

28 November 2014

Imugene to divest Linguet™ drug delivery technology

- **Expressions of interest sought for Linguet technology**
- **Imugene focus on HER-Vaxx for gastric cancer, one of the world's most advanced B cell vaccines**

The Board of Imugene Limited (ASX:IMU) has resolved to divest its interest in its non-core drug delivery platform, Linguet™. The Company is seeking expressions of interest from parties to either purchase Imugene's 100% interest in Linguet™ via trade sale, licence or as a back door listing / distribution, with potentially priority rights awarded to Imugene shareholders.

Linguet™ uses proprietary technology to improve the efficacy and safety of a diverse number of existing prescription and over-the-counter medicines. The platform technology enables the active ingredients of drugs to be absorbed directly into the bloodstream when placed inside the cheek (buccal) or under the tongue (sublingual). Imugene was previously developing a vitamin D supplement tablet which melts in the mouth, better known as a "meltlet". This technology will also be part of the divestiture.

Imugene's core focus will remain on developing its class leading immuno-oncology programme, HER-Vaxx for gastric cancer. HER-Vaxx is expected to enter Phase II clinical trials for gastric cancer in 2H 2015.

HER-Vaxx is a HER-2+ cancer immunotherapy that mobilises a polyclonal antibody response against the tumour receptor HER-2. The HER-2 receptor is expressed on the surface of tumours including gastric, breast, ovarian and pancreatic cancers. This is the same receptor targeted by the monoclonal antibody Herceptin®, which has been successfully marketed for several years in the treatment of cancers expressing this receptor.

The Imugene Board determined that to progress Linguet™ would be a distraction in its pursuit of HER-Vaxx. Hence, the Board has concluded that Linguet™ would be better advanced by another entity. It is Imugene's desire to effect a full sale of the Linguet™ assets.

The Linguet™ divestiture will be managed internally and interested parties should contact Charles Walker, CEO of Imugene. It is the intent of the Board to conclude this matter expeditiously and parties that move quickly, either via an outright purchase or via an IPO, with Imugene shareholder rights will be preferred. Work will commence immediately, however shareholders should be mindful that there is no guarantee that a successful transaction will be executed, or that any further rights to a distribution involving Linguet™ will be forthcoming.

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About Linguet™

Linguet is a drug delivery technology that improves the efficacy and safety of a diverse number of nutraceutical, prescription and over-the-counter medicines. The platform technology enables the active ingredient of drugs to be absorbed directly into the bloodstream when placed inside the cheek (via the buccal mucosa) or under the tongue (sublingual).

Through the Linguet buccal and sublingual tablet technology, many drugs that are usually poorly absorbed or tolerated by oral administration can be delivered to the bloodstream more effectively. Most importantly, the key to the Linguet platform is that the amount and rate of drug to be delivered through the oral mucosa directly to the bloodstream can be precisely controlled.

This approach also potentially allows for lower doses of the active drug, while achieving a better result. With conventional orally administered tablets there is frequently loss of drug through enzymatic degradation in the stomach and metabolism in the liver (the so-called hepatic first pass effect). This has the effect of reducing the amount of drug available to the site of action. As a consequence, higher doses of the active drug are required to compensate for the amount of the drug that is lost in the stomach and liver. This raises the risk of side effects as well as increasing the cost of the product.

A further advantage of the Linguet technology is that it utilises excipients that are currently used in ingested tablets, albeit in different proportions, to modulate release and absorption rates and to assist in taste masking of unpalatable drugs. All components of the Linguet drug formulation are blended in a normal dry powder process and compressed in standard tableting machines, meaning that manufacturing costs are minimised. Products manufactured using the Linguet technology can be packed in conventional pharmaceutical product packaging. In addition, an added benefit discovered during formulation development in 2013 is that the Linguet tablet dissolves rapidly when placed in the mouth without leaving any residue or after-taste.

This research discovery opens up new business opportunities for expanding the range of Vitamin D products offered and may facilitate entry into the lucrative orally dispersible tablet (ODT) market. Drugs formulated and administered as an ODT circumvent problems associated with swallowing (sometimes known as dysphagia). A recent report from the UK reported that 68% of the general population suffer from some form of difficulty in swallowing their medications.

Possible applications for Linguet include pharmaceuticals due to come off patent. Linguet offers the potential for extending market exclusivity or patent evergreening through development of new and patented dosage forms. Linguet is able to be used in a wide range of therapeutic 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.

Linguet offers opportunities to address the issues of dysphagia. As healthcare providers are looking to reduce costs, the issue of patient compliance is becoming ever more important. Such healthcare providers are trying to reduce the length of stay and treatment within the secondary care market, pushing patients out from hospital and back into the community. As there is less supervision in the community for medicines management and monitoring of patient compliance, the requirement for more accessible ways to improve compliance will become increasingly important.