

23 January 2014
ASX Release

Actinogen Limited (ASX: ACW)

December Quarter Appendix 4C & Commentary

The Board of Actinogen Limited (ASX: ACW) would like to update the Company's shareholders and the market on its activities over the last quarter.

Recapitalisation of Company

At Actinogen's Annual General Meeting held on 29 November 2013, the shareholders unanimously approved the Company's 2:1 Consolidation of Capital and the Issue of Shares under the Share Placement proposal.

The recapitalisation managed by Forrest Capital and Otsana Capital was oversubscribed and raised \$1,500,500, injecting sufficient funds to support the Company's near-term business strategies and payment of all outstanding debt; coupled with a strong and invigorated investor base.

The Consolidation of Capital was completed on 10 December 2013, and issue of Placement Shares was completed on 12 December 2013.

Corporate Strategy

Since the successful raising of working capital and relocation of the laboratory, the Company has identified internal projects that have a better fit with our corporate strategy and will represent the best use of our internal resources. Among these projects is developing therapies targeted at cancer stem cells (CSCs).

CSCs are defined as those cells within a tumour that can self-renew and drive tumorigenesis. Such cells are proposed to persist in tumours as a distinct population and cause relapse and metastasis by giving rise to new tumours. Recent research in brain tumours has identified a CD133+ cell population as a cancer stem cell population.

In its previous experiments Actinogen have tested a total of 11 actinomycetes supernatants against U87MG and U125MG neurospheres (free floating clusters rich in stem cells). The results have demonstrated that two isolates killed the whole cell population (ACN 5059 and ACN 5086). Cells which had died due to supernatant treatment had a high percentage of CD133+ cells, and thus actinomycete isolates ACN 5059 and ACN 5086 can be assumed to target CD133+ cells.

Actinogen is actively looking for research institutions to participate in our cancer stem cells project.

Collaborative and Royalty Agreement with Leaf Energy Ltd (ASX: LER)

On 23 December 2013, the Company announced that it had signed a Collaborative and Royalty Agreement with ASX listed company Leaf Energy Ltd, where LER will fund the further studies in the Company's Bioethanol Project; in which the Company previously identified strains of actinomycetes capable of producing cellulase(s). Cellulase(s) are enzymes used to breakdown cellulose from plant material, papers and industrial waste glycerols (Biomass), and are an important step in the production of second generation bioethanols.

The trials will be conducted at Actinogen's new laboratory facility at Murdoch University's SABC, by the Company's scientific team, and in collaboration with LER's scientific advisors.

On completion of LER's fully funded initial trial, LER will have the option to contribute further funding towards additional trials to explore the potential synergy of other actinomycetes in the Company's library. The Company will grant LER the rights to exclusive uses of any of the methods of production solely developed as part of the collaborative process in return for a net profit royalty on LER's future licensing arrangements.

Establishment of new laboratory at Murdoch University's SABC

The Company recommenced its technical operations on 19 December 2013 at its new premises located at Murdoch University's State Agricultural Biotechnology Centre (SABC), Western Australia.

Work has also recommenced on the Company's Bioethanol Project, which is now funded and being run in collaboration with LER, as previously announced to the market.

The Company is very excited to have secured "state of the art" premises for its operations moving forward. SABC provides the most comprehensive set of equipment and facilities for biotechnology research and development in Western Australia. The Company also joins more than 20 other research groups and companies operating in similar scientific fields and commercial operations.

Appointment of Non –Executive Director

The Company is very pleased to have had Dr Anton Uvarov join the Board of Actinogen as a Non-Executive Director, as announced on 16 December 2013. Dr Uvarov has significant experience as an equity analyst in healthcare sector, both domestically and internationally. Prior to moving to Australia he was with Citigroup Global Markets where he spent two years as a member of New York based biotechnology team.

The Board believes that Anton's wide exposure to capital markets and knowledge of healthcare industry including intellectual property, FDA and EMA regulations, reimbursement coverage, and clinical science will add a lot of value to Actinogen's management team.

Appointment of Executive Director

Dr Brendan de Kauwe moved from a Non-Executive to an Executive Director role on 19 November 2013. Dr de Kauwe has played an integral role in the Company achieving its recent milestones, in particular the Company's first Collaborative and Royalty Agreement with Leaf Energy Ltd on its Bioethanol Project.

Dr de Kauwe has an extensive science and bio-medical background with more than 10 years' experience in the health sector. This coupled with his corporate finance background, gives him an integral understanding in the evaluation of projects over a diverse range of sectors and will provide a strong leadership role for the Company as it moves forward with its projects and collaborative relationships.

Appointment of Scientific Consultant

As announced on 25 October 2013, the Company is pleased to have retained the services of Dr David Keast as Scientific Consultant.

Dr Keast was an integral member of the Actinogen team and headed up the research and development of Actinogen's ongoing Actinomycetes projects. Dr Keast was a founder in many of the Company's current research streams and has invaluable knowledge and experience in this specialist field.

R&D Tax Incentive

On 28 November 2013, the Company announced it had received an R&D Tax Incentive refund of \$146,922 for the 2012/2013 financial year.

The proceeds of the incentive refund will be reinvested into the Company's laboratory, and for general administration and working capital requirements for the continuation of the research and development of Actinogen's focal projects.

-end-

Dr Brendan de Kauwe
Executive Director
Actinogen Limited

About Actinogen Limited

Actinogen Limited (ASX: ACW)

Actinogen is dedicated to the discovery and isolation of a group of environmental bacteria known as the Actinomycetes. Actinomycetes have been shown to be able to use a wide range of unusual nutritional resources and often produce bioactive molecules as a by-product that have been proven to be useful to man; including well known commercial examples such as bacterial antibiotics, anti-fungal agents, anticancer agents and a variety of other chemicals that are used in the control of physiological and physical processes.

In addition, there are examples of Actinomycetes that can degrade industrial wastes such as oils, tar, domestic and industrial waste, and the rehabilitation of oil spills. Actinogen has proven high-level expertise in the discovery and isolation of Actinomycetes from WA soils and in the detection of bioactive molecules they produce. During 2011, Actinogen began a bio-ethanol research program, which has had very encouraging results and to date is a focal project for the company. The Company's strategy is to collaborate with groups nationally and internationally who are active in the development of technology that is synergistic with or that could utilise the Company's current Actinomycetes research projects and exclusive intellectual property.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

ACTINOGEN LIMITED

ABN

14 086 778 476

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(16)	(27)
(b) advertising and marketing	-	-
(c) research and development	(4)	(64)
(d) leased assets	-	-
(e) other working capital	(54)	(116)
(f) corporate reconstruction costs	(90)	(90)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (R&D tax rebate)	147	147
Net operating cash flows	(17)	(150)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(17)	(150)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(5)	(5)
(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)	-	-
Net investing cash flows	(5)	(5)
1.14 Total operating and investing cash flows	(22)	(155)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options (net of capital raising costs)	1,384	1,384
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	30
1.18 Repayment of borrowings	(30)	(30)
1.19 Dividends paid	-	-
1.20 Other	-	11
Net financing cash flows	1,354	1,395
Net increase (decrease) in cash held	1,332	1,240
1.21 Cash at beginning of quarter/year to date	21	113
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,353	1,353

+ 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	-
1.25	Aggregate amount of loans from the parties included in item 1.11	(30)

1.26 Explanation necessary for an understanding of the transactions

1.25 - During the quarter the Company repaid \$30,000 in unsecured loans from former directors and a former director's related entity.

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

N/A

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	N/A	N/A

+ See chapter 19 for defined terms.

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	35	21
4.2	Deposits at call	1,318	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		1,353	21

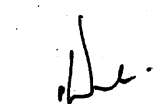
Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Nil	Nil
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

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 give a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 23 January 2014

Print name: Peter Webse

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.