



Company Announcement

Clinuvel Shareholder Update 19 September 2007 Conference Call

Transcript* of CEO's message

Dr. Philippe Wolgen:

Good morning, good evening to Melbourne. Following the recent turmoil in capital markets worldwide and the decline in our share price, I think it is an opportune moment to address our current shareholders on the development, the advancement of Clinuvel to date. For those that are new to the Clinuvel story, I'm going to summarise the 21 months that we have been managing this company since new management was installed in December 05.

The turnaround has been very much from a cosmetic focus to medical focus. Our first challenge was to find indications for a drug that had been branded and labelled in the past as a cosmetic drug. As we announced and published in the past, a drug with the properties to absorb UV and to incite/induce melanin (pigmentation) can be interpreted by [lay] as a cosmetic drug. The truth of the matter is that the physical properties of this drug are so obvious that it should be used for medical diseases. So, for the first three to four months of our management of this company our quest was to find indications that would be acceptable to regulators worldwide. And I'd like to take the opportunity to address once more to all the shareholders that write to us, a drug that is administered systemically to a human being, fits the criterion of an ethical pharmaceutical agent and needs to go through the rigorous clinical trials that pharmaceutical companies are obliged to respect.

It became very obvious from clinical evidence that we would find a medical benefit, something that the company had tried to find for years. With the strategy turnaround we addressed both our domestic and prospective European shareholders and rather than the piecemeal approach of raising capital on an ad hoc basis, we decided to raise the funding needed to develop this drug all the way to market. We did this via two consecutive placements, i.e. first the rights issue in October/November 06 and five months later capital committed through various placements, both in Europe and Australia.

The ratio between the capital that we raised over the last 19 months, which is A\$67 million, it's 65% European shareholders and 35% Australian shareholders. We pride ourselves that we worked very hard for it and that we succeeded in raising the funding needed for the entire program. With these advancements and the progress in this company, we are also attracting analysts to cover our company. And in recent months you have seen updates from Tolhurst, ABN AMRO and Intersuisse.

In the recent meltdown in the prime markets, and the subsequent credit squeeze, as we've seen, we would say the systemic risk that markets have been exposed to was unexpected but perhaps in line of current and global market conditions and the stock price of Clinuvel is not immune to that systemic risk, that we see worldwide. There is however, no rational explanation as to why our share price has lost 40% in recent weeks. It is a huge disparity to the progress we have made, and that we are on target to bring this drug to its first registration in 2009. When we commenced this job in January 06 we stood at the annual general meeting and we explained our shareholders that we were targeting 2009 to file this drug for one of the indications to market entry.

I need to emphasise once more, that pharmaceutical drug development is scrutinised by regulators. The risk that these companies, and Clinuvel, will always run consists of the safety issues surrounding drugs in development. I would like to explain to you that working with human biology means you administer agents in the circulation. As we have seen in other companies, there is always a risk in your clinical trials. And the further that you progress in your clinical trials, the more you de-risk the company. That means the more patients you recruit, the less risky the proposition becomes.

The share price performance is probably not as expected for those shareholders that participated in the placement of \$1.07 in April 07 and I sympathise with the pain that those shareholders are suffering.

The cash balance of this company is very healthy. We have \$A60 million in cash, with a cash burn that is well under the projected cash burn of the first two quarters of 2007. The current rate cash burn is \$A0.9m per month. With the increased activities in the last quarter of 2007 and 2008, we have projected that this cash burn will rise to \$A1.3 million per month.

In summary I would like to tell you all that the company is on track to make its registration in 2009 and we will announce a detailed timeline at the AGM in November 07.

A question that has come up in the recent days surrounds the resignation of one of the fund managers of our major shareholder, Absolute Capital Management Holding, residing in Spain. It's been a huge surprise to us that the fund manager has resigned and adds to our disappointment, because he has been a fervent believer and passionate supporter of this drug and this company.

Nonetheless, we're very excited with the progress we have made. We have recently conducted a tour in Europe where we recruited more than 10 centres for the second cohort of our phase three trials. We hope to start, as announced, the phase II (AK & SU) trials in the last quarter of this year and we are also on track to file in the US.

With this reassurance I hope that I can convince you to keep supporting us in the next two years.

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* This is an edited transcript for readability, grammar and punctuation.