

COLLABORATION WITH SAREUM HOLDINGS

Karus Therapeutics is pleased to announce it has entered into a collaborative agreement with AIM-listed **Sareum Holdings plc**, a specialist structure-based drug discovery and services business. Sareum will provide computational chemistry expertise to support Karus' therapeutic discovery programmes based on inhibitors of histone deacetylase (HDAC). Financial terms of the agreement were not disclosed.

Commenting on the announcement, Karus' Founder Director, Dr A Ganesan said: *"We are excited at the opportunity to work with Sareum. In a short period of time they have established a reputation as a high-quality provider of research tools for drug discovery. We believe their expertise and resources will have a significant impact upon our programme."*

Commenting on the agreement, Sareum's Chief Executive Officer, Dr Tim Mitchell, said: *"We are delighted that we have been chosen by Karus to provide these drug discovery services and we look forward to making a valuable contribution to their development programmes."*

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Notes for editors:

About Karus Therapeutics

Karus is a drug discovery applying world-class science in chemistry and biology to the discovery, development, and commercialization of new medicines to treat life-threatening diseases.

Our technical focus is on the discovery and development of second generation HDAC inhibitors. This powerful new class of drugs is showing substantial promise in the clinic for the treatment of cancer, but still has many drawbacks that prevent the full realization of their potential. Karus' unique technology will address many of these drawbacks.

Karus was incorporated in June 2005 to develop the research findings and capabilities of Drs. Ganesan and Graham Packham at Southampton University. Dr. Paul Townsend returned to Southampton in 2004 to join this collaboration to bring expertise in chromatin remodelling and cellular differentiation.

Karus intends to prove the value of its science and technology through internal research and early development, and then use this IP base to develop medicines in collaboration with partner companies. Karus welcomes discussions with potential partners for its chemistry and biology capabilities and for its lead NCE series

About Sareum Holdings plc

Sareum Holdings plc is a specialist structure based drug discovery business headquartered in Cambridge, UK. The Company was formed in August 2003 to discover new drugs for the treatment of cancer and to provide a range of drug discovery services to the pharmaceutical industry. Sareum's unique approach aims to halve the time it takes to discover new drug candidates.

Structure-based drug discovery involves the determination of a disease causing protein's three-dimensional structure. Once the structure is known, novel chemical entities are designed to 'lock-in' to the protein with the aim of reversing or arresting a disease's progression.

Sareum's approach to structure based drug discovery is to produce multiple recombinant proteins primarily through a baculovirus expression system; determine their structure using x-ray crystallography; and then use the Company's template-molecule x-ray screening technology to identify new chemical entities designed to interact with the target protein. Sareum then uses its high-throughput medicinal chemistry platform to rapidly synthesise further molecules and develop the most promising into potential drug candidates.

Sareum provides its specialist drug discovery capabilities to partners in the pharmaceutical and biotechnology industries. The Company aims to successfully deliver: Programmes for complete gene-to-candidate structure-based discovery; projects to accelerate or improve the productivity of specific activities; and drug candidates for licensing at the Phase I or Phase II clinical trials stage. Sareum joined the AIM market of the London Stock Exchange in October 2004 and trades under the symbol SAR. For further information, please visit www.sareum.co.uk