

## QUARTERLY SHAREHOLDER UPDATE

### July 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 30 June 2010 quarter with \$793,000 in cash reserves, as detailed in the Appendix 4C released today. In addition to the 30 June cash reserves, Imugene anticipates receipt of its 2009 tax rebate of \$290,000 during the current quarter.

This shareholder update together with our update released on 2 July 2010 provides an overview of our progress and focus during the second quarter of 2010.

#### **Highlights**

*Exclusive negotiations commence to license and commercialise Imugene's pig and poultry vaccines*

During the quarter Imugene's management continued the commercial negotiation process with several international animal health companies. During this time an exclusive negotiation period was granted to one of the parties who expressed interest in advancing the commercial development of Imugene's vaccine range.

This party has undertaken due diligence on Imugene's technology and worldwide intellectual property position and post due diligence commercial and legal negotiations have begun.

During the period of exclusive due diligence and commercial negotiations, discussions with other interested parties have been on hold. In the event an agreement with the party granted exclusivity is unable to be finalised in the near future, Imugene will reinitiate discussions with the other interested bidders. These bidders will be provided with the upcoming PRRS trial results that are due in the next few weeks to refine their previous bids.

Imugene is offering a worldwide, exclusive licence to all of its intellectual property in return for reimbursements of expenditure, fees, milestone payments and royalties.

ABN 99 009 179 551

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

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

*US based development trial for the novel PRRS vaccine completed*

In parallel with partnering discussions, Imugene has continued to advance the development of its vaccines, including the Porcine Reproductive and Respiratory Syndrome (PRRS) vaccine.

A US based PRRS challenge trial commenced in the quarter and was completed in July 2010. The purpose of the 75 pig trial is to evaluate certain aspects of the vaccine which will assist with advancing the product development process including manufacturing cell line selection.

The preliminary trial results are expected within the next few weeks.

END

For more information please visit the Imugene Website [www.imugene.com](http://www.imugene.com) or contact:

**Dr Warwick Lamb**  
**Managing Director**

**+61 2 9870 7330**

**Mr Graham Dowland**  
**Executive Chairman**

**+61 8 9440 2660**

**Kyahn Williamson**  
**Investor Relations**  
**Buchan Consulting**  
**+61 (0) 40 1018 828**

# 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")

30 JUNE 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(115)	(518)
(b) advertising and marketing	-	-
(c) research and development	(171)	(438)
(d) leased assets	-	-
(e) other working capital	(314)	(887)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:		
Government grants	125	156
Research cost reimbursement and Sub-licence fees	-	-
Other	-	-
<b>Net operating cash flows</b>	<b>(469)</b>	<b>(1,645)</b>

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(469)	(1,645)
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	-	-
<b>1.14 Total operating and investing cash flows</b>	(469)	(1,645)
<b>Cash flows related to financing activities</b>		
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)	-	-
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	(469)	(1,645)
1.21 Cash at beginning of quarter/year to date	1,237	2,487
1.22 Exchange rate adjustments to item 1.20	25	(49)
1.23 <b>Cash at end of quarter</b>	793	793

+ 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	120
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

**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
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- 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
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**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	412	637
4.2 Deposits on call	381	600
4.3 Bank overdraft	-	-
4.4 Other	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	793	1,237

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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 ~~does not~~ give a true and fair view of the matters disclosed.

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

Print name: Julie Foster

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