

**VASTox plc**  
**(“VASTox” or “the Company”)**

**VASTox plc ACQUIRES DANIOLABS LTD AND DEXTRA LABORATORIES LTD  
TO STRENGTHEN ITS DRUG DISCOVERY PIPELINE AND PHARMACEUTICAL  
SERVICES BUSINESS**

- Enhances drug pipeline through the addition of two clinical and two pre-clinical programmes in neurological and ophthalmic diseases
- World dominance in two drug discovery technology platforms: chemical genomics and carbohydrate chemistry
- Immediate increase in revenue generation from expanded and enhanced drug discovery service business

**Oxford, UK, 22 March 2007** – VASTox plc (AIM: VOX) announced today that it has completed the simultaneous acquisition of DanioLabs Ltd (“DanioLabs”), a private UK drug discovery company, and Dextra Laboratories Ltd (“Dextra”), a specialist carbohydrate chemistry service company.

These deals represent an important strategic step for VASTox as they strengthen and diversify its drug discovery and development pipeline through the addition of two clinical and two pre-clinical programmes in neurological and ophthalmic diseases, which will provide increased near-term opportunities for high-value licensing and partnership deals; enhance its scientific expertise and capabilities in zebrafish chemical genomics and carbohydrate chemistry; and boost its scientific infrastructure through the acquisition of two high-tech laboratory facilities in Cambridge and Reading. These technology platforms are crucial to VASTox’s ability to create value as they underpin its internal drug discovery and development programmes as well as forming a basis for the enhanced growth of its profitable pharmaceutical services business.

In addition, the strengthened technology platforms will immediately increase the revenues generated by the service business and also offers the potential for an increase in number of higher-value collaboration deals with its now enlarged client base.

Daniolabs (Cambridge, UK) has been acquired for £15 million payable through the issue of 11,732,361 new 10p ordinary shares and cash of £159,000 to DanioLabs’ existing shareholders based on a VASTox share price of 126.5p, calculated as an average share price over a ten-day period ending 20 March 2007, the last business day before the deal was concluded. Of the consideration shares, 1,173,233 shares will be deferred and issued in one year’s time provided there are no warranty claims during the intervening period. At 31 July 2006 DanioLabs recorded net assets of £2.74m and a loss on operating activities before taxation of £2.76m.

The CEO and CFO of DanioLabs will step down with immediate effect. VASTox will retain Daniolabs’ scientific research facility in Cambridge and all 37 remaining staff will take up new positions within the enlarged Group.

In addition, Dr Andrew Richards, a Non-Executive Director of Daniolabs since its inception, will be appointed as a Non-Executive Director of VASTox. See Notes to Editors for biography.

Dextra Laboratories (Reading, UK) has been acquired for £1.5 million, payable through the issue of 1,185,771 new 10p ordinary shares to Dextra's existing shareholders, based on a VASTox share price of 126.5p, calculated as an average share price over a ten-day period ending 20 March 2007, the last business day before the deal was concluded. On 30 September 2006 Dextra recorded net assets of £0.17m and a profit on operating activities before taxation of £0.07m.

VASTox will retain Dextra's state-of-the-art chemistry facility in Reading with all 17 Dextra employees becoming employees of the enlarged VASTox.

The acquisitions are expected to complete by 28 March 2007 when the shares will be admitted to AIM. Following the completion of both these transactions, a total of 48,961,965 ordinary shares will be in issue.

Commenting on both deals, VASTox's CEO Steve Lee, PhD said: "The acquisitions of DanioLabs and Dextra represent a transforming development for VASTox. The successful completion of these two deals will add significant value to VASTox's business with important clinical and pre-clinical additions to our drug pipeline and a strengthening of our drug discovery and development technology platforms.

"Following these transactions, plus the earlier deal with MNL Pharma in December 2006, VASTox now has a broad drug discovery pipeline with programmes in clinical and discovery phases of development targeting neuro-disorders, cancer, ophthalmology, infectious diseases and regenerative medicine. In addition, the Company has established itself as the dominant global player in the areas of chemical genomics and carbohydrate chemistry, both of which are increasingly being recognised by pharmaceutical and biotechnology companies as valuable and effective technologies for the drug discovery and development process.

"Today's announcement further highlights the ambitions we have for the future of VASTox and we are confident the enlarged company has now reached a position where it will be able to create substantial value for all our shareholders."

## **Further Information**

### **An Enhanced Drug Discovery Pipeline**

The acquisition of DanioLabs has expanded VASTox's drug discovery pipeline through the addition of a portfolio of high-quality discovery programmes across a range of therapeutic indications. One of VASTox's core areas of expertise in neuro-disorders (neurodegenerative and neuromuscular) has been boosted by two clinical programmes in Phase I trials targeting the symptoms of Parkinson's disease, plus several discovery stage programmes focusing on a variety of neuro-disorders including epilepsy, multiple sclerosis and cognitive disorders. The Company's discovery pipeline has also been augmented with a well-developed pre-clinical programme focused on treatments of glaucoma and age-related macular degeneration (AMD).

VASTox will integrate these programmes rapidly over the coming months with the objective of advancing them through the clinical and discovery phases of development.

## **A Global Force in Two Technology Platforms**

VASTox's technology platform has been significantly strengthened in the key areas of zebrafish chemical genomics and carbohydrate chemistry. The acquisition of DanioLabs has created the premier zebrafish company in the world and demonstrates the belief the Company has in the ability of zebrafish to significantly reduce the cost and time of the drug discovery process. This belief is being validated by the rising number of service collaborations and the increasing values of these deals, which both VASTox and DanioLabs are undertaking with the wider pharmaceutical industry.

Tony Sedgwick, CEO of DanioLabs, commented: "On behalf of the management and founders of DanioLabs, I am delighted that we have been able to secure the future of our drug discovery programmes and chemical genomics technology by joining forces with VASTox. There is clear synergy between the two companies and we believe that this combination has created the world's leading company in these cutting-edge zebrafish technologies. Furthermore, we believe that this development will maximise the opportunity for VASTox to change the way drug discovery is conducted in the future. It will be exciting to see how this company grows towards its ambitions of becoming a global player."

Dextra Laboratories has an established world-class reputation in the area carbohydrate chemistry and the Company has a profitable custom synthesis business with a turnover in excess of £700,000 in 2006. Dextra has an unrivalled and innovative scientific expertise in the synthesis and manufacture of compound targets across a range of therapeutic areas. These novel synthetic techniques and strategies have generated a valuable library of complex and rare carbohydrate compounds, which are available to clients through an on-line catalogue business.

The acquisition of Dextra expands significantly VASTox's scientific knowledge and capabilities in the high-value area of carbohydrate chemistry. Carbohydrate molecules are fundamental to life and bring significant value to drug discovery by potentially increasing the efficacy of existing drugs while also being sources of new therapeutics.

Following the acquisition of Dextra and the deal in December 2006 for key assets of MNL Pharma, VASTox now has access to the world's leading experts on carbohydrate chemistry as it becomes the global leader in this commercially under-exploited area of the drug discovery industry.

John Fromson, PhD, Executive Chairman of Dextra, commented: "We are delighted that Dextra will be joining forces with VASTox and are excited about the scientific, commercial and financial input VASTox can offer to developing our combined offering for enhancing the drug discovery and development process. Our scientists look forward to being part of VASTox and working towards realising the full potential of carbohydrates in the pharmaceutical industry and developing this world-class business."

Following this announcement, VASTox have begun the process to find a new corporate identity, which will better reflect the business of the enlarged Company.

High resolution images are available for the media to view and download free of charge from [www.vismedia.co.uk](http://www.vismedia.co.uk)

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**Notes to Editors**

**About VASTox plc**

VASTox is a leading UK biotechnology company that discovers and develops proprietary new drugs. The Company's internal drug development programmes are underpinned by its advanced chemistry and drug screening (chemical genomics) technology platforms, which it also provides on a collaborative or fee-for-service basis to the pharmaceutical industry.

VASTox has a broad range of drug discovery programmes in the clinical, pre-clinical and discovery stages of development, which target serious diseases with a high unmet medical need. These therapeutic areas include neuro-disorders (neurodegenerative and neuromuscular), anti-infectives, ophthalmic diseases, oncology and regenerative medicines.

VASTox's in-house drug development capabilities combine world-class expertise in both medicinal and carbohydrate chemistry with high-volume, high-content screening using its proprietary zebrafish and fruitfly technologies (chemical genomics). These whole organism screens have the potential to dramatically decrease the time and cost of drug discovery and development by delivering data that are highly predictive of the efficacy and toxicity of potential drug compounds in humans.

The company listed on the AIM market of the London Stock Exchange in October 2004 – symbol: VOX

Further information about the company is available at [www.vastox.com](http://www.vastox.com)

**About the Nominated Non-Executive Director, Dr Andrew Richards**

Dr Andrew Richards has been a director of DanioLabs since its foundation in 2002. He is currently a director of Vectura Group plc, Biowisdom Limited, Theradeas Limited, Cancer Research Technology Limited (commercial arm of CR-UK) and Babraham Bioscience Technology Limited in addition to being chairman of

Geneservice Limited and Pharmakodex Limited. He is a founder member of the Cambridge Angels, a member of the Council of UEA and a director of the Bioindustry Association (BIA). A Cambridge graduate with a PhD in protein chemistry, he spent his early career with ICI plc (now AstraZeneca plc) and with PA Technology. In 1992, he co-founded Chiroscience and was business development director through to the merger in 1999 with Celltech. He is an established biotechnology entrepreneur and business angel, focusing on founding, investing in, and assisting in the development of biotechnology and healthcare companies including several of those listed above as well as Arakis Limited, Cambridge Biotechnology Limited, Amedis Pharmaceuticals Limited and Sirius Pharmaceuticals Limited all of which were recently sold.

VASTox confirms that, save for the above, there are no other matters under paragraph (g) of Schedule 2 of the AIM rules to be announced.

*This document contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipates", "intends", "plans", "seeks", "believes", "estimates", "expects" and similar references to future periods, or by the inclusion of forecasts or projections.*

*Forward-looking statements are based on the Company's current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. The Company's actual results may differ materially from those contemplated by the forward-looking statements. The Company cautions you therefore that you should not rely on any of these forward-looking statements as statements of historical fact or as guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include [factors included in this presentation] and regional, national, global political, economic, business, competitive, market and regulatory conditions.*