ASX ANNOUNCEMENT **11 June 2014**

Cynata announces partnership agreement to deliver Cymerus™ stem cells into the lung

Cynata today announced plans to partner with Grey Innovation to develop potential treatments for lung disorders through enabling the direct delivery of Cymerus stem cells into the lung. The delivery of stem cells into the lung requires a specialised nebuliser system which delivers viable cells. This specialised nebuliser, called Respire, has been developed at Monash University and is being commercialised by a team from RMIT, Eastern Health, and Grey Innovation.

Cynata and Grey Innovation have signed a heads of agreement to collaborate to apply the Respire nebuliser technology to test the delivery of Cymerus cells for future treatment of lung disorders.

There remains a significant medical need for treatments of a number of serious and debilitating lung disorders, including treating underdeveloped lungs in newborn babies and chronic obstructive pulmonary disease (COPD) in adults. There is great excitement in the scientific and medical communities about the potential of stem cells to help meet this growing need, and initial research efforts suggest that these treatments may hold great promise for the future.

Professor Graham Jenkin, Deputy Director of The Ritchie Centre at MIMR-PHI Institute of Medical Research, commented "Access to large amounts of high quality clinical grade mesenchymal stem cells is essential to develop these treatments and to compare stem cells derived from different sources for their safety and efficacy. Direct lung delivery of mesenchymal stem cells would be a substantial advance in the use of stem cells for the treatment of debilitating lung disorders such as COPD and Bronchopulmonary Dysplasia (BPD) in newborn babies in particular. BPD is the most common and one of the most serious complications faced by preterm infants and can result in severe respiratory and neurological disabilities. Reliable delivery of stem cells directly to the lungs would be an advance in BPD stem cell treatment."

Professor Frank Thien, Director of Respiratory Medicine at Eastern Health, said “Australia has one of the highest rates of COPD deaths in the developed world and COPD is the third leading cause of death in the US. The means of delivering stem cells by inhalation is innovative and has clear potential for treatment of lung conditions such as COPD.”

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About Cynata Therapeutics (ASX:CYP)

Cynata Therapeutics Ltd (ASX: CYP) is an Australian stem cell and regenerative medicine company that is developing a therapeutic stem cell platform technology, Cymerus™, originating from the University of Wisconsin-Madison, a world leader in stem cell research. The proprietary Cymerus™ technology seeks to address a critical shortcoming in existing methods of production of mesenchymal stem cells (MSCs) for therapeutic use, which is the ability to achieve economic manufacture at commercial scale. Cymerus™ does so through the production of a particular type of MSC precursor, called a mesenchymoangioblast (MCA). The Cymerus™ MCA platform provides a source of MSCs that is independent of donor limitations and provides a potential “off-the-shelf” stem cell platform for therapeutic product use, with a pharmaceutical business model and economies of scale. This has the potential to create a new standard in the emergent arena of stem cell therapeutics and provides both a unique differentiator and an important competitive position.

About Grey Innovation Pty Ltd

Grey Innovation is an Australian based technology commercialisation company with a strong track record of identifying and commercialising breakthrough technologies. Their clients and partners include leading research institutions and hospitals, together with global brands such as Intel and Siemens. Grey Innovation has the in-house capability to take technology from research, through product development and certification, clinical trials and production. Some technologies commercialised by Grey Innovation are successfully sold around the globe today. Grey Innovation has registered their commercial entity in Munich, Germany to cover the European market.