



ASX AND MEDIA RELEASE

Peplin assumes control of skin cancer product

BRISBANE, Australia, 8 October, 2004: Peplin Ltd (ASX: PEP) and Allergan, Inc. have agreed to discontinue their collaboration for the development and commercialisation of skin cancer products in North and South America based on Peplin's proprietary and novel anti-cancer compound PEP005.

All rights for the development and commercialisation of PEP005 Topical treatment for non-melanoma skin cancer and actinic keratosis have been returned to Peplin together with all rights to scientific data, intellectual property and regulatory filings made under the Collaboration and License Agreement signed with Allergan in November 2002.

Peplin will receive an immediate cash payment of US\$1.3 million in satisfaction of outstanding obligations under the collaboration.

In addition, Allergan will continue the US based phase 1 clinical study in actinic keratosis that is currently in progress and will transfer all of the data and clinical results to Peplin.

Peplin Managing Director and CEO Michael Aldridge said the company had reached an agreement with Allergan allowing Peplin to assume immediate control of the development and commercialisation process of PEP005 Topical to ensure the product's scheduled progression to phase 2 clinical trials during 2005 and the earliest possible commercialisation of the product.

Mr Aldridge said Allergan had a rich and full development pipeline for 2005 and it became apparent to Peplin only this week that Allergan was not in a position to commit unequivocally the resources required for the project. As a consequence, it was in Peplin's best interest to take this step to keep the skin cancer program on schedule.

Allergan's Executive Vice President, Research and Development Dr Scott Whitcup said Allergan maintained a strong belief in the potential and value of Peplin's technology but demands by Allergan's development pipeline made it difficult to provide the appropriate level of support for the development of PEP005 and that allowing Peplin to assume immediate control was the best path for the program's future development.

"Allergan continues to believe that Peplin's lead investigational product PEP005 Topical has potential in the large, growing and under-served market for treating non-melanoma skin cancer," he said.

"However, as we continue the focus and prioritisation of our very rich pipeline we are required to make choices among many valuable projects. PEP005 was one of the exciting technologies which did not make the funding list for 2005. Our decision has not been made on the basis of any safety or efficacy concerns."

Mr Aldridge said Allergan acknowledges the potential of PEP005 Topical, as Allergan would only recoup certain development costs in the case of a future relicensing by Peplin or eventual commercialisation of the product. These payments are capped at US\$4 million.

Mr Aldridge said Peplin was in a strong position to relicense PEP005 and Allergan had agreed to provide assistance in securing a new collaborative partner. Additionally, Allergan can negotiate for a re-license of PEP005 with Peplin in 2006 if it has not been licensed already.

“The value of the PEP005 Topical product is significantly higher now than two years ago when we signed the licensing agreement with Allergan due to considerable progress made towards commercialisation since that time,” he said.

“We expect to announce the outcome of the initial phase 1 trials in the first quarter of 2005 and are confident that the results will further drive the value of the PEP005 Topical program,” he said.

Mr Aldridge said the phase 1 study was double blind, placebo controlled and the blind had not been broken. He said Allergan had confirmed that it was not aware of any adverse events or safety issues in the trial.

Mr Aldridge said Peplin would reassume control of the development process for the product and the present intention is to conduct the phase 2 trials in Australia following the completion of the US Phase 1. He said the company has more than \$6 million in cash following the payment by Allergan.

“We are confident the investment that we make towards continuing the development process for topical PEP005 by taking control of phase 2 trials will also result in a substantial increase in the asset’s value.”

Mr Aldridge said Peplin intended to hold discussions in the coming months with a select number of parties who had expressed interest in licensing development and commercialisation rights for PEP005 Topical.

Mr Aldridge said Peplin now fully owned three well defined and valuable assets that addressed attractive and under-served market opportunities:

- PEP005 Topical – a clinical stage topical treatment for skin cancer
- PEP005 IC – a therapy for the treatment of bladder cancer
- PEP005 IV – a promising treatment for leukaemia in the final stages of pre-clinical development.

Mr Aldridge said assuming control over the clinical development of PEP005 Topical would result in the company also reviewing its clinical development programs for bladder cancer and leukaemia to allocate resources appropriately.

“While PEP005 Topical is our first priority, progressing the pre-clinical bladder cancer and leukaemia programs remain important initiatives for us. We expect to file an investigational new drug (IND) application for PEP005 IC and complete a data package for PEP005 IV before the end of the year, so the further investment required to meet these important milestones is very modest.”

Under the terms of the agreement signed today with Allergan:

- Peplin will receive a US\$1.3 million cash payment from Allergan immediately.
- Allergan will complete at its cost the phase 1 clinical trials in actinic keratosis initiated in August 2004 in the United States.
- Peplin receives all rights, title and interest in any and all relevant clinical and scientific data, intellectual property and regulatory filings generated, developed or made by Allergan under the Collaboration and License Agreement, including an assignment of the two investigational new drug applications made by Allergan with the US Food and Drug Administration (FDA) in June this year for actinic keratosis and basal cell carcinoma.

- Should Peplin relicense PEP005 Topical to another party Peplin will pay 25% of any pre-commercialisation payments it receives to Allergan subject to a cap of US\$3 million and 25% of any future post commercialization payments, e.g., royalties to a cap of US\$1 million. Alternatively, if Peplin markets PEP005 Topical in North and South America itself, Peplin will pay Allergan up to US\$4 million by way of a 10% royalty.
- Allergan retains a right exercisable in early 2006 to be considered, on a good faith basis, as a potential licensee.

ABOUT PEPLIN

Peplin is focused on the discovery, development and commercialisation of prescription human therapeutic products for the treatment of cancer. Peplin's strategy is to leverage its pipeline of novel proprietary products through collaborative development and commercialisation arrangements with international pharmaceutical companies.

Peplin's lead product is a potential topical therapy (PEP005 Topical) for actinic keratosis and non-melanoma skin cancer. Peplin holds global rights for PEP005 Topical and all rights worldwide to other oncology applications of PEP005.

Peplin's earlier stage pipeline is targeted at bladder cancer using PEP005 in an intracavity or intravesical formulation (PEP005 IC) and leukaemia (a blood borne cancer) using an intravenous formulation (PEP005 IV). Its new portfolio of EPUFA compounds opens additional potential opportunities in cancer and adds candidates for cardiovascular disease, pain, inflammation and diabetic complications.

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