

strategic direction

Alchemia's strategic direction is driven by fondaparinux and the technology platforms HyACT® and VAST®. Fondaparinux is Alchemia's low risk commercial opportunity. It is Alchemia's intention to use revenues from fondaparinux to accelerate development of its HyACT® technology, the Company's medium risk opportunity. VAST® is Alchemia's high risk, or 'blue sky', opportunity. The Company completed the Universal Library, or Diversity Scanning Library, of 14,500 compounds in 2009 and is currently exploring drug discovery collaborations using the library. Products from this technology are currently in the discovery stage, but potentially represent high value opportunities.

The Company's aim is to develop a sustainable pipeline of patented products with which to target large and growing pharmaceutical markets.

Strategy

Execution

Target large markets

(to deliver sizeable revenues)

- Target countries where pharmaceutical demand is high and pricing is reasonable.
- Target therapeutic areas which are of substantial size.
- Acquire market access by forging favourable manufacturing and marketing agreements with international pharmaceutical companies.

- The US pharmaceutical market is the largest in the world, and is the focus of Alchemia's pipeline.
- Alchemia's near term products of fondaparinux and *HA-Irinotecan* focus on the large anticoagulant and oncology markets respectively.
- Alchemia has partnered its fondaparinux program with Dr Reddy's to enable production at scale and access to a world-class generics sales force.

Target growing markets (to grow revenues)

- Target countries which exhibit increasing demand for pharmaceuticals.
- Target therapeutic areas which continue to grow year on year.

- The oncology and anticoagulant markets continue to exhibit substantial growth.
- Generic drugs continue to be prescribed in increasing amounts in the USA.

Build a sustainable pipeline (to provide the Company with multiple product opportunities)

- Encourage internal innovation – licensing and partnering of fondaparinux and products from HyACT® and VAST®.
- Seek M&A where appropriate.

- Attract and retain world-class scientists across the chemical and biological research domains.
- Acquisition of Meditech Research Ltd in 2006.

Patent all products and technologies (to secure future revenues)

- Patent early and in major markets.

- Maintain in-house patent and trade mark attorneys to maximise protection and garner the longest possible commercial life for products and technology.

Develop products of superior safety and efficacy (to address regulatory and public health concerns)

- Develop a rigorous project management system.
- Maintain a global leadership position on complex carbohydrate chemistry and cancer targeting using hyaluronic acid.

- Alchemia utilises a stage gate project management system. This divides the drug discovery and development effort into different stages separated by management decisions. The aim is to cull underperforming projects quickly and let those that meet strict criteria to proceed. Decisions are made based on a target product profile.
- Alchemia projects are required to address unmet medical needs and target accessible markets for clinical development.
- Alchemia's generic fondaparinux and *HA-Irinotecan* are products that have demonstrated safety and efficacy in clinical trials.