



ASX ANNOUNCEMENT

31 December 2008

Imugene and Merial establish a Strategic Alliance

Merial to develop vaccine candidates from Imugene's portfolio through to commercial sales

Contract value to Imugene exceeds AUD\$30 million over first 7 years

Additional revenue from:

- Further sublicense and registration milestone fees for additional vaccine candidates*
- Royalties from sales*

Merial and Imugene have signed a comprehensive agreement allowing Merial to obtain exclusive use of the Imugene vector technology. Under the Strategic Alliance, Merial will progress vaccine candidates through the product development process to global sales. Merial will fund all product development and trial costs. Additional vaccine candidates will be evaluated for proof of concept and if successful will also progress into the product development process.

The Strategic Alliance commences December 31st 2008 and Imugene has received an initial payment of US\$2m (AUD\$2.9m) for reimbursement of past research fees. Further research and licensing payments continue for up to a total of 6 years which allows Merial to assess and commercialise any vaccine candidates developed using the Imugene technology. After this period, Merial will become the exclusive global sublicensee to the FAV & PAV platform technology.

The terms of the Strategic Alliance include the Poultry Productivity Enhancer previously sublicensed to Merial. This vaccine candidate will now be progressed with other FAV vectored vaccine candidates already researched by Imugene and additional vaccine candidates to be disclosed by Merial.

In addition to the above rights, Merial will sub-license any vaccine product that uses either the FAV or PAV vector technology that is to be commercialised. Merial will pay sublicense fees (in addition to the above fees) for each vaccine product, and milestone payments upon first registration for sale of each product. Further income will be generated by royalties on sales.

Royalties are payable on worldwide sales at a base rate of 5 or 6 %. Higher royalty rates are payable on certain products in certain jurisdictions. A mutually agreed minimum royalty income and payment schedule that begins within the Strategic Alliance period has been agreed.

ABN 99 009 179 551

Registered Office

Level 20, Allendale Square, 77 St Georges Terrace, Perth WA 6000
Tel +61 8 94402660 Fax +61 8 9 4402699

www.imugene.com

Commenting on the successful conclusion of the exclusive Strategic Alliance negotiations, Dr Warwick Lamb said, "The results from our recent trials and vaccine development activities have been significant and have led to the alliance arrangements with one of the world's leading animal health companies. Merial and Imugene will now collaborate over the coming years to develop of a suite of vaccines for worldwide sales."

"We are very pleased to enter this new phase of our relationship with Imugene, said Bob Nordgren, Global Head of Merial Biologicals. This exclusive strategic alliance and licensing agreement gives Merial access to important technology for our innovation of new approaches that could allow our veterinarian customers innovative means for managing important, poorly controlled diseases of swine and poultry. Our relationship dates back to the very beginning of Imugene as a company, and we are confident that Imugene's adenoviral vectors have significant commercial potential for driving the development of important new products in animal health."

About Merial

Merial is a world-leading, innovation-driven animal health company, providing a comprehensive range of products to enhance the health, well-being and performance of a wide range of animals. Merial employs more than 5,400 people and operates in more than 150 countries worldwide. Its 2007 sales were nearly \$2.5 billion. Merial Limited is a joint venture between Merck & Co., Inc. and sanofi-aventis. For more information, please see www.merial.com

About Imugene

Imugene Limited (ASX Code: IMU) specialises in the development and commercialisation of novel animal health products for pigs and poultry. Founded in 2002, Imugene has a stable specialist management and scientific team supplemented with extensive use of specialist consultants and contracted trial facilities in the USA and Australia.

Imugene's range of products under development includes vaccines to prevent important livestock diseases and productivity enhancers to improve the economics of raising commercial livestock. These biologically-based vaccines improve the health and welfare of pigs and poultry and reduce or eliminate the use of antibiotics, chemicals and drugs.

Imugene owns the worldwide rights to the Fowl Adenoviral Vector Delivery System for poultry and the Porcine Adenoviral Vector Delivery System for pigs.

For more information please visit the Imugene website www.imugene.com

For more information:

Dr Warwick Lamb
Managing Director
+61 2 9870 7330

Mr Graham Dowland
Executive Chairman
+61 8 9440 2660