



10 April 2013

ASX Announcement

ECQ: CYNATA INCORPORATED SIGNS FOUNDATION AGREEMENT

The Board of Eco Quest advises that its associate company, Cynata Inc, has signed a Foundation License Agreement (FLA) to commercialise stem cell platform technology developed at the University of Wisconsin – Madison. Cynata has been working closely with UW – Madison to develop the stem cell platform technology and this working relationship is now formalised in the FLA.

The FLA provides Cynata with exclusive global rights to exploit the technology for therapeutic products. This technology has been developed by Cynata director and major shareholder, Prof Igor Slukvin MD, PhD, in his research role at UW – Madison.

The attached announcement explains the license agreement between Cynata and the Wisconsin Alumni Research Foundation (WARF), the licensing and patenting arm of UW- Madison, one of the world's most successful campus based technology transfer organisations. WARF have put in place a family of patents that protect the technology covered by the FLA.

With the FLA in place, Cynata can now accelerate its development plans, which include:

- Moving quickly towards the commencement of human trials.
- Manufacturing process development. Currently a selection process is underway to choose a manufacturing partner from a number of highly credentialed organizations with an announcement expected soon.
- Further proof of concept trials in the laboratory, in order to determine the optimal indications to take forward using the Cynata platform.

About the University of Wisconsin - Madison,

- UW-Madison one of the top-ranked public research universities in the U.S.A, is one of the world leaders in stem cell discovery and is where Prof. James Thomson first isolated human embryonic stem cells in 1996.
- In 2008, Thompson and his team, including Cynata cofounder, Prof. Igor Slukvin, induced (non embryonic) pluripotent stem cells (iPSCs).
- In 2010, UW-M researchers Prof Slukvin, Maxim Vodyanik and others including Thomson published a paper in Cell Stem Cell, describing a new kind of cell derived from iPSCs called a Mesenchymoangioblast (MCA). This is the basis for Cynata's technology platform.



About Wisconsin Alumni Research Foundation – WARF.

- The Wisconsin Alumni Research Foundation (WARF), a private, non-profit organisation of the University of Wisconsin-Madison, was established in 1925 as the world's first university-based technology transfer office.
- WARF licenses a wide range of technologies and has become a leader in the field of stem cells and regenerative medicine.
- WARF supports world-class research at the university by protecting the intellectual property of its faculty, staff and students, and licensing their discoveries to companies for commercial use and to benefit humankind.
- The overall success of WARF and its ability to license and protect IP has enabled its \$2bn endowment and continued leadership in the field.

About Cynata Incorporated:

Cynata is developing a next generation stem cell platform based on MCAs which were discovered by company director and major shareholder, Prof Igor Slukvin and colleagues at UW-Madison.

About Eco Quest:

Eco Quest Limited (ASX: ECQ), is a globally focussed environmental and life sciences technology business. It is focused on developing and applying the latest materials and biological technologies to create products which enhance our quality of life.

For more information about Eco Quest visit www.ecoquest.com.au.

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*Next Generation
Stem Cell Technology*

Cynata signs exclusive licence with WARF for UW-Madison stem cell technology

Melbourne, 11th April 2013

- **Cynata enters into an exclusive licencing agreement with WARF, the University of Wisconsin-Madison’s patent and licencing organisation, for mesenchymoangioblast (MCA) stem cell technology.**
- **MCA technology will eliminate reliance on multiple cell donors, and substantially diminish the cost and complexity of manufacturing industrial-scale quantities of clinical-grade cells.**

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Cynata Incorporated, a developer of stem cell-based therapeutics, today announced that it has entered into a global licencing agreement with the Wisconsin Alumni Research Foundation (WARF - the private, nonprofit patenting and licensing organisation for the University of Wisconsin-Madison) for the rights to a suite of valuable stem cell intellectual property. In particular, Cynata now has an exclusive licence to develop therapeutic stem cell products, based upon a recently discovered and very important class of stem cells called mesenchymoangioblasts (MCAs).

“This is a key milestone for Cynata, giving the company access to a range of valuable intellectual property, from one of the most respected and highly-regarded stem cell research centres in the world”, said Dr. Roger Aston, chairman of Cynata. “We can now press forward with our plans to develop an MCA-based therapeutic stem cell platform, and move as quickly as possible into human clinical studies”.

“We are delighted to welcome Cynata as a new commercial partner for WARF and a licensee of stem cell technology developed at the University of Wisconsin-Madison”, said Andy DeTienne, WARF’s licencing manager for stem cell technologies. “Cynata’s business model, to develop new stem cell-based treatments for important human diseases, is strongly aligned with WARF’s goal of supporting development of human stem cell therapies.”

MCA’s have a number of features which make them ideal for the development of stem cell-based therapeutics. They are early, multipotent precursor cells that play a critical role in the formation of the blood vessels, amongst other structures. The ability to use MCAs in the manufacture of essentially an infinite quantity of well-characterised, ultra-pure, clinical-grade cells at relatively low cost is of both clinical and commercial importance.

“An important limitation of many therapeutic stem cell products, is their reliance on a pool of initial cell donors,” stated UW-Madison Professor Igor Slukvin, one of the inventors of the MCA technology, and a co-founder of Cynata.

He noted that is not only is it extremely expensive to identify, screen and qualify donors, but the number of doses of cellular product that can be manufactured from a single donation is limited. Moreover, a manufacturer is obliged to repeatedly demonstrate to the FDA and other regulatory authorities that cells from different donors deliver the same clinical benefit.

“In contrast, Cynata will manufacture MCAs and other downstream cell-based products using pluripotent stem cells as the source material from which differentiated cells for clinical use will be derived,” said Slukvin. “Since pluripotent cells can reproduce indefinitely, and MCAs themselves have an impressive expansion capability, we expect to be able to manufacture all the cells that we will ever need from a single donor”.

The scalability of Cynata's technology is expected to result in a number of key commercial benefits. The company will be well positioned to address areas of therapeutic need in which larger doses, or multiple doses of cells may be beneficial. In addition, the company expects to be able to manufacture large quantities of cells at substantially lower cost than companies sourcing their cells from multiple donors.

A recent report on the stem cell industry by the Maxim Group in New York noted that cost of goods and the ability to manufacture large numbers of cells for higher doses would be a critical success factors for stem cell companies looking to treat more systemic disease.

"The manufacture of cell-based therapeutics is a complex business, so anything that can be done to reduce variability and increase yields is extremely helpful." said Allen Bolland, Cynata's co-founder and CEO. "Conservatively, we expect that our technology will deliver at least a ten-fold improvement in cost of goods sold (CGS), together with a reduction in batch variability, compared with companies employing multiple donor-based strategies."

Cynata now is focusing on the identification of a manufacturing process development partner. This partner will work with Cynata to translate the xeno-free laboratory-based cell manufacturing process into a methodology acceptable to regulatory authorities around the world. The company has made substantial progress, with a number of highly credentialed organisations and anticipates making an announcement shortly.

Further information:

Allen Bolland, Chief Executive Officer, Cynata Incorporated: 0423 943 600

Further details:

About Cynata Incorporated:

Cynata is a California-incorporated company developing an off-the-shelf stem cell therapeutic platform, based upon technology discovered by scientists at the University of Wisconsin, Madison. The company is focussed on developing low-cost cell-based therapeutics, for the treatment of a range of diseases including complications associated with diabetes.

About WARF:

The Wisconsin Alumni Research Foundation, a recipient of the National Medal of Technology, is the private, nonprofit patent and licensing organization for the University of Wisconsin–Madison, one of the world’s great research universities. Founded in 1925, WARF licenses university discoveries to startup companies and businesses capable of advancing new technologies to the marketplace for the benefit of the university and humankind. WARF also manages an endowment that now totals more than \$2 billion. Proceeds from licensing and endowment income are returned to the university to promote, encourage and aid scientific investigation and research. WARF’s portfolio of more than 1,500 patented technologies includes human pluripotent stem cells, analytical instrumentation, pharmaceuticals, food products, medical devices, clean technology and semiconductors.