



5 November 2003

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Australian Stock Exchange Ltd (ASX)
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Dear Sir/Madam

Please find herewith a commercially sensitive announcement "**Xenome wins \$3.2 million grant for pain trials**" for distribution to the market immediately.

Yours sincerely

NICHOLAS MATHIOU
Finance Director



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Media Release

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Xenome wins \$3.2 million grant for pain trials

Medica Holdings Ltd (ASX: MCA) today announced that its 25%-owned investee company Xenome had won a \$3.2 million Federal Government START Grant to conduct clinical testing on its chronic severe pain drug, Xen2174. The drug, derived from the venom of a Great Barrier Reef cone shell, could be thousands of times more effective than morphine for severe chronic pain sufferers.

Dr Kevin Healey, Medica's Managing Director and a Director of Xenome said, "The grant will enable Xenome to accelerate clinical testing of Xen2174 which we expect to commence early in 2004."

"Patients who would benefit should the trials go as planned include people with shingles, diabetic neuropathy, chronic back pain, HIV/AIDS and cancer.

"There is currently no other effective pain treatment for these people," Dr Healey said.

Xenome's full release follows.

About Medica Holdings Limited

Medica, an ASX-listed Pooled Development Fund, specialises in investing in the biotechnology sector. It facilitated the establishment of Cytopia, which is developing a range of drug candidates against immune diseases and prostate cancer, and owns approximately 80% of the company. It also owns 21% of Alchemia, which is developing carbohydrate-based drugs, and approximately 25% of Xenome, which is developing new drugs derived from venoms for the treatment of neurological disorders. Under the PDF Scheme, Medica's shareholders are exempt from tax on capital gains or profits from the sale of shares.

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MEDIA RELEASE**Date:** Wednesday, 5 November 2003**Source:** Xenome Limited**XENOME RECEIVES \$3.2M START GRANT TO
DEVELOP CHRONIC PAIN DRUG WITH U.S. EXPERT**

Wednesday, 5th November 2003 Queensland Australia: Biotechnology company, Xenome Limited, today announced a A\$3.2 million Federal Government START grant to accelerate the development of its chronic pain drug, Xen2174. The grant will allow Xenome to undertake further proof of efficacy studies for Xen2174 with leading intra-spinal pain research scientist and clinician, Professor Jim Eisenach from the Wake Forest University School of Medicine and to take Xen2174 through to the completion of a phase IIa human clinical trial.

Xen2174 is a synthetic peptide derived from the venom of a cone shell found on Australia's Great Barrier Reef. Pre-clinical trials have shown Xen2174 is exceptionally safe and effective at relieving pain in animal models of nerve damage. This type of pain is commonly found in patients with shingles, diabetic neuropathy, chronic back pain, HIV/AIDS and cancer.

Professor Eisenach, who has been studying spinal noradrenergic analgesia for 17 years and has played a pivotal role in the clinical development of a number of spinal analgesics explained: "Existing drugs which act directly on this class of receptors for pain relief have been remarkably effective treating patients with acute and chronic pain, but they have side effects which limit their use. We're impressed by the real possibility that Xen2174, which works by increasing the effect of the body's own analgesia system, will avoid these side effects."

CEO and Company Director of Xenome, Dr Tony Evans, believes the START grant is due recognition of Xenome's powerful peptide technology platform and the company's ability to rapidly transform novel drug leads into clinical candidates.

"This grant was awarded following an independent review of the Xen2174 project, which included an assessment of our science and pre-clinical results, the commercialisation potential for Xen2174 and our development and commercialisation program and prior achievements.

Xenome's Drug Development Manager, Dr Michael Thurn, indicated that Xen2174 is now in late stage preclinical development and is expected to enter clinical trials during 2004 following the successful filing of an Investigational New Drug (IND) application with the US Food and Drug Administration (FDA).

"Xenome will lead the initial clinical development of Xen2174 with studies planned for the US and Australia," Dr Thurn added.

The commercial potential for Xen2174 is significant with an estimated US\$5.6 billion spent on drugs for the treatment of chronic pain and neuropathic pain annually.

About Xen2174

Xen2174 represents a new class of molecules, called the chi conopeptides derived from the venom of the cone shell. Xen2174 has been shown to selectively inhibit the Norepinephrine Transporter (NET) a known drug target in the central nervous system. In the spinal cord NE is the dominant neurotransmitter activating the descending inhibitory pain pathway. Delivery of Xen2174 directly into the space around the spinal cord deposits the drug adjacent to NET so that in episodes of pain, the inhibition of NET by Xen2174 elevates the levels of NE leading to the activation of inhibitory pathways preventing pain signals from reaching the brain.

About Xenome

Xenome is a world leader in the discovery of novel peptides from animal venoms. Based in Brisbane, Australia, Xenome has generated a unique expertise in peptide chemistry to enable the production of a library of molecules from venoms. This library is now in demand by biotechnology and pharmaceutical companies in the USA and Europe. Peptides with unique chemistry and pharmacology are being used in Xenome's drug development activities which are focused on pain management, urological disorders, airway disorders and diseases of the central nervous system. Current major shareholders of the company are Queensland BioCapital Fund (QBF), a wholly owned subsidiary of the Queensland Investment Corporation, Medica Holdings Limited, an ASX listed biotechnology investment company, BioTech Capital Limited, an ASX listed biotechnology investment fund and UniQuest Pty Ltd, the commercialisation company of the University of Queensland.

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