

Oct 01, 2008 11:17 ET

**ALDA Pharmaceuticals Corp.: Shareholder Update - October 1, 2008**

VANCOUVER, BRITISH COLUMBIA--(Marketwire - Oct. 1, 2008) - ALDA Pharmaceuticals Corp. (TSX VENTURE:APH) -

Letter to the Shareholders of ALDA Pharmaceuticals Corp.

Since the last letter to shareholders was released on June 2, 2008, progress has been made on a number of fronts.

- The Company has over \$2.2 Million cash on hand with another \$4.5 Million available from the exercise of outstanding warrants and options.
- Final approval has been received from Health Canada for 3 out of 5 new retail and commercial products.
- All production materials have now been procured and manufacturing of the approved retail and commercial products is scheduled for completion by the end of October, barring any further unforeseen delays.
- All of the filings required for the registration of the company's securities in the US have been completed and provided to the SEC for review.
- Management attended a pre-IND meeting with FDA officials on July 15, 2008, in Silver Spring, MD and plans for moving forward with further testing have been established.
- A CTA (Clinical Trial Application) to apply for human trials in Canada is in progress.
- Further work on the European, Canadian and expanded US patents is in progress.

Here are the details.

Finances and share capital

During the last four months, no further financings were undertaken but more shares and warrants were exercised resulting in 49,891,799 shares issued and outstanding. As of today's date, there are 6,697,500 warrants and 4,420,000 options outstanding which represent up to \$4.5 million in cash. When these warrants and options are exercised, the fully diluted capital of the Company will be just over 61 Million shares. As of today's date, cash on hand is over \$2.2 Million. The goal of management is to conserve this cash and still be able to invest in developing the asset base of the Company. Assisted by the introduction of the new products, the Company can afford to wait for a better financial climate and still continue with the development of its technology and new markets.

Retail and Commercial Products

The following progress has been made with the new retail and commercial products.

- T36<sup>®</sup> Antiseptic Hand Sanitizer (Gel) - received DIN 02314320 on July 22, 2008 and is ready for manufacturing and distribution to retail markets. This is the first product that the Company has had approved for human use.
- T36<sup>®</sup> Antiseptic Hand Sanitizer Spray - ready to be manufactured pending Health Canada approval of the label and issuance of a new DIN.
- T36<sup>®</sup> Disinfex Disinfectant Spray - ready to be manufactured pending Health Canada approval of the label and issuance of a new DIN. This is the original T36<sup>®</sup> formulation that will be marketed as a personal disinfectant.
- T36<sup>®</sup> Disinfex Disinfectant Cleaner (DIN 02314134) - received approval for the current name on July 18, 2008 and will be prepared as disinfectant wipes for distribution to retail and commercial markets.

- T36<sup>®</sup> Disinfectant Cleaner Concentrate (DIN 02278820) - ready to be manufactured for distribution to commercial markets. Dr. William McCoy, the Company's Director in the US, is continuing to work towards registering this product with the EPA in the US.

Manufacturing of the approved products is scheduled for completion by the end of October barring any unexpected delays.

#### Manufacturing and marketing in China

On May 29, 2008, it was announced that He-Yi She Ye Limited ("He-Yi"), ALDA's agent in China had completed pilot production of ALDA's T36<sup>®</sup> Disinfectant and had secured sales contracts for nearly CDN \$2 million. A quarterly reporting requirement is being established for He-Yi and the first report for September 30, 2008 will be released as soon as possible.

#### Therapeutic Products

##### United States

T36<sup>®</sup> was extensively tested at Bioscience Laboratories Inc., located in Bozeman, MT, against bacteria, fungi and viruses. All of the infectious micro-organisms were killed well within the time limits required by the FDA. In separate tests, not related to the FDA, T36<sup>®</sup> killed two of the fungi responsible for athlete's foot within 15 seconds. These results, along with the efficacy and toxicology studies previously conducted by ALDA, were submitted to the FDA in advance of a pre-IND ("Investigational New Drug") meeting held with the FDA in Silver Spring, MD on July 15, 2008. At this meeting, the Company was given approval to proceed to the next round of testing for use of T36<sup>®</sup> as a single dose, pre-surgical and pre-injection skin antiseptic. This is considered to be an important market for ALDA, particularly since it was recently announced that Cardinal Health agreed to purchase Enturia Inc., the maker of Chloraprep<sup>®</sup> products that are used widely in U.S. hospitals and surgery centers to disinfect the skin before procedures, for \$490 million.

The following testing has now been arranged.

- Time kill studies will be conducted at Bioscience Laboratories Inc. In these tests, dozens of infectious micro-organisms will be exposed to each of the active ingredients of T36<sup>®</sup> and the complete T36<sup>®</sup> formula for periods of time ranging from 15 seconds to 30 minutes to determine the time required for each ingredient of T36<sup>®</sup> and the complete T36<sup>®</sup> formulation to completely kill the selected species.

- MIC ("Minimal Inhibitory Concentration") studies will be conducted at Clinical Microbiology Institute, located in Wilsonville, OR. MIC studies test each ingredient of T36<sup>®</sup>, the complete T36<sup>®</sup> formula and a known antiseptic product against hundreds of micro-organisms. The objective of the tests is to determine the minimum concentration that is required for each of the test substances to have a measurable effect on the tested species and to compare those results to the known antiseptic product.

- AD ("Adsorption and Disposition") studies will be conducted at Celsis In Vitro Inc., located in Baltimore, MD. In these tests, the penetration of each ingredient of T36<sup>®</sup> and the complete T36<sup>®</sup> formulation into and through skin will be tested. The objective is to determine if the T36<sup>®</sup> formulation enhances penetration of the skin by any of the ingredients of the formula. From this study, the risk, if any, to humans can be determined.

The MIC and AD protocols have been prepared and will be submitted to the FDA for approval or amendments. Draft kill time protocols are now being reviewed. As the protocols are approved by the FDA, the studies will begin. The budget for these studies is approximately \$635,000 over 6 months after commencement. Upon successful completion of these three studies and with the approval of the FDA, human trials can be conducted that will satisfy the requirements for the registration of the T36<sup>®</sup> surgical antiseptic in Canada, the EU and the US. For other applications of the T36<sup>®</sup> formulation, such as treatments for topical infections, animal studies will be required to determine the safety over the more prolonged exposure times. Since toxicology studies have already demonstrated the safety of the formulation, new studies conducted according to the protocols required by the FDA are expected to be successful. Investigation of the budget requirements for these studies will commence once the tests now being arranged are underway.

## Canada and the EU

To assist with regulatory matters in Canada and the EU, the services of PharmEng Technology Inc. ("PharmEng") have been engaged. PharmEng is a full-service consulting and contract manufacturing company that serves the pharmaceutical, biotechnology and medical device industries in North America and internationally. Under the direction of PharmEng, the results received from Bioscience Laboratories have been incorporated into a CTA (Clinical Trial Application) in preparation for a pre-CTA meeting with Health Canada. This application is very similar to the pre-IND application prepared for the FDA. The difference is that the Company will be applying to Health Canada for permission to conduct human trials without the further studies required by the FDA. If permission is granted, the trials will be designed to satisfy the requirements of the FDA, Health Canada and the European Medicines Agency. The Company is planning on arranging the pre-CTA meeting with Health Canada before the year end, if possible. The timing of that meeting will be dependent on the availability of the Health Canada officials.

## Patents

Progress has been made on the protection of the Company's intellectual property as described below.

US - As reported earlier, a major extension to the original US patent 7,338,927 has been filed to cover certain therapeutic uses. The first Office Action has been received from the US Patent and Trademark Office and is being reviewed by the Company and its patent lawyers to determine the most appropriate response.

Europe - The experimental data that was required for the European Patent Office has now been largely completed and needs to be incorporated into the response to the Office Action.

Canada - An Office Action regarding the patent application was received from the Canadian Intellectual Property Office ("CIPO") and is being reviewed by the Company and its patent lawyers to determine the most appropriate response.

Anti-infective, anti-inflammatory PCT application - The new patent application filed with CIPO under the Patent Cooperation Treaty ("PCT") in March has been assigned International Application No. PCT/CA2008/000536. It is projected by the Company's lawyers that the patent application will be reviewed by CIPO and that the national phase of the application process may begin in November, 2009. In the national phase, the PCT application can be submitted to the intellectual property office of each separate country and to the EPO for "national review" and examined again. Each patent office acts independently and can request its own actions during the process. A patent in any country is material because each country acts totally independently. A patent in any one country does not automatically lead to a patent in any other countries except that the EU reviews and issues patents on behalf of its member countries.

## Foreign securities registration

In March, 2006, a Form 20-F for the fiscal year ended June 30, 2005 was filed on EDGAR, the electronic filing system used for publicly-traded companies in the US ([www.edgar.com](http://www.edgar.com)). In April, 2006, a 14-page response with 86 comments and questions was received from the SEC. In December, 2007, the Company appointed new lawyers, Stanislaw & Ashbaugh, LLP ("Stanislaw") located in Seattle, WA, to assist with the subsequent filings. The SEC advised Stanislaw that the Company did not have to respond directly to the letter of April, 2006 but was required to incorporate responses to the questions and comments raised in the letter into the Form 20-F for 2006 and 2007. This task was completed and the Form 20-F for the two years and all of the outstanding 6-K quarterly reports were filed on EDGAR. The Company then provided all of the information to Pennaluna & Co. in Coeur d'Alene ID, the selected market maker, which, in turn submitted the information to FINRA ("the Financial Industry Regulatory Authority") the non-governmental regulator for all securities firms in the United States. On conducting their due diligence, FINRA was advised that the SEC had "outstanding comments". When contacted by Stanislaw, the Company was advised that the SEC had decided that the letter received in April, 2006 did require a response, after all. A letter pointing out where all of the questions and comments had been addressed in the 2007 Form 20-F was then prepared by the Company and sent to the SEC

on September 25, 2008. The Company has been advised by Stanislaw that the information will be reviewed by the SEC within 30 days and that further questions may be raised. If so, the Company will respond as quickly as possible.

#### Summary

The stock market has been very unkind to a lot of people over the past few months. These are difficult times in the economy but ALDA is in a good position to capitalize on its cash position, imminent sales of new products, the start of production and sales in China, the continuing effort to achieve US registration of its shares, continued testing of T36<sup>®</sup> for therapeutic applications and a good group of advisors and directors who provide a lot of support to the Company. In my 21 years in the market, I have seen market conditions like this many times and ALDA is in a very good position to ride out this storm and emerge as a stronger company.

Sincerely yours,

Terrance G. Owen, Ph.D., M.B.A., President & CEO