

EXHIBIT II

CYCLIC CONOTOXIN ANALOGUES

A method of cyclising peptides that: improves their stability, allows them to be delivered orally, but does not alter their specificity or functionality. The lead compound – IMB 007 – when delivered orally has shown significant efficacy, *in vivo*, in a neuropathic pain model.

Market Need and Opportunity

In 2005 annual sales of peptide based therapeutics exceeded US\$4 billion. This market is expected to grow considerably as pharmaceutical companies have substantial numbers of peptide products in their R&D pipelines. Peptides can bind with high potency and specificity, thus requiring lower doses and producing fewer side effects than traditional small molecule drugs. Unfortunately the therapeutic advantages of peptide and protein based drugs have been significantly offset by their lack of metabolic stability (susceptibility to proteases) and poor bioavailability.

A specific example is the neuropathic pain market where peptides offer great promise, but currently can only be delivered intravenously, intramuscularly or intrathecally.

There are estimated to be thirty five million people worldwide who suffer from neuropathic pain. The therapeutics market for neuropathic pain is currently estimated to be valued between US \$2-5 billion; with significant growth forecast as the World's population ages. Lyrica and Cymbalta are the two leading therapeutics in the market, both with over a billion in sales, but they are only effective in about 35% of patients and also have significant side effects.

IMBcom's Position

Technology

The technology developed at The Institute for Molecular Bioscience involves synthesizing cyclic analogues of conotoxin peptides. In these analogues the N and C termini are joined with a linker. NMR studies have shown that these cyclic peptides maintain the same structural folding as the native peptides.

Conotoxins are produced in nature by Cone snails which use them to kill and capture their prey, the compounds act by disrupting the prey's ion channels. Each snail's venom may consist of hundreds of specific types of conotoxin which in turn have specificity for specific ion channels. Conotoxins offer a vast untapped resource of potentially therapeutic agents (> 100,000 compounds) of which less than 0.1% have been studied. However, like most peptides, their beneficial activities have been limited by their susceptibility to proteases (lack of stability) and poor bioavailability.

These cyclic analogues provide a means to combine the potency and specificity of a conotoxin peptide with the potential to gain stability and bioavailability of the molecule. This technology enables conotoxin peptides to be delivered orally without loss of functionality and therefore has the potential to dramatically change how conotoxin peptides are used therapeutically for a variety of indications.

The technology has been applied in the production of IMB007, an alpha-conotoxin that shows significant *in vivo* oral efficacy, in the rat constriction model, against neuropathic pain.

Intellectual Property

Patent applications have been granted in relation to the platform cyclisation conotoxin technology in Australia, Europe and the United States. . The main claims of the patent are composition of matter claims and are directed to all classes of conotoxins. The application is under examination in Canada.

Patent applications in relation to an oral formulation comprising cyclic alpha conotoxins, including IMB007, were filed in the USA, Europe, Australia, Canada, India, China and Japan in late 2008.