 million MTY shares to Cell Signals, subject to shareholders' approval.

According to the terms of the Intellectual Property Agreement signed by the parties on 16th April 2008 the \$1.5M was to be paid to Cell Signals within 90 days after the completion of the transfer of all Midkine related patents owned by Cell Signals.

The last applications for assignment of the intellectual property were lodged in December and a payment obligation would have arisen once the assignments were completed by Nagoya University, the co-owner of four of the ischemia related patents.

By agreeing to a share package, as opposed to a cash consideration, the shareholders of Cell Signals have expressed their continued confidence in the Midkine technology.

"We are glad to have the opportunity to share in the upside from the developments of the Midkine portfolio of technologies by being issued shares as opposed to a fixed cash amount. We are confident that the MTY team, together with our key people, will deliver the collaborations and partnerships which should prove to be profitable to our shareholders" said CEO of Cell Signals, Dr Sadatoshi Sakuma.

"With a high value technology portfolio but limited cash this amendment is significant as far as easing our immediate cash requirements are concerned" said Chairman of MTY, Dr David King.

The amendment also provides for the continuation of the relationship between the two companies for another 12 months, during which time Cell Signals will advise MTY on patent and technology transfer related issues. In addition, Cell Signals' scientists will be available to MTY on a project by project basis.

CEO of Medical Therapies, Maria Halasz, said "It is a 'win-win' situation for both companies."

"We can spend all new capital on developing treatments for diseases such as cancer and inflammatory conditions, which should then translate into solid returns to our shareholders" she added.

end

About Medical Therapies Limited (ASX: MTY):

Medical Therapies Limited is a biotechnology company listed on the Australian Stock Exchange. The Company is the owner of the largest intellectual property portfolio around midkine globally. Midkine is a significant novel therapeutic and diagnostic target and MTY owns a large portfolio of patents in relation to therapeutic uses of the protein and its antagonists, a large number of anti-midkine antibodies with their respective hybridoma cell lines as well as anti-midkine nucleotides.

Midkine is a native protein expressed during early cancer formation as well as at the onset of inflammatory processes. Medical Therapies is committed to the commercialisation of its novel drug candidates and diagnostic assets. In addition to its in-house product development program MTY is actively seeking partnership opportunities for its non-core therapeutic and diagnostic assets.

For further information visit www.medicaltherapies.com.au or contact:

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Investment in biotechnology companies

There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Medical Therapies recommends that investors seek professional advice before making an investment in its shares.

