

HATCHTECH POSITIVE DeOvo™ HEAD LICE PHASE II CLINICAL TRIAL RESULTS

.. Highly promising new development for treating head lice infestation

.. Existing products suffer poor attributes despite mass infestations

March 25, 2010, MELBOURNE, VICTORIA: Hatchtech Pty Ltd confirms a successful Phase IIa clinical trial evaluating DeOvo™, an investigational proprietary drug being developed as a new topical treatment for head lice infestation.

The double-blind placebo-controlled study was conducted in 30 heavily infested adult subjects. It was primarily designed to assess the safety profile of the product following a single 10-20 minute application to the hair and scalp. An analysis of the data concluded that DeOvo™ is safe and well tolerated.

In addition to the primary goal of safety and tolerability an assessment of efficacy was undertaken. Treatment success was defined as no live lice and no live eggs following application of the product. The data indicate that DeOvo had significant ovicidal and lousicidal activity by comparison to the vehicle control and will provide important guidance for the design of the planned phase IIb study. This activity was seen with only a single, short 10 or 20 minute contact time which contrasts very favourably with currently marketed lousicidal products, most of which require two applications and treatment times of up to 12 hours.

"We are delighted with the strength of the data," said Dr Stewart Washer, Chairman of Hatchtech. "Although the study was not designed to demonstrate efficacy, the clear lousicidal and ovicidal activity of DeOvo™ with a *single treatment* and short 10-20 minute contact time demonstrates that we have a very competitive product. We look forward to commencing a Phase IIb clinical trial in the US in which the safety and efficacy of DeOvo will be assessed in a pediatric population."

According to the American Academy of Pediatrics an estimated 6-12 million people in the US are infested with head lice each year with kindergarten and primary school children and their families most affected. "We believe there is substantial global market potential for a safe, effective and easy-to-use head lice treatment," said Dr Washer.

Hatchtech also announced today that it has strengthened its Board of Directors with the appointment of Dr Ross Macdonald as a non-executive director. Dr Macdonald has an extensive and successful background in the pharmaceutical industry particularly in dermatology. He has been behind several transactions that have resulted in the commercialization of a number of market-leading products for head lice treatment.

"We welcome Dr Macdonald to the Board of Hatchtech and look forward to benefiting from his experience in the further development of DeOvo™," said Dr Washer. "Dr Macdonald will also play an active role in product commercialization and capital raising."

"Hatchtech has initiated dialogue with potential acquirers of the technology and the company is now raising funds for the Phase IIb DeOvo™ study. This should position the company for a successful license or trade sale," said Dr Washer. "Our existing investors are supportive of this capital raising and we are confident the raising will be successful."

Hatchtech is a venture-backed specialty pharmaceutical product company.

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About Hatchtech

Hatchtech Pty Ltd is a venture-backed specialty pharmaceutical product company that is developing novel approaches to the treatment of head lice infestation. The company's investors include Biocomm, • GBS Venture Partners, Queensland Biotechnology Fund, Uniseed, University of Melbourne Endowment Trust, and Westscheme.

The Company's lead product is *DeOvo*[™], a first-in-class head lice control product with a novel mode of action that will potentially overcome the severe efficacy and resistance issues in most current products. The product has demonstrated an ability to kill not just crawling lice but also nits with a single application.

Egg (ie nit) survival leading to re-infestation and failure to kill all lice due to resistance are the major causes of treatment failure. This leads to the frustration and costly, inconvenient cycles of re-treatment experienced by children and their parents.

Hatchtech's *DeOvo*[™] will allow parents to treat lice and nits with a simple, single treatment; saving time, money, embarrassment and providing a better outcome for their children.

www.hatchtech.com.au.

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