



ASX ANNOUNCEMENT

1 May 2012

ACQUISITION OF DRUG DELIVERY PLATFORM and SHARE PLACEMENT

HIGHLIGHTS

- Imugene to acquire multi-functional drug delivery platform (Linguet™)
- Acquisition capitalises on the oral modified release drug delivery market valued at \$49 bn in 2009 and estimated to double by 2016 (GBI Research Report)
- Clear commercialization strategy to deliver short term revenues and significant long term growth
- World class team established with proven track record in monetizing oral drug delivery science

Imugene Limited (**ASX:IMU**) is pleased to announce that agreement has been reached to acquire all the outstanding share capital of drug delivery technology company, Lingual Consegna Pty Ltd from its parent, Consegna Group Limited (ASX:CGP).

Lingual Consegna owns the rights to a family of patents / patent applications that protect the core drug delivery platform technology (Linguet™) that has application in the human and animal pharmaceutical and nutraceutical industries.

Imugene will issue 100 million ordinary shares in consideration for the acquisition. In addition, Imugene will raise \$1 million through the issue of 100 million shares at 1 cent per share to clients of Forrest Capital and CPS Securities to assist in the funding of the expanded Imugene drug delivery technologies. There will be a total of 50 million adviser options issued, at an issue price of 0.01 cent, with the transaction for introduction of the acquisition and associated corporate advice. The options will be unlisted and exercisable at 2 cents on or before 31 December 2015.

Dr Warwick Lamb, Imugene Managing Director said, "We are very pleased to acquire this technology and look forward to working with the Consegna team to complete the development of this valuable asset while continuing to look at the development of our existing portfolio of assets."

Fabio Pannuti, Managing Director of Consegna Group, said "We are delighted to have taken this next step forward in identifying a suitable partnering team and vehicle in which to place our developing technology. This provides the funding to apply a dedicated scientific team to turn Linguet into a near term cash flow generating asset by focusing on product based commercial solutions. "

The Linguet™ Technology Platform

Linguet™ is a tablet placed under the tongue or the buccal cavity in the mouth (cheek) and allowed to dissolve releasing the active drug, which is absorbed immediately into the blood stream via the mucosa of the mouth. The drug thereby bypasses the gastrointestinal tract and is able to reach its target more rapidly and in the process significantly lower side effects.

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Linguet™ would be targeted for those drugs and nutraceuticals that for example (but not limited to):

- Show poor bioavailability (e.g. hormones such as progesterone and some vitamins)
- Cause gastrointestinal irritation (e.g. pain medications such as Nurofen®)

Benefits therefore include improved patient compliance and management (for example, target those populations who find it difficult to swallow oral medicines), a reduction in the need to overmedicate resulting in lower side effects, and a reduction in cost associated with the lower concentrations of active drug required in the sub-lingual or buccal presentation. The reduction can be in the order of tenfold which would significantly and positively affect cost of goods.

Linguet can be used in a wide range of therapeutic and nutraceutical applications enabling a rich hunting ground to create world-class products that meet the commercial need. Such breadth of choice allows for a de-risked business model.

Commercialisation

The Linguet vision is to create revenue generating commercial solutions within the pharmaceutical and healthcare global markets using Linguet as a multi-function platform. Linguet is at the stage of its development where entry to market would be simple and fast with a low cash burn, and compared to traditional drug delivery platforms, an ability to target low hanging fruit that do not need significant clinical investment to require regulatory approval. In addition, several existing drugs are due to come off patent at which point cheaper versions of the same product will flood the market. Drug delivery enhanced generics command a strong premium over standard generics. In the top 200 products, drug delivery enhanced products are 3x the price of standard products.

Linguet offers an enhancement to existing drugs extending their lifecycle. The development program will use outsource partners to minimise internal overheads enabling maximum effort in generating products and early revenues. Hence the business model works on optimising Linguet value by targeting products rather than pushing technology.

The Linguet business plan has positive advantages with a simple strategy to retain knowhow and intellectual property to provide solutions to current market opportunities such as:

- Use of known molecules that have known and proven regulatory routes
- Low cost development with rapid and identifiable commercialization programs
- Opportunities within Nutritional, Over the Counter and Prescription Medicine markets

Following proof of principle, the Company will license and possibly sell individual products in the near term such as generic drugs and nutraceuticals (specifically vitamins), while larger value inflection events from the platform will come later after further iterations of validation (and building the IP as it is captured).

Board Appointment

Upon closing of the acquisition, Mr Fabio Pannuti, currently the Managing Director of Consegna will join the Imugene board as an Executive Director.

Mr Pannuti has extensive experience building companies across a number of industries including the biomedical and drug delivery markets, HR and labour hire, telephony, property development, mineral resources, agriculture and construction. He has had direct experience in many mergers and acquisitions including building, at the time, the largest advertising and outdoor media agency in Eastern Europe. Many of the assets have been listed on public markets on North American, European and Australian exchanges.

Management Team

Imugene will engage with the Consegna scientific team to assist in the development of the Linguet™ technology. The Consegna team have realised over a billion dollars in revenues and value from both transaction and product commercialisation activities over their individual careers.

Specifically driving the Linguet development program will be the newly appointed Dr Nicholas Ede (Consenga's Chief Technology Officer) and UK based Mr Steve Martin (Lingual Conseгна's Chief Scientific Officer) and Rod Tomlinson (Chairman, Scientific Committee).

Dr Nick Ede PhD

Dr Ede has a record of successfully evolving research concepts to commercial products and processes. He has over 25 years experience in drug discovery and international business development gained at Chiron, EquiTX, Mimotopes and Adistem. He holds a PhD from Monash University and Grad. Cert. in Innovation from Melbourne Business School, and has published over 50 scientific papers and patents.

Mr Steve Martin

Steve Martin is a commercial pharmacist in the UK with a track record in delivering established molecules from proof of concept through to regulatory approval. Working for both his own companies and also for differing international pharmaceutical companies, he has been involved in over 80 healthcare and pharmaceutical developments. These developments have led to successful regulatory approvals for clinical nutrition, medical devices and pharmaceutical products. He specialises in the rapid commercialisation of products using a variety of different drug delivery systems, from sustained release, buccal delivery and solid oral dose delivery dosage forms. He has also undertaken consultancy with many firms on different aspects of pharmaceutical strategy, including generic defence, lifecycle management and restructuring new product development pipelines.

Rod Tomlinson

Rod Tomlinson is a qualified industrial chemist who was Chief Chemist of Smith + Nephew Australia and post this was head of research for Ensign Laboratories. He then started his own business, Soltec Group that he sold in 1996 to FH Faulding & Co Limited for more than \$20million. Rod continued to advise Faulding on drug delivery systems prior to retiring in 1998.

Funding

The capital raised pursuant to the placement together with the Company's existing cash reserves and receivables of approximately 1.5 million will be sufficient to enable the development activities of the Linguet technology as well as the existing Imugene animal health technologies.

Meeting of Shareholders

Shareholders will receive a notice of meeting setting out more details in respect of the transaction. The resolutions to be placed before shareholders will include approval for the acquisition and the placement.

This transaction is also subject to all necessary approvals that Conseгна may require and reciprocal due diligence investigations.

About Imugene

Currently 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.

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

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