

For Immediate Release

**Panacea Biotec enters into Strategic Alliance with PharmAthene, US
in Biodefense and Emerging Infectious Diseases**

Panacea Biotec to make a US \$13.1 Million Strategic Investment in PharmAthene, Inc.

New Delhi, October 1, 2008 – Panacea Biotec Ltd., one of India's leading research based health management Company announced today that it has entered into a strategic alliance with PharmAthene, Inc., Annapolis, MD, US, a biodefense company developing medical countermeasures against biological and chemical threats, that includes a strategic equity investment by the Company through its wholly-owned subsidiary, Kelisia Holdings Ltd., of US\$13.1 million in exchange for the purchase of common stock and warrants in PharmAthene.

Under the financing, Panacea Biotec's subsidiary has agreed to purchase approximately 3.73 million shares of PharmAthene common stock at a negotiated price of US \$3.50 per share. Upon the closing, Panacea Biotec's subsidiary will also receive 12-month warrants to purchase up to approximately 2.75 million additional shares of PharmAthene common stock at an exercise price of US \$5.10 per share. The transaction is expected to close on or before October 20, 2008.

"An alliance with PharmAthene presents important strategic opportunities to create value for both of our companies," said Mr. Rajesh Jain, Joint Managing Director of Panacea Biotec. "Panacea Biotec is committed to identifying partners for US distribution of our products. We recognize the position that PharmAthene has taken in the biodefense space and the core competencies of its management team with respect to vaccine development and commercialization. We are very pleased to participate in this strategic alliance."

"Our agreement with Panacea Biotec is part of a comprehensive strategy to strengthen our balance sheet and forge a strategic alliance with a globally recognized biopharmaceutical company," said David P. Wright, President and Chief Executive Officer of PharmAthene. "We were attracted to Panacea Biotec because it has distinguished itself as an international health management company that is actively conducting research and development of novel chemical and biological pharmaceutical formulations and has developed a diverse proprietary product portfolio encompassing pediatric vaccines and therapeutics for emerging infectious diseases and other human health needs."

Under a related agreement, PharmAthene has the first right of negotiation for US distribution of certain of Panacea Biotec's biodefense products and may enter into discussions with Panacea Biotec regarding potential strategic collaborations that could include development and manufacturing by Panacea Biotec of certain PharmAthene biodefense products.

The investment will increase PharmAthene's ongoing product development activities, enhance working capital, and provide new resources for corporate growth. Immediately after the closing Panacea Biotec, through its subsidiary, will own approximately 14.5% of PharmAthene's issued and outstanding common stock and, with the warrant, will have the right to purchase up to an additional 2.75 million shares, subject to a stock ownership cap, following any warrant exercise, of 19.99% of PharmAthene's issued and outstanding common stock. During the next three years Panacea Biotec has agreed not to purchase additional shares of PharmAthene stock without the prior written consent of PharmAthene. Panacea Biotec's subsidiary will be granted limited rights to participate in future private financings by PharmAthene to maintain its then current ownership level. In addition, PharmAthene will retain full rights to its proprietary information and technology and full management and operational control.

About Panacea Biotec Ltd.

Panacea Biotec is one of India's leading research-based health management companies with established research, manufacturing and marketing capabilities. Panacea Biotec is the 2nd largest vaccine producer in India. Panacea Biotec has been ranked as the 3rd largest biotechnology company (ABLE Survey 2008) and is also amongst the

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top 50 pharmaceutical companies in India. Panacea Biotec's product portfolio includes highly innovative prescription products in important therapeutic areas such as pain management, diabetes management, renal-disease management, anti-osteoporosis, anti-tubercular, gastro-intestinal care products, and vaccines. Panacea Biotec has collaborations and tie-ups with leading Indian and international research organizations and corporations. The Company operates manufacturing facilities and has five research and development centers and employs approximately 3,200 employees including over 280 scientists.

About PharmAthene, Inc.

PharmAthene was formed to meet the critical needs of the United States and its allies by developing and commercializing medical countermeasures against biological and chemical weapons. PharmAthene's lead product development programs include SparVax™ - a second generation recombinant protective antigen (rPA) anthrax vaccine; Third generation rPA anthrax vaccine; Valortim® - a fully human monoclonal antibody for the prevention and treatment of anthrax infection; Protexia® - a novel bioscavenger for the prevention and treatment of morbidity and mortality associated with exposure to chemical nerve agents; and RypVax™ - a recombinant dual antigen vaccine for plague. For more information about PharmAthene, please visit www.PharmaAthene.com.

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