



BioPharmica Limited

ASX Announcement – 11 April, 2006

Launch of Molecular Discovery Systems

BioPharmica Ltd (ASX: BPH) announced today that the company has launched a subsidiary (**Molecular Discovery Systems**) to pursue what it considers an outstanding opportunity in one of the most promising fields of development in life sciences.

Molecular Discovery Systems strategy is to build a development pipeline that leverages innovative and novel imaging and analysis tools to develop pharmaceutical compounds and biomarkers through preclinical and early-stage clinical development.

The Company will leverage novel and innovative high content analysis and imaging tools and concepts to generate better drug leads and to speed their optimization and prioritization.

The Company will make strategic decisions on whether to license discoveries made in the application of imaging and analysis or to retain them for proprietary use in its own internal biomarker and drug development pipeline.

A key potential market for Molecular Discovery Systems is pathology (US \$6.5 billion), one of the earliest and most recognizable imaging applications.

Dr Gallagher will head the establishment of the new subsidiary as Chief Executive Officer whilst remaining on the board of BioPharmica as Director of Research and Development. Dr Gallagher has a highly regarded background in high content analysis and imaging, spending time with one of the worlds most respected healthcare companies developing and validating imaging technologies and products sold throughout the globe.

The Company will call on an international network of scientists, physicists, mathematicians, clinicians and pathologists in the (a) discovery, (b) development and (c) validation of high content imaging tools and concepts for use in pathology and drug development.

Molecular Discovery Systems is now firmly into the process of developing collaborations with key scientists and organizations.

Dr Gallagher said "Bringing advanced imaging and image analysis solutions to researchers and clinicians can make a practical improvement to the quality and cost of patient care and speed drug discovery".

"After only being in Australia for a short time, it was readily apparent that this country can be successful in providing services, solutions and tools used in high content analysis for pathology, biomarker development and drug discovery".

The pharmaceutical industry use of molecular imaging, has gone on to include applications throughout the entire drug lifecycle, back to the earliest stages of discovery.

Molecular imaging has become a business that covers the spectrum from basic cell biology to drug discovery and disease monitoring. The forms in which it has been commercialized are also highly diverse, indicating both substantial growth opportunities for companies operating in this space, as well as new and improved methodologies for research and development.

Dr Sam Gallagher
Director