



ASX ANNOUNCEMENT

Non-renounceable Rights Issue

3 December 2007, Sydney, Australia: Imugene is pleased to announce the terms of a fully underwritten non-renounceable rights issue ("Rights Issue") on the basis of one share for every ten shares held at the record date of 11 December 2007.

Rights Issue shares will be offered at 14 cents per share a discount of 36% to the weekly Volume Weighted Average Price of Imugene shares (22 cents) over the preceding 12 months. The maximum number of shares which may be issued under the Rights Issue is estimated at 13,057,956. The Rights Issue is expected to raise approximately \$1,828,114 (before expenses of offer).

The Company intends to apply funds raised from this issue in conjunction with its existing funds towards the continued development and commercialisation of the Imugene pig and poultry vaccines.

The record date for entitlements under the Rights Issue is 11 December 2007 and the due date for receipt of applications for shares pursuant to the Rights Issue is 15 January 2008.

Further details of the terms and conditions of the Rights Issue including details of underwriting arrangements are set out on the following pages, together with an ASX Appendix 3B in respect of the Rights Issue shares. The issue is being fully underwritten by Southern Cross Equities Limited for an underwriting fee of 4% plus a management fee of 1% of the funds raised from the Rights Issue.

Evidencing their strong belief in the Company's prospects as the vaccines commercialisation program moves forward, all three Directors of the Company have confirmed that they and their associates will be :

- taking up their full Rights Issue entitlements (in total amounts to approximately \$244,000), and
- sub-underwriting, in total, the first \$200,000 of any shortfall arising from the Rights Issue. (The Directors will not be paid any fees in respect of this sub underwriting).

NOTICE UNDER s708AA OF THE CORPORATIONS ACT 2001 (Cth) ("ACT")

The Company hereby notifies ASX under paragraph 708AA 2(f) of the Act that:

1. the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Act;
2. the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;
3. as at 3 December 2007, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;
4. as at 3 December 2007, the Company has complied with section 674 of the Act;
5. as at 3 December 2007, there is no information:

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- a. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - b. that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - ii. the rights and liabilities attaching to the Shares; and
6. the issue of Shares under the Rights Issue is not expected to have any effect on the control of Imugene.

DETAILS OF THE RIGHTS ISSUE

The Rights Issue offer is on the basis of 1 share for every 10 shares held on the Record Date (11 December 2007).

Rights Issue shares will be offered at 14 cents per share.

The Rights Issue is non-renounceable and is available to all eligible Imugene shareholders registered on the Record Date as detailed in the timetable which follows ("Timetable"). Please note that shareholders at the Record Date with a registered address outside of Australia or New Zealand will not be eligible to participate in the Rights Issue.

The approximate number of shares which may be issued under the Rights Issue is 13,057,956 to raise approximately \$1,828,114 (before costs of issue) based on the current capital structure of the Company.

An offer document (Offer Document) and entitlement form will be sent to you on the date referred to in the Timetable.

Where the determination of the entitlement of any eligible shareholder results in a fraction of a Rights Issue share, such fraction will be rounded up to the nearest whole share. Rights Issue shares, once issued will rank equally with shares currently on issue. Shareholder approval is not required in relation to the Rights Issue. There will be no deferred settlement of the sale of shares offered under the Rights Issue. Trading in the Rights Issue shares will commence on the first business day following dispatch of holding statements.

A notice under section 708AA(2)(f) of the Act and an offer document will be lodged with the ASX on or about 11 December 2007 in respect of the Rights Issue. The Offer Document will not constitute an offer in any place in which or to any person to whom it would be unlawful to make such an offer.

Use of Funds

The purpose of the Right Issue offer is to raise funds which the Company intends to apply, in conjunction with its existing cash reserves and grant funding, towards the production and commercialisation of the animal vaccines under development. Principally the funds will be used to support the development and trialing of the next group of vaccines being commercialised and to fund the initial regulatory processes in the US for both FAV based poultry vaccines and the PAV based pig vaccines.

Imugene is developing a portfolio of disease preventative vaccines for the pig and poultry industries. Several vaccines are at an advanced stage in the commercialisation process and the next product range of vaccines are now entering the animal trialing phase.

The vaccines entering the licensing negotiation phase to external animal health companies include the H5N1 Avian Influenza vaccine for broiler birds (birds bred for chicken meat). This follows the very successful 2007 trials in which the H5N1 vaccine for poultry achieved 100% efficacy in challenge trials in the US. The administration of a single 'in ovo' dosing followed by an oral booster dose is commercially attractive to the poultry industry, particularly in the major poultry producing areas of North America and Europe. Imugene is currently adding vaccines for the H7 & H9 types of Avian Influenza to compliment its suite of 'Bird Flu' vaccines. In addition, a diagnostic kit is being finalised to be licensed with the vaccines suite.

Imugene is preparing to undertake/participate in a number of important animal trials in 2008. Our vaccine development work with Abic Biological Laboratories Teva Ltd (Abic) has been successfully finalised and the first proof of concept animal trial is planned. This trial is being undertaken by Abic and we understand that all necessary approvals to conduct this trial in Australia have been received. We anticipate Abic will commence this trial in early 2008.

Other animal trials Imugene is planning to undertake in 2008 include an efficacy trial for the optimised vaccine to prevent Porcine Reproductive and Respiratory disease (PRRS). Recent scientific information has allowed a modification to part of the existing vaccine, which could lead to a significantly improved commercial vaccine. This trial will be conducted following completion of work being carried out by our laboratory to include this change. The final vaccine candidate to proceed to the next trial was selected based on the results from the recently held US based pig trial where the vaccine candidates were tested against the PRRS virus.

Two further pig trials are planned in 2008 in respect of two other vaccines under development.

Additional vaccines have now entered the Imugene product development pipeline – The two most advanced pre-proof of concept vaccines utilise the fowl adenoviral vector delivery system. Chicken Anaemia and Infectious Bursal Disease are two viral diseases that the Imugene laboratory is currently in the process of constructing preventative vaccine candidates for testing. Imugene estimates commencing trials on each vaccine candidate, once finalised and fully laboratory tested, in 2008. These vaccines are valid candidates for in ovo administration and would add to the range of vaccines suitable for this commercially well accepted method of administration.

Importantly, as the number of vaccines in the commercialisation process has increased significantly during 2007, Imugene has commenced a formal process to obtain initial regulatory consents in the major world jurisdictions. This process commenced in the US in late 2007. Given the greater market sizes for our products in the US and Europe, the main regulatory efforts of Imugene, our consultants and licence partners (existing & future) will be focused in those markets. Our licence partners are required to bear the major financial burden of this exercise. The rationale is to increase the commercial value of the vaccines prior to finalising licensing negotiations with the major multinational animal health companies. We believe the major increase in the value of our product portfolio will follow progressive successful steps down the regulatory pathway.

Upon completion of the Rights Issue, it is expected that the Company will have the following securities on issue:

Quoted fully paid ordinary shares	143,637,520
Unquoted options	4,350,000

Details of the Underwriting Agreement

The Company has entered into an underwriting agreement with Southern Cross Equities Ltd, pursuant to which the Rights Issue has, subject to certain terms and conditions, been fully underwritten.

The Company will pay a combined underwriting and management fee of 5% of the amount underwritten. Any sub-underwriting fees will be paid out of this fee. The Underwriter has the right

to terminate the underwriting agreement on the occurrence of certain events (“Termination Events”). These Termination Events include the following specific events:

- **material change** - a material and adverse change occurs after the date of the agreement in the financial or trading position of the Company or a subsidiary;
- **market movement** – at any time after the date of the agreement:
 - the All Ordinaries Index is at any time for three or more consecutive trading days more than 10% below its level immediately preceding the date of the agreement; or
 - the ASX 200 Index is at any time for three or more consecutive trading days more than 10% below its level as at the close of trading immediately preceding the date of the agreement.

Other Termination Events include contravention of applicable laws and regulations, insolvency, outbreak of war or hostilities in various locations, misleading statements in the Offer Document and criminal charges or convictions relating to any Director.

The three Directors of the Company are sub-underwriting, in total, the first \$200,000 of any shortfall arising from the Rights Issue.

Should the underwriting agreement be terminated, the Directors reserve the right to place any shortfall at their discretion.

Timetable

Announcement of Rights Issue, Appendix 3B and first Cleansing Notice	3 December 2007
Notice sent to security holders	4 December 2007
Ex Date (date from which securities commence trading without the entitlement to Participate in the Rights Issue)	5 December 2007
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Rights Issue)	11 December 2007
Offer Document lodged with ASX	11 December 2007
Second Cleansing Notice lodged with ASX	11 December 2007
Offer Document Despatched to Eligible Shareholders (expected date of despatch of Offer Document and Entitlement and Acceptance Forms)	12 December 2007
Opening Date	12 December 2007
Closing Date (5pm WST) *	15 January 2008
Settlement date (5pm WST)	15 January 2008
Company to notify ASX of undersubscriptions (if any) **	18 January 2008
Allotment date **	23 January 2008
Cleansing statement lodged with ASX	23 January 2008
Despatch holding statements **	23 January 2008

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** These dates are indicative only.

ENDS

About Imugene

Imugene specialises in commercialising animal health products for production animals including pigs and poultry.

Imugene owns the worldwide rights to the Fowl Adenoviral Vector Delivery System for poultry and the Porcine Adenoviral Vector Delivery System for pigs. Imugene has successfully licensed the first product based on the Fowl Adenoviral Vector Delivery System – the Poultry Productivity Enhancer.

Imugene's poultry and pig portfolio is targeting a worldwide US\$3 billion annual market with four lead vaccine products under development and a strong product pipeline. Consumer demands for disease free and residue free food will bolster Imugene's prospects.

Imugene's products safely prevent disease and reduce or eliminate antibiotics and harmful chemicals in animals. Animal antibiotics and chemicals in the human food chain have been linked to the emergence of dangerous resistant bacteria in people and food residues.

For more information please visit the Imugene Website www.imugene.com or contact:

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