

## Company Update

### Investment Highlights

- We note the recent passing of Mr Calvin Ross, a non executive Director of Eastland and Research & Development Director for ProtoPharma Limited UK.
- In response, ProtoPharma has confirmed it is in a position to ensure Mr Ross's work on ArTiMist™ comes to a successful conclusion. Dr Daryl Bendal and Clive Booles (Senior Clinical Development Scientist) from ProtoPharma worked very closely with Mr Ross. Mr Booles in particular has been involved in all aspects of the ArTiMist™ development and will oversee the upcoming Phase III trial.
- Eastland has confirmed it is able to maintain all milestone targets for the ArTiMist™ project and its commercialisation. In line with ProtoPharma's commentary, the multi centre Phase III trial remains on schedule for commencement in September 2010. The trial aims to further verify that ArTiMist™ can provide a rapid and effective first line treatment for children with severe malaria.
- Another key milestone for the ArTiMist™ project is the presentation of results from the recently completed Rwandan clinical trial at the 2010 Interscience Conference in Boston. The trial lead investigator, Dr Stephen Rulisa will present his research paper titled 'Sublingual Artemether in Severe Childhood Malaria' on September 13<sup>th</sup>.
- Importantly, Eastland has also completed a placement of \$2.277m at an issue price of \$0.04. The proceeds ensure there is enough funding to complete the trial (\$1.3m cost) with the balance applied to working capital.
- Our risk adjusted NPV of the ArTiMist™ project has fallen to \$0.26 as a result of the placement. Dependent on confirmatory trial completion and other significant milestones, such as WHO prequalification or a partnering agreement, the ArTiMist™ proposition looks to hold significant value for investors.

	10F	11F	12F
Free Cashflow (\$m)	0.0	0.0	15.4
WACC	16.2%	15.4%	13.9%
<b>Sum of NPV (\$m)</b>	<b>229.4</b>	<b>289.1</b>	<b>372.5</b>
Aggregate Cash from conversions	-	14.6	15.6
<b>Equity Value (\$m)</b>	<b>229.4</b>	<b>303.7</b>	<b>388.1</b>
Net Debt (Cash)	-2.4	0.0	0.0
<b>Equity Firm Value (\$m)</b>	<b>231.8</b>	<b>303.7</b>	<b>388.1</b>
Shares (m) - assuming conversions	375	535	569
<b>Per Share (\$)</b>	<b>0.62</b>	<b>0.57</b>	<b>0.68</b>
Failure Rate risk	65%	55%	0%
<b>Risk adjusted value (\$)</b>	<b>0.22</b>	<b>0.26</b>	<b>0.68</b>

- In summary, our view of the project has not changed. While the death of Mr Ross is unfortunate and untimely, both Eastland and ProtoPharma are confident that the necessary contingencies are in place to progress the ArTiMist™ project and its commercialisation.

09 Aug 2010

12mth Rating

Spec BUY

Price	A\$	0.048
Target Price	A\$	0.26
12m Total Return	%	441.7

RIC: EMS.AX

BBG: EMS AU

Shares o/s	m	436.4
Free Float	%	95
Market Cap.	A\$m	20.9
Net Debt (Cash)	A\$m	-2.3
Net Debt/Equity	%	Na
3m Av. D. T'over	A\$m	0.04
52wk High/Low	A\$	0.10/0.03
2yr adj. beta		0.85

Valuation:

Methodology		DCF
Value per share	A\$	0.26

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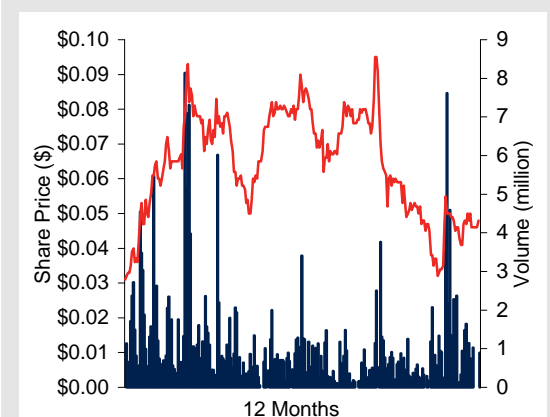
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*Disclosure: Patersons Securities Ltd acted as Lead Manager to the Share Placement that raised \$2.277m at \$0.04 per share for Eastland in August 2010. It received a fee for this service.*

*Additionally, Patersons Securities Ltd acted as Lead Manager to the Share Placement that raised \$0.87m at \$0.03 per share for Eastland in May 2009.*

*Patersons Securities Ltd also acted as Lead Manager and partial Underwriter to the Rights Issue to raise \$3.28m at \$0.03 per share for Eastland in June 2009. It received fees for these services.*

12 Month Share Price Performance



Performance %	1mth	3mth	12mth
Absolute	-8.0	-23.3	43.8
Rel. S&P/ASX 300	-8.9	-22.0	40.1



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