

QUARTERLY SHAREHOLDER UPDATE

April 2010

Imugene Limited (ASX Code: IMU) specialises in the development and commercialisation of novel animal health products for pigs and poultry. Our range of products under development includes vaccines to prevent important livestock diseases and productivity enhancers to improve the economics of raising commercial livestock.

Imugene finished the 31 March 2010 quarter with \$1.2 million in cash reserves, as detailed in the Appendix 4C released today. This shareholder update provides an overview of our progress and focus during the first quarter of 2010.

Highlights

- *Negotiations advanced with several parties to commercialise Imugene's pig and poultry vaccines*
- *Research and development programs with lead vaccines ongoing*

Partnering Negotiations

Imugene is advancing commercial negotiations with several international animal health companies to license its vector animal vaccine technology.

Imugene's management is very pleased with the discussions to date, as well as the number and the quality of these companies. Many of these interested parties initiated contact with us following the termination of the previous strategic alliance.

In January we commenced discussions with a number of interested parties and appointed US based agent Brakke Consulting to act on behalf of Imugene and assist with the initial partner identification and discussions, and they are now involved in negotiations.

We are now in advanced commercial negotiations with a short list of preferred partners who have been selected on the basis that they have expressed they are willing and able to advance development within the range of financial terms and timeframes specified by Imugene.

Although we are not able to name parties at this stage or disclose possible financial terms, we are pleased to report that we have a selection of high quality, international partners seeking to license the Imugene technology.

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As previously reported the opportunity to pursue a new commercial licensing agreement for the development of Imugene's pig and poultry vaccines has arisen as the result of the termination of the agreement with Merial. This was terminated as a result of Merial's decision to seek a new agreement which was better suited to their immediate development requirements for the Imugene technology.

While Imugene was prepared to engage and cooperate to better structure the terms and obligations to meet Merial's needs, the proposed new terms did not meet Imugene's financial or timing expectations.

We note that Merial's business has undergone a major change recently, with parent company sanofi-aventis announcing it had exercised its option to combine Merial with Intervet / Schering-Plough (Merck's animal health business). This transaction is expected to take up to 12 months to finalise, subject to various countries' anti-competition laws.

As we have consistently stated, Imugene's business model is to maximise income from the receipt of research fees, license and royalty income from an alliance partner with sufficient expertise and infrastructure to develop, market and exploit the Imugene range of vector vaccines. We look forward to providing further updates on outcomes of negotiations with potential new partners over the coming months.

Development programs advancing

In parallel with licensing discussions, Imugene has continued the development program of its lead vaccines.

In particular, the Porcine Reproductive and Respiratory Syndrome (PRRS) vaccine has now been taken back in-house and we are pleased with the progress made. This quarter we will commence a trial with 60 pigs and are currently making the final preparations for this. The pigs will be tested against the US strain of PRRS and the results will contribute, amongst other important information, to determining the most applicable commercial production process.

The Imugene PRRS vaccine has been chosen as the Company's lead vaccine due to the impressive trial results and the increasing industry demand for an effective vaccine for this pig disease.

About Imugene

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

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

IMUGENE LIMITED

ABN

99 009 179 551

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(108)	(403)
(b) advertising and marketing	-	-
(c) research and development	(76)	(267)
(d) leased assets	-	-
(e) other working capital	(86)	(573)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	36
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:		
Government grants	-	-
Research cost reimbursement and Sub-licence fees	-	-
Other	-	-
Net operating cash flows	(260)	(1,176)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Curent quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(260)	(1,176)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.14 Total operating and investing cash flows	(260)	(1,176)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. (Rights Issue applications received)	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(260)	(1,176)
1.21 Cash at beginning of quarter/year to date	1,511	2,487
1.22 Exchange rate adjustments to item 1.20	(14)	(74)
1.23 Cash at end of quarter	1,237	1,237

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	109
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil
1.26	Explanation necessary for an understanding of the transactions (i) Executive salaries, consulting fees and superannuation entitlements; (ii) Non-executive directors fees (iii) Rent (iv) Legal invoices	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	N / A
3.2	Credit standby arrangements	Nil	N/A

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	637	1,511
4.2 Deposits on call	600	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	1,237	1,511

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~not~~ give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2010
 (Director/Company Secretary)

Print name: Julie Foster

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