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Eastland Medical Systems LTD

ASX Release

EMS UPDATE

- **ART004 Confirmatory Study in Rwanda progressing well and preliminary results (raw data) continue to be positive. Rwanda is expected to be completed on time. EMS now anticipates processing up to 50 children in Rwanda.**

- **Provisional Ethics Committee Approval for Burkina Faso and Ghana received and awaiting State approvals. Uganda Ethics approvals imminent and awaiting notification from Tanzania.**

- **Directors continue to witness evidence which indicates ArTiMist™ has significant commercial value.**

- **The WHO state "any successful attempt to reduce mortality from malaria *will have to explore novel possibilities for minimising treatment delays".* ArTiMist™ is both novel and eliminates treatment delays. The on-going results from Africa indicate that ArTiMist™ could well become a preferred, frontline treatment for complicated *falciparum* malaria in children. ArTiMist™ has been designed so it can be administered without highly-trained medical assistance or hospitalisation, has proven shelf life and does not require refrigeration.**

- **For 4 months EMS has been frustrated by ProtoPharma delays in reporting progress and financial information of the current ART004 trial. Timely updates have been disrupted. EMS has now made significant progress to resolving these issues.**

- **Berlin Pharma liquidation progressing through the German legal system. EMS is closely monitoring the situation. EMS continues to hold the *"safety-net"* right to source 10 million product units in the UK until Berlin Pharma can meet its contracted performance obligations.**

- **Major overhaul of all EMS's internal corporate governance and financial management systems completed.**

Operational Matters

The sudden unexpected loss of Calvin Ross, and the liquidation of our contract manufacturer hcBerlin Pharma AG presented a number of complex operational issues. The Board believes that progress has been made in both areas, and all of the remaining issues are being vigorously addressed.

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Based on the results reported below, the Board continues to believe that **ArTiMist™** has significant commercial value, and successfully developed has a critical role to play as a frontline treatment in paediatric malaria. The progressive commercialisation of **ArTiMist™** thus has the potential to provide a significant and justified return to shareholders.

ART004 Clinical Trial

The ART004 clinical trial is managed by ProtoPharma Ltd for the benefit of EMS under the terms of a License Agreement (LA). Over the past 4 months efforts to obtain timely information from ProtoPharma on both trial progress and financial data have not been forthcoming in accordance with the LA. The Board believes these issues relate to internal changes within ProtoPharma following the loss of Calvin Ross. Most issues have been cleared, however regular EMS shareholder updates on the trial have been disrupted.

The Board is acutely aware of the need to provide regular updates to the market under continuous disclosure as well as part of properly publicising and advancing the activities of your Company. The disruption recently experienced, compromised the Board's required accuracy and verification standards. The Board will make every effort to repair this, and ensure proper timely reporting under the LA.

The **ArTiMist™** malaria project remains without doubt the jewel in the crown for EMS shareholders.

The current ART004 trial is a randomised, open labelled, active controlled, multi centre, superiority trial of **ArTiMist™** versus intravenous quinine in Children with severe or complicated *falciparum* malaria, or uncomplicated *falciparum* malaria with gastrointestinal complications.

The preliminary raw data and observations from the current ART004 continues to confirm the earlier positive results from the ART003 trial. A convincing argument for *sub-lingual delivery of Artemether for the treatment of childhood malaria* can thus clearly be made. The anecdotal reports from the medical staff and observers coupled with the clinical data show a greater than 90% parasite reduction within 24 hours with treated comatose children soon sitting up in their beds.

Country Progress

On account of the clinical trial work proceeding well in **Rwanda**, ProtoPharma have indicated the number of children to be treated has been *increased* from 25 to approximately 50. The Rwandan arm of the trial expects to be completed in the 2nd quarter 2011.

Provisional Ethics Committee Approval for **Burkina Faso and Ghana** has been received and State approvals are now awaited. **Uganda** ethics approvals are reported to be imminent. Notification from **Tanzania** is currently awaited

The Board has requested ProtoPharma to confirm the Board's belief that it would be prudent for EMS shareholders to anticipate that the full ART004 Trial results, incorporating the results from **Rwanda, Tanzania, Uganda, Ghana and/or Burkina Faso,** are only likely to be available in the third quarter 2011. If this timing changes, EMS will provide an immediate update.

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Clinical Development Generally

EMS makes the observation that clinical development is not an exact science, but rather, necessarily, a rigorous complicated process, and most often time-consuming and expensive. During the planning and trial stages all best endeavours are made to develop and maintain accurate timeframes. These timeframes are subject to many variables that are sometimes beyond the control of both ProtoPharma and EMS. Complex trials being carried out under ICH guidelines in 4-5 sub-Saharan African countries very often present difficult and challenging conditions, both politically and clinically.

hcBerlin Pharma AG (in Liquidation)

Berlin Pharma currently holds the manufacturing rights for ArTiMist™ pursuant to a Licence Agreement. The rights were secured to Berlin Pharma AG in mid-2008 in exchange for the issue of 8.0m fully paid Berlin Pharma shares of €1 each. The exclusive license of the rights to Berlin Pharma have integral attached performance obligations. If Berlin Pharma fail to perform, Eastland is authorised to source product from a third party manufacturer. EMS currently has an agreement in place with ProtoPharma to supply up to 10 million units per year if and when required.

Corporate Matters

Eastland has undergone a significant transition over the past 12 months. The Company has effectively replaced all Board members, (with the exception of the Chairman), all senior management and all management and staff in its subsidiary Westcoast Surgical and Medical Supplies.

During the past 2-3 months Eastland has seen a considerable turnaround in the internal operations of the company, including a complete restructuring of our corporate governance, financial management and reporting and compliance systems and procedures.

EMS has faced some significant challenges over the past 12 months, including being drawn into litigation to protect our assets. We now have a new management team in place and the ART004 trial is progressing. Results from ART003 indicate the product is safe and effective, well-tolerated, easily administered and rapidly absorbed, and EMS expects the current ART004 trial results will establish superiority over the current treatment - IV quinine. This outcome will provide EMS with a powerful marketing platform for **ArTiMist™.**

The Board thanks EMS Shareholders for their patience and looks forward to on-going support.

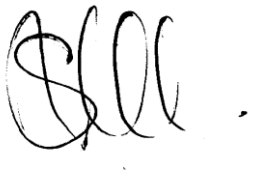
[Note: Clinical trial data is published on selected websites. The latest verified data posted by **ArTiMist™** project manager ProtoPharma for ART004 is at:

http://clinicaltrials.gov/ct2/show/NCT01258049?term=art004&rank=1

and results of the ART003 trial are at:

http://clinicaltrials.gov/ct2/show/NCT01047436?term=art003&rank=1

(Note: ProtoPharma conducts all trials for the benefit of EMS)]



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