Brilliance in photodynamic technology ™

Photocure ASA

Exclusive global Licence Agreement for Lumacan™ with Salix Pharmaceuticals, Inc.

20 October 2010

Kjetil Hestdal, President & CEO

Agreement with Salix Pharmaceuticals Inc. for Lumacan™

- Exclusive worldwide license - excluding the Nordic region- for development, registration and commercialisation of Lumacan™

Photocure to receive:

- Signing fee of $4 million
- Milestone payments up to $126.5 million, (the majority in development milestones)
- Rights to market and sell Lumacan in the Nordic region
- Tiered double digit royalties on net sales in the US
- A percentage of all sublicense revenue worldwide outside the US
- Photocure to cover formulation development costs up to $3 million

Salix to receive:

- Rights to IP related to the molecule hexylaminolevulinate (HAL) for the diagnosis of colorectal cancer.
- Technical data related to the development of Lumacan
- Access to Photocure's know-how and expertise
- Rights to develop, register and commercialize Lumacan globally (except Nordic)
- Rights to sublicense of Lumacan
- Rights to develop new PDT products based on HAL for gastrointestinal dysplasia or cancer after negotiating terms with Photocure

In line with Photocure's strategic approach to business development and partnering

- Photocure's main strategic target is to;
  - Build a profitable specialty pharma company
  - Maximise the potential of its innovative Photodynamic Tehcnology Platform
  - Leverage proven experience to develop register and commercialise new products in dermatology and cancer

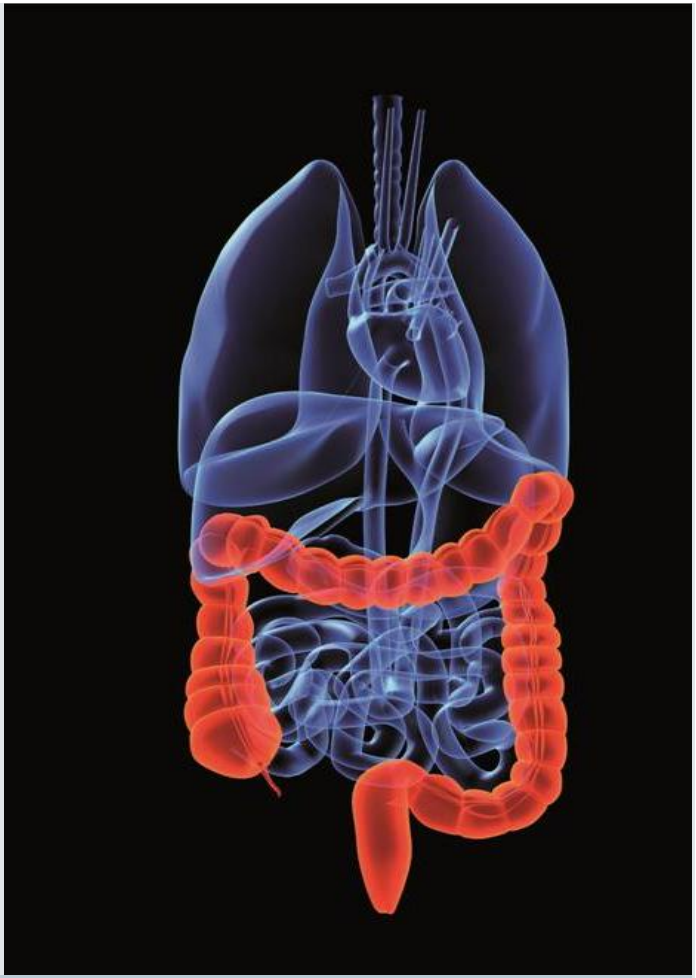
- Within cancer, this strategy implies;
  - ✓ Development of Proof of Concept,
  - ✓ Outlicensing before phase III
  - ✓ Retainment of rights to market in selected countries

- Partnering selection critieria;
  - ✓ Strong commercial leadership in therapeutic area
  - ✓ Proven development and regulatory experience
  - ✓ Significant financial resources

The Lumacan agreement is fully consistent with strategic objectives

Colorectal Cancer

- 3rd most commonly diagnosed cancer
- 2nd most deadly cancer worldwide*, even though colon cancer is curable when diagnosed earlier
- > 500,000 new cases and ~250,000 deaths from colon cancer each year in the US and EU
- Current diagnosis has limitations
  - Smaller polyps/flat precancerous lesions easily overlooked
  - Highly operator dependent
- Market growing, extensive patient screening programs
  - ~14 million colonoscopies in US including screening of high risk patients and diagnosis of colon cancer*



Colon cancer curable when diagnosed early

*Source: NCI Survey of Colon Cancer Practices

Lumacan™

Offers improved diagnosis of colorectal cancer

- Lumacan™ - Photodynamic colorectal diagnosis
  - Increases detection rate for colon cancer
  - Fluorescence diagnosis
  - Used as adjunct to standard white light colonoscopy
- Lumacan targets high-risk screening patients and diagnostics patients in follow-up of colon cancer
  - These subgroups are estimated to account for approximately 20% of the total number of colonoscopies undertaken
- Proof of Concept: Lumacan™ colonoscopy resulted in 40% increase in detection rate compared to white light alone, using enema

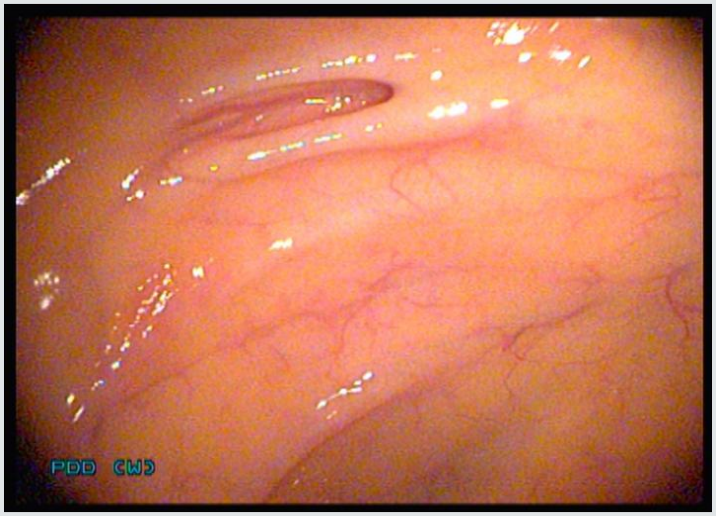
Early diagnosis is the key to improved therapeutic care

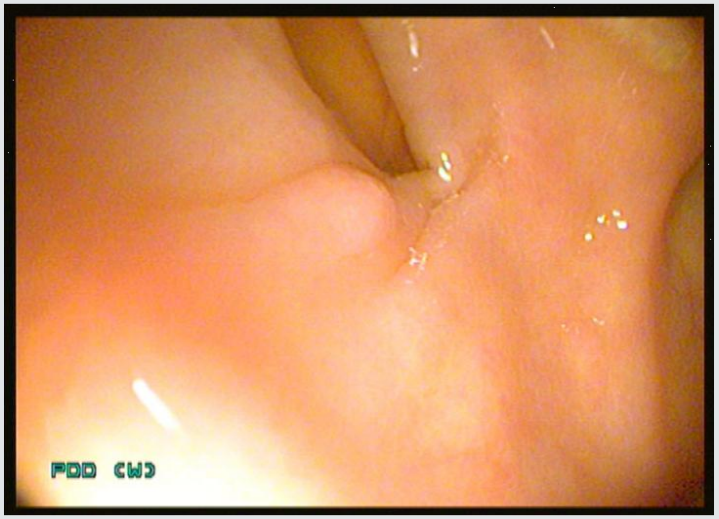
*PoC = Proof-of-Concept

Lumacan™ Improved diagnosis of colorectal cancer

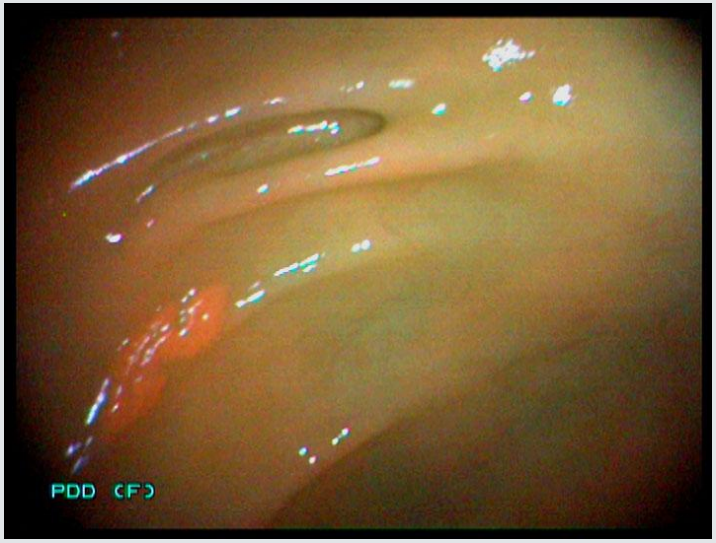
Proof of Concept study in Germany: Flat lesion showing fluorescence in colon (Courtesy: Prof. Dr. B. Mayinger)

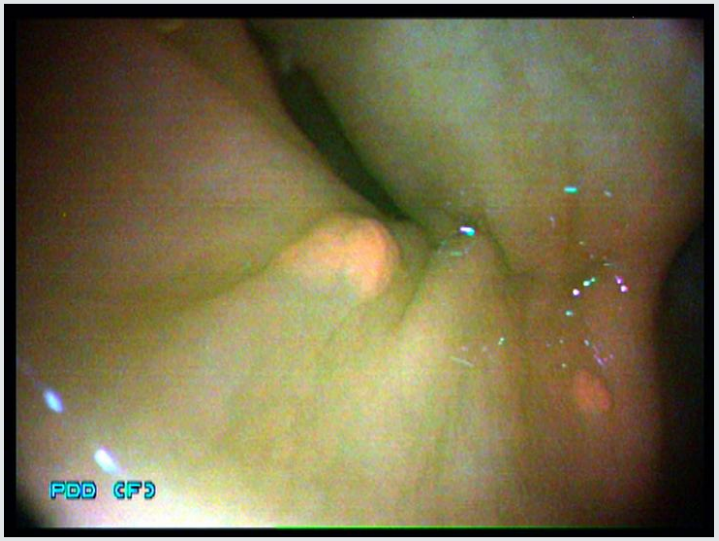
White light





Blue light





Strong Product Portfolio

Clinical pipeline:

	PRODUCT	INDICATION	Pre-Clinical	Phase I	Phase II	Phase III	Market	Status
CANCER	Hexvix®	Detection of bladder cancer						Marketed in Europe and US
	Cevira™	Treatment of precursors of cervical cancer						Results expected Q1 2011
	Lumacan™	**Detection of colon cancer**						**Licensed to Salix 2010**
DERMATOLOGY	Visonac™	Treatment of moderate to severe acne						Updating development plan
	Allumera™	Cosmetic product for improving the appearance of the skin		Consumer trial in US				Expected US launch 2011

Next Major Milestones

Commercial:

- GE Healthcare launch of Cysview™ in the US
- Progress on commercial activities for Hexvix® in Europe
- Prepare for first dermatology product launch in the US in 2011

Pipeline progress:

- Visonac™: Update on clinical development plan in Q4 2010
- Cevira™: Final results from phase I/II study in Q1 2011
- Lumacan™: Development taken over by Salix
- Allumera™: Complete consumer trial and report results in Q1 2011

Summary

- Out-licensing of Lumacan in phase I/II is consistent with Photocure's strategic approach to the cancer area
- Salix Pharmaceuticals' meet all Photocure's criteria for partner selection, and the agreement offers the best way of accelerating the development of Lumacan and create value for Photocure's shareholders
- The value of the deal is:
  - More than $130 million in milestone payments
  - Double-digit royalty percentage upon launch in the US market
  - A significant percentage of Salix' revenue derived from sub-licensing outside of the US
- Photocure's future costs are limited to $3 million, plus internal follow-up
  - Unties funds tied up to future development of Lumacan and increases financial flexibility

PHOTOCURE™ TECHNOLOGY

Photodynamic therapy and diagnosis

Earlier & more accurate diagnosis

More targeted treatment

Few/ limited side effects

Well documented

New standards for diagnosis & treatment of cancer

Clinically validated – 2 on-market products and 3 products in the clinical pipeline

Appendix

Salix Pharmaceuticals, Inc

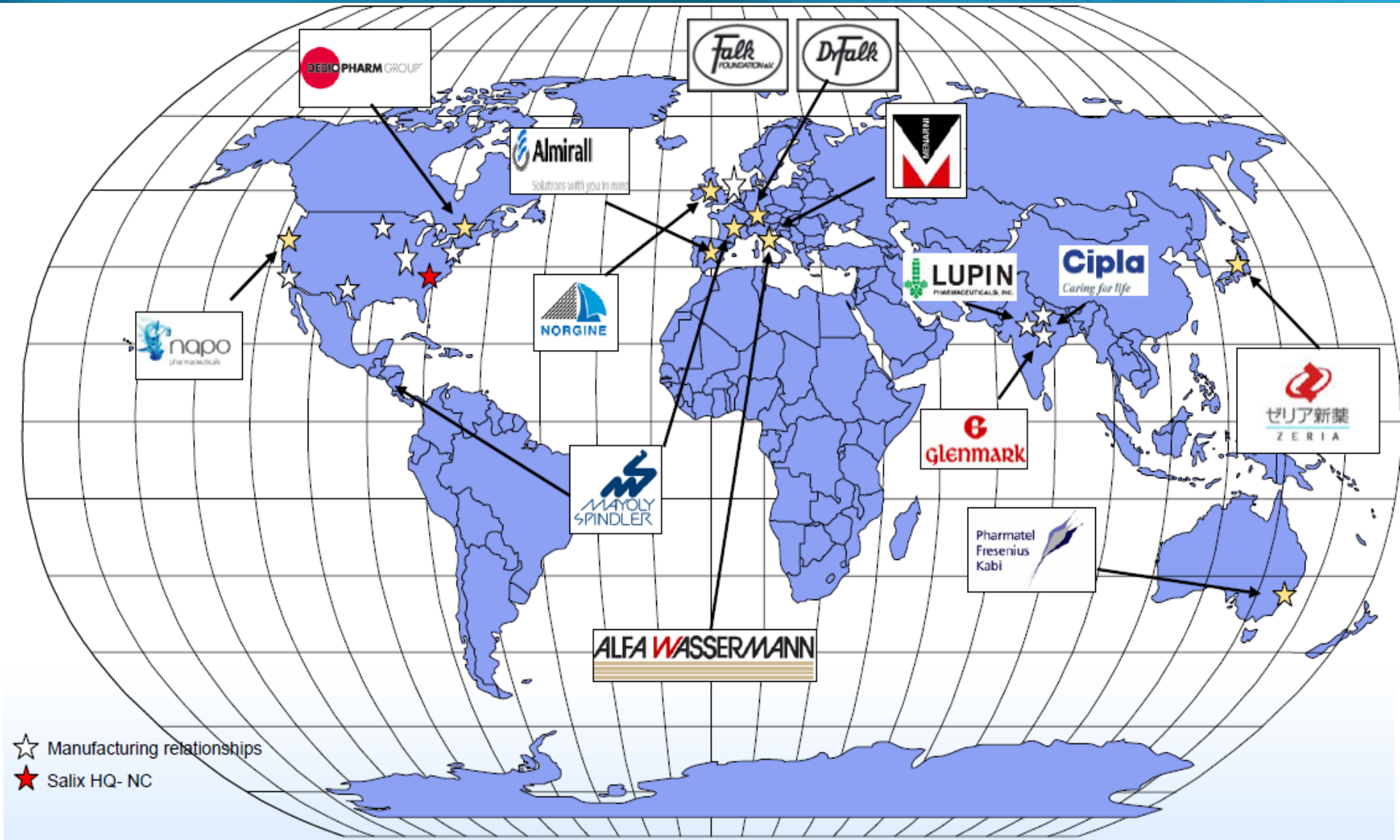
- Headquarter: Morrisville, North Carolina
- Stock Exchange: NASDAQ
- Employees: ~400
- Sales force: ~160 employees
- R&D: ~50 employees
- 2009 Sales: $230 million
- 2009 R&D: $90 million
- Market Cap: $2.3 billion

Salix Pharmaceuticals, Inc.

Mission Statement

Salix Pharmaceuticals is **committed** to being the leading U.S. specialty pharmaceutical company licensing, developing and marketing **innovative** products to healthcare professionals to prevent or treat **gastrointestinal** disorders.

Global reach through key partnerships



Salix Experience

- Proven track record of acquiring products
  - -14 products since inception
- Success in progressing product candidates through late-stage development and FDA approval process
  - - 7 NDA approvals and new product launches since 2000
  - - 2 NDAs pending approval
- Specialty sales force
  - - Average 10 years prior pharma experience
  - - 42% GI prior sales experience

Salix Pharmaceuticals, Inc.

Salix Sales Force

	TEAM futura	TEAM integra	total
Field Managers	10	15	25
Sales Reps	64	96	160
Physician Targets	13,243	14,490	20,235 (Unique Prescribers)
Products	XIFAXAN METOZOLV ODT APRISO	XIFAXAN APRISO Purgatives	

Salix Pharmaceuticals, Inc.

Forward-Looking Statement

Statements presented in this overview that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results.

Factors that could cause actual results to differ materially include the risks and uncertainties of clinical trials and regulatory review, anticipated losses and our need to return to profitability, intellectual property risks specifically patent protection, competition from generic products and otherwise, market acceptance of approved products, and the need to acquire new products. These and other relevant risks are detailed in the Company's Securities and Exchange Commission filings.

Salix Pharmaceuticals, Inc.