



## ASX ANNOUNCEMENT

### Non-renounceable Rights Issue

#### **NON-RENOUNCEABLE RIGHTS ISSUE – NOTICE PURSUANT TO PARAGRAPH 708AA(2)(f) OF THE CORPORATIONS ACT 2001 ("Act")**

**11 December 2007:** Imugene Limited (ASX:IMU) ("Company" or "Imugene") announced on 3 December 2007 that it will be offering eligible shareholders the opportunity to acquire additional fully paid ordinary shares in the capital of the Company ("Shares") at 14 cents each via a non-renounceable rights issue ("Rights Issue") on the basis of one (1) Share for every ten (10) Shares held at the record date of 10 December 2007.

Shares under the Rights Issue will be offered at \$0.14 per Share. The maximum number of Shares which may be issued under the Rights Issue is 13,057,956. The Rights Issue is expected to raise approximately \$1,828,114 (before expenses of offer).

An Offer Document will be mailed to eligible shareholders tomorrow together with personalised entitlement and acceptance forms. For informational purposes, a sample copy of this Offer Document has been attached to this notice.

#### **NOTICE UNDER s708AA OF THE 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 11 December 2007, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;
4. as at 11 December 2007, the Company has complied with section 674 of the Act;
5. as at 11 December 2007, there is no information:
  - 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.

**ENDS**

#### **Perth Office**

Level 20, Allendale Square  
77 St Georges Terrace  
Perth WA 6000  
Tel: +61 8 9440 2660  
Fax: +61 8 9440 2699

ABN: 99 009 179 551

#### **Sydney Office**

Registered Office  
Level 1, 14 – 20 Delhi Road  
North Ryde NSW 2113  
Tel: +61 2 9870 7330  
Fax: +61 2 9888 9338

[www.imugene.com](http://www.imugene.com)



ABN 99 009 179 551

## Offer Document

For

A non-renounceable pro rata offer of New Shares at an issue price of 14 cents each on the basis of one New Share for every ten Shares held on the Record Date.

**This document is not a prospectus.**

It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

**This document is important and requires your immediate attention.** It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Offer opens on 12 December 2007 and closes at 5:00pm WST  
on 15 January 2008**

**Valid acceptances must be received before that time**

**Please read the instructions in this document and on the accompanying  
Entitlement and Acceptance Form regarding the acceptance of your entitlement**

**Underwriting**

This offer is fully underwritten by Southern Cross Equities Ltd.

SAMPLE

## Important Information

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Offer.

### Overseas shareholders

No action has been taken to permit the offer of New Shares under this Offer Document in any jurisdiction other than Australia and New Zealand. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This Offer Document does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Document.

### Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

**This document is not a prospectus** and does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document.

This Offer Document is dated 11 December 2007.

---

## TABLE OF CONTENTS

SECTION	CONTENTS	PAGE
1	DETAILS OF THE OFFER	2
2	ACTION REQUIRED BY SHAREHOLDERS	6
3	RISK FACTORS	7
4	DEFINED TERMS	9

---

## Section 1 DETAILS OF THE OFFER

### 1.1 The Offer

The Company is making a non-renounceable pro rata offer of New Shares at an issue price of 14 cents each on the basis of one New Share for every ten Shares held on the Record Date (“the Offer”).

The Company intends to apply the funds raised from the Offer towards research, development and trials of the Company’s suite of poultry and pig adenoviral vector-based vaccines and vaccine candidates and for working capital.

As at the Record Date, the Company has on issue 130,579,564 Shares and 4,350,000 unlisted options (which carry no entitlement to participate in the Offer). The Company expects that up to approximately 13,057,956 New Shares will be issued under the Offer. The Rights Issue is expected to raise approximately \$1,828,114 (before expenses of the offer).

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.

All three Directors of the Company have confirmed that they and their associates will be:

- taking up their full Rights Issue entitlements (in total amounting 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).

Further details of the terms and conditions of the underwriting arrangements are set out in Section 1.6.

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

### 1.2 Timetable

<b>Record Date</b> (date for determining entitlements of Eligible Shareholders to participate in the Offer)	<b>11 December 2007</b>
<b>Offer Document lodged with ASX</b>	<b>11 December 2007</b>
<b>Second Cleansing Notice lodged with ASX</b>	<b>11 December 2007</b>
<b>Offer Document Despatched to Eligible Shareholders</b> (expected date of despatch of Offer Document and Entitlement and Acceptance Forms)	<b>12 December 2007</b>
<b>Opening Date</b>	<b>12 December 2007</b>
<b>Closing Date (5pm WST)*</b>	<b>15 January 2008</b>
<b>Settlement date</b>	<b>15 January 2008</b>
<b>Company to notify ASX of under-subscriptions (if any)**</b>	<b>18 January 2008</b>
<b>Allotment date **</b>	<b>23 January 2008</b>
<b>Cleansing statement lodged with ASX**</b>	<b>23 January 2008</b>
<b>Despatch holding Statements **</b>	<b>23 January 2008</b>

\* 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 above timetable.

\*\* These dates are indicative only.

### 1.3 Entitlements and acceptance

The entitlement of Eligible Shareholders to participate in the Offer was determined on the Record Date. Your entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Acceptances must not exceed your maximum entitlement (as shown on the Entitlement and Acceptance Form), although you may accept for a lesser number of New Shares should you wish to take up only part of your entitlement. If your acceptance exceeds your entitlement, acceptance will be deemed to be for your maximum entitlement and any surplus application monies will be returned to you.

### 1.4 Use of Funds

The purpose of the 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 and will be 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.

### **1.5 No rights trading**

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

### **1.6 Underwriting**

The Company has entered into an underwriting agreement ('Agreement') with Southern Cross Equities Ltd, pursuant to which the Offer 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 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 position of the Company or a subsidiary; or
  - the industry in which the Company or a subsidiary operates;
- **market movement** – at any time after the date of the Agreement:
  - the All Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the date of the Agreement; or
  - the S&P/ASX Small Ordinaries Index is 10% or more 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 this Offer Document and criminal charges or convictions relating to any Director.

All three Directors of the Company have agreed to sub-underwrite, 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). All three directors have also confirmed that they and their associates will be taking up their full Rights Issue entitlements (in total amounting to approximately \$244,000).

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

### **1.7 Opening and Closing Dates**

The Offer opens on the Opening Date, namely 12 December 2007. The Company will accept Entitlement and Acceptance Forms until 5:00 pm WST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

### **1.8 Issue and despatch**

The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 1.2.

It is the responsibility of applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

## 1.9 ASX listing

Application will be made to the ASX for the official quotation of the New Shares. If the ASX does not grant quotation to the New Shares, the Company will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

## 1.10 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532 (ASTC), a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored subregister, your statement will be despatched by Security Transfer Registrars Pty Ltd and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however there may be a charge associated with the provision of this service.

## 1.11 Overseas Eligible Shareholders

No Offer will be made to Eligible Shareholders resident outside Australia and New Zealand.

New Shares to which any Eligible Shareholders who are not resident in Australia or New Zealand would otherwise be entitled will form part of the shortfall issued to the Underwriters or their nominees (or alternatively may be placed at the discretion of the Directors in the event that the Agreement is terminated).

**This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.**

## 1.12 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

## 1.13 Risk factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company. Some of the general applicable risks are described in Section 3.

## 1.14 Enquiries concerning Offer Document

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Computershare Investor Services Pty Ltd by telephone on (08) 9323 2000. Enquiries relating to this Offer Document should be directed to the Company Secretary by telephone on (08) 9440 2660.

## Section 2 ACTION REQUIRED BY SHAREHOLDERS

### 2.1 Acceptance of your maximum entitlement under this Offer Document

Should you wish to accept your maximum entitlement to New Shares, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the application monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Imugene Limited – Application Account" and lodged at any time after the Opening Date and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

**By delivery:**

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
PERTH  
WA 6000

**By Post:**

Computershare Investor Services Pty Ltd  
PO Box D182  
PERTH  
WA 6840

### 2.2 Acceptance of part of your maximum entitlement under this Offer Document

Should you wish to only take up part of your entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the application monies (calculated at \$0.14 per New Share accepted), and attach a cheque for the appropriate application monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Imugene Limited – Application Account" and lodged at any time after the Opening Date and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

**By delivery:**

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
PERTH  
WA 6000

**By Post:**

Computershare Investor Services Pty Ltd  
PO Box D182  
PERTH  
WA 6840

SAMPLE

## Section 3 RISK FACTORS

**The New Shares offered under this Offer Document are considered speculative.** The Directors strongly recommend Eligible Shareholders examine the contents of this Offer Document and consult their professional advisers before deciding whether to apply for the New Shares pursuant to this Offer. In addition, Eligible Shareholders should be aware there are risks associated with investment in the Company. There are certain risks which relate directly to the Company's business and are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

The following summary, which is by no means exhaustive, represents some of the risk factors that are applicable to the Company:

- **Changes in Legislation and Government Regulation**

Changes to legislation or government policy in Australia and in other major economic countries may affect future earnings and the relative attractiveness of investing in the Company.

- **Economic Conditions**

Economic conditions in Australia and globally, may affect the performance of the Company. Factors such as currency fluctuations, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future securities price can be affected by these factors all of which are beyond the control of the Company or its Directors.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

- **Regulatory Issues**

Products derived from the Company's research and development are subject to numerous government regulatory approvals and controls throughout the world and these will affect both the timing and the cost of bringing these products to the market.

Delays or failures in obtaining regulatory approval for a product would be likely to have an adverse effect on the value of the Company and impact on the financial performance of the Company.

- **Intellectual Property Rights**

Securing rights to intellectual property, and in particular to patents, is an integral part of securing potential product value in the outcomes of biotechnology research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing intellectual property that circumvents such patents. Imugene's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Because the patent positions of biotechnology companies frequently involve complex legal and scientific evaluation, neither the breadth of claims allowed in biotechnology patents nor their enforceability can be predicted.

- **Industry Risks**

The Company's current and future potential competitors include companies with substantially greater resources than it. There is no assurance that competitors will not succeed in developing products that are more effective or economic than the current products or any of those being developed by the Company or which would render the products obsolete and/or otherwise uncompetitive.

- **General**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the animal health industry, including, but not limited to, the following:

- the strength of the equity and share markets in Australia and throughout the world;
- general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates and industrial disruptions;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors.

## Section 4 DEFINED TERMS

“\$” or “cents” means the lawful currency of Australia

“**All Ordinaries Index**” means the All Ordinaries Index published by Standard & Poor’s in respect of the financial market of ASX

“**Applicant**” refers to a person who submits an Entitlement and Acceptance Form and “**Application**” refers to the submission of an Entitlement and Acceptance Form;

“**ASX**” means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited;

“**Closing Date**” means 5.00pm WST 15 January 2008;

“**Company**” means Imugene Limited ACN 009 179 551;

“**Directors**” means the directors of the Company;

“**Eligible Shareholder**” means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date;

“**Entitlement and Acceptance Form**” means the Entitlement and Acceptance Form accompanying this Offer Document;

“**Listing Rules**” means the Listing Rules of the ASX;

“**New Share**” means a new Share proposed to be issued pursuant to this Offer;

“**Offer**” means the non-renounceable pro rata offer of New Shares at an issue price of 14 cents each on the basis of one New Share for every ten Shares held on the Record Date pursuant to this Offer Document;

“**Offer Document**” means this Offer Document dated 11 December 2007;

“**Opening Date**” means 12 December 2007;

“**Record Date**” means 11 December 2007;

“**S&P/ASX Small Ordinaries Index**” means the S&P/ASX Small Ordinaries Index published by Standard & Poor’s in respect of the financial market of ASX;

“**Section**” means a section of this Offer Document;

“**Share**” means an ordinary fully paid share in the capital of the Company;

“**Shareholder**” means a holder of Shares;

“**Underwriter**” means Southern Cross Equities Limited ACN 071 935 441

“**WST**” means Australian Western Standard Time.