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Lodgement of Open Briefing

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EpiTan Limited
Level 13
1 Collins Street
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Title: Open Briefing. EpiTan. CEO on Recent Share Price Weakness

Record of interview:

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EpiTan Limited announced on March 30 its intention to list on the AIM market in the UK and its intention to raise up to $37 million in conjunction with that listing. Since then the EpiTan share price has dropped 30 percent to $0.50 from $0.72. Has there been any material change to your business and future prospects?

CEO Iain Kirkwood
No, there has been no change to our business plan and we remain committed to building a world class pharmaceutical company with a focus on dermatology. Through the proposed capital raising, EpiTan's future prospects will be significantly enhanced. We believe the fundamentals remain solid. Our strategy to successfully commercialise Melanotan remains the core focus of the company.

Of course we accept that most new share placements are, by nature, dilutive. However, the money we plan to raise will open up a wide range of options in approaching the big European and American markets. Before approving this fundraising we examined a range of possibilities and we took external advice from a number of parties. The board's goal is to create sustainable long term value for all shareholders.

It is important to remember that Melanotan is a drug that has been shown to work and is moving towards Phase III trials. This is a very advanced stage of any drug's development and requires significant amounts of capital.

The proposed AIM listing and capital raising process also has required a very thorough review process covering every aspect of the company's business, including its drug development strategy, route to market, patent estate and working capital needs. This work has confirmed the underlying fundamentals of the business.

There is no change to our position on partnering. Our strategy is, and remains, to bring Melanotan to market with a partner in the large markets of Europe and US. As a result of the capital raising, the company will be in a significantly stronger position to look at a wide range of commercial options in taking Melanotan to these markets. It is important we remain patient to ensure we extract the increased value for our shareholders from this unique opportunity. Talks with a number of companies continue.

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How then can you explain the share price drop? Why has the AIM listing and capital raising triggered such weakness?

CEO Iain Kirkwood
It's certainly disappointing as we received good press in the UK following the announcement last week. However, the biotech sector in Australia has been particularly weak recently. Exacerbating this, we understand that the overall weak market has forced some margin calls resulting in a number of EpiTan shares being sold aggressively. This is unfortunate but inevitable when there is a bit of a slump and some shareholders are caught out and are then forced to sell - and sell quickly.

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Is the planned equity raising too big given your market capitalisation has fallen to $64 million?

CEO Iain Kirkwood
No – it is important to note that the maximum is $37 million. We are of the view that the fall in the share price does not reflect a deterioration in the fundamental value of EpiTan's underlying business. We believe that the recent selling has probably been exacerbated by stop losses and margin calls. We would hope that over the coming weeks, stability will return to our share price.

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Why is an equity raising of the size you've planned desirable?

CEO Iain Kirkwood
We have got to the point where, in planning for Melanotan's remaining clinical development prior to seeking approval to market, we needed to be realistic about our working capital requirements. There was absolutely no point in repeated small hand-to-mouth capital raisings. Our working capital projections were thoroughly checked by an independent firm of reporting accountants. Our board unanimously voted to approve the fund raising on AIM which it believes gives us the best chance of delivering Melanotan to the market and maximising value for our shareholders in the medium to long term.

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Will the equity raising progress given the share price weakness?

CEO Iain Kirkwood
Yes. The placing price of the securities will be determined by a book build process after the marketing program to potential institutional investors in the UK. The pricing mechanism detailed in the Notice of EGM ensures that the offer cannot be done at a significant discount to the prevailing market price.

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What do you plan to achieve in progressing the company's development over the next 18 months?

CEO Iain Kirkwood
We expect to complete two short Phase II trials this year which are specifically designed to confirm two things. First, to validate efficacy markers for Melanotan that we want to use in the final Phase III sunburn injury trial. We already have approval to begin this trial which is scheduled to start in the next few weeks.

Second, a pharmacokinetic study which will confirm the suitability of the final implant formulation for use in Phase III and commercialization. The data gathered from last year's dose escalation study has been used to design this final implant which is now being developed in the US.

The final piece of the clinical program is a multi-centre worldwide Phase III trial under the review of the regulatory authorities of Europe, US and Australia. It is planned that EpiTan will submit an IND application to the FDA later this year to allow us to start trials in the USA. We are currently seeking regulatory advice before finalising a clinical trial protocol to be included in the IND application. The outcomes of the sunburn injury and PMLE trials will aid in this decision.

We will also complete the Phase II trials which are currently running in Germany and Finland. These were designed to evaluate the use of Melanotan as a therapeutic drug for patients suffering from PMLE (sun poisoning). PMLE is prevalent in northern latitudes and we estimate that there are approximately 100 million sufferers worldwide. If these trials prove promising, we expect to move in to a Phase II/III clinical trial for PMLE in Europe and the USA during their 2005/2006 winter.

We believe we have a potential blockbuster drug and are one of the very few Australian biotech companies with a drug within realistic reach of commercialisation.

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You've recently appointed Dr Roger Aston a non-executive Director. What is his background and what value do you anticipate he will add to the Board?

CEO Iain Kirkwood
Dr Aston has a strong track record in pharmaceuticals and biotechnology over more than 20 years. He listed Biofocus plc on AIM and is a founding director of pSivida. He will bring a lot of very relevant and practical experience and insight to the board having been involved in a number of successful British and Australian companies.

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Why has the EpiTan Chairman, Dr Wayne Millen, transferred 6 million EpiTan shares to one of his adult children?

CEO Iain Kirkwood
This is an entirely personal re-arrangement concerning the Millen family and the beneficiaries of Dr Millen's family trust. No shares have moved outside of his immediate family.

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What are the relevant escrow arrangements pertaining to the shares transferred to Dr Millen's child?

CEO Iain Kirkwood
Under escrow arrangements previously agreed to by Dr Millen including his family trust (Weighton), these shares which have been transferred cannot be traded until 30 June 2005.

Also, for a period of 12 months following EpiTan's admission to AIM which is expected to be in May 2005, additional and separate restrictions are in place over these shares. The restrictions require my consent to sell any of these shares and furthermore these shares must be dealt with via EpiTan's AIM broker in London, Teather & Greenwood, who will ensure there is an orderly market.

In addition to the above restrictions, Dr Millen himself cannot trade any of his remaining shares under a restrictive dealing arrangement as part of EpiTan's admission to AIM in May. This arrangement also applies to all other EpiTan directors.

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Thank you Iain.

For more information about EpiTan Limited, view www.epitan.com.au or contact Davina Bridgeman, Investor Relations & Marketing, on +61 3 9660 4900.

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