ASX ANNOUNCEMENT **12 January 2016**

Cynata CLI Study Published in Peer-Reviewed Journal

Melbourne, Australia; 12 January 2016: Australian stem cell and regenerative medicine company, Cynata Therapeutics Ltd (ASX: CYP), announced the publication of a scientific study of Cymerus™ induced pluripotent stem cell (iPSC) derived mesenchymal stem cells (MSCs) in the prominent peer-reviewed journal Cytotherapy, The Journal of Cell Therapy – the official journal of the International Society for Cellular Therapy (ISCT). The paper, entitled "Mesenchymoangioblast-derived mesenchymal stromal cells inhibit cell damage, tissue damage and improve peripheral blood flow following hindlimb ischemic injury in mice" (http://dx.doi.org/10.1016/j.jcyt.2015.10.013) describes the positive findings of a preclinical study of Cymerus MSCs in the treatment of critical limb ischaemia (CLI). This marks the first published *in vivo* study of Cynata's proprietary Cymerus MSCs and demonstrates the beneficial effect of MSCs manufactured using Cynata's unique technology in treating CLI. The study was conducted by a group of independent scientists at University of Wisconsin-Madison, led by Dr Timothy Hacker (Director, Cardiovascular Physiology Core Facility).

The term CLI describes a condition that results from severe impairment of blood flow to the hands, legs and/or feet. This extremely debilitating condition, which is caused by narrowing or blockage of the arteries, causes severe pain, discomfort and disability, and can lead to amputation. It is also a major risk factor for cardiovascular events, and 25% of patients die within a year of diagnosis. This study found that Cymerus MSCs markedly improved blood flow in the ischemic limb, with corresponding benefits to muscle and limb health. The authors of the paper commented "These observations indicate that the extent of improved blood flow observed is likely to be associated with a clinically meaningful benefit".

"The publication of this study in a leading peer-reviewed journal is an important milestone for Cynata. It provides further evidence that Cymerus MSCs display similar properties to MSCs derived from tissue donations when tested in the laboratory. More importantly, it is the first *in vivo* study to confirm that Cymerus MSCs have profound effects in treating a serious degenerative disease" said Dr Kilian Kelly, Cynata's Vice President, Product Development. "As previously announced, we plan to conduct the first clinical trial of Cymerus MSCs in patients with Graft versus Host Disease, but in parallel, we will continue to conduct preclinical studies in a range of conditions. The results of this study strengthen our confidence that Cymerus MSCs have enormous potential in a broad range therapeutic indications".

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About Cynata Therapeutics (ASX: CYP)

Cynata Therapeutics Limited (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 addresses 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.