

ACTIVITY REPORT & APPENDIX 4C

Melbourne, Australia; 30 April 2015: Regenerative medicine company Cynata Limited's Quarterly Cash Flow Report for the quarter ended 31 March 2015 is attached.

During the quarter the Company made significant progress developing its proprietary platform Cymerus™ technology for essentially limitless production of therapeutic mesenchymal stem cells (MSCs). The Company reached a key milestone with confirmation in February, of the effective completion of tech transfer of the Cymerus™ MSC manufacturing process from lab scale to a Good Manufacturing Practice (GMP) production environment at our US manufacturing and process validation contractor, Waisman Biomanufacturing. This achievement was a world-first breakthrough, setting Cymerus™ apart from all existing methods of MSC production, which require a continuous supply of new tissue donations. Completion of this milestone facilitates the manufacture of GMP-grade Cymerus™ MSC product for Cynata's partners and for the Company's own pre-clinical and clinical trial programs. Most importantly, this milestone sends a clear signal to potential commercial partners that the Cymerus™ process is far more than an academic curiosity: it provides a unique, breakthrough solution to the current challenges in the manufacture of MSCs for therapeutic use. The Company has a goal of securing at least one corporate partnership during 2015 and a vigorous campaign to achieve this goal is presently underway. The announcement of a number of very recent deals in the stem cell sector has provided a vibrant environment in which to pursue the Company's partnering strategy.

In addition to achieving the milestone described above, during the quarter, Cynata has:

- Partnered with one of the world's leading centres for studies of lung fibrosis and regenerative medicine, The University of Western Australia's Centre for Cell Therapy and Regenerative Medicine (CCTRM)
- Engaged the US-based PCG Advisory Group to drive the Company's U.S. investor relations activities
- Presented the Company to a broad audience of investors in the U.S. and continued our investor outreach in Australia
- Continued formal interaction with regulatory bodies to seek clarity on activities and schedule - leading up to commencing a Phase 1 clinical study
- Engaged a leading global contract research organisation (CRO) to commence clinical trial planning and logistics development for a Phase 1 clinical study
- Engaged Waisman Biomanufacturing to produce GMP-grade MSCs for further preclinical studies and for a Phase 1 clinical trial in Graft versus Host Disease
- Chaired a session and presented at BIT's 8th Annual World Congress of Regenerative Medicine & Stem Cell – Korea (RMSC-2015 Korea)

Building Investor and Partner Awareness

The appointment of the US-based PCG Advisory Group to drive the Company's IR activities provides important exposure to the vast U.S. life sciences investment community. PCG will assist the Company in implementing and managing a multi-faceted investor outreach campaign and gain further social and digital media exposure as Cynata seeks to broaden its investor horizon. Although cross-border comparisons are sometimes imperfect, there is a clear value disequilibrium between life sciences assets in Australia and in the U.S. With growing U.S. investor interest in regenerative medicine, the time is right for Cynata to ensure the value of its unique stem cell technologies are shared with new investors.

Cynata has a clear strategy of partnering the further development and eventual commercialisation of the Cymerus™ technology. In parallel with partnering efforts, in-house development continues as planned and the Company's existing cash reserves are sufficient to facilitate this, providing an approximate 18 month cash runway without the need to raise additional capital for some time.

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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.

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

Cynata Therapeutics Limited

ABN

98 104 037 372

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) staff costs	(98)	(290)
(b) advertising and marketing	(119)	(130)
(c) research and development	(653)	(1,351)
(d) leased assets	-	-
(e) other working capital	(80)	(361)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	68
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (TRIP rebate received /insurance recoveries)	-	4
Net operating cash flows	(925)	(2,060)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(925)	(2,060)
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	-	-
(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	-	-
1.14 Total operating and investing cash flows	(925)	(2,060)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	121	2,179
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	121	2,179
Net increase (decrease) in cash held	(804)	119
1.21 Cash at beginning of quarter/year to date	6,156	5,095
1.22 Exchange rate adjustments to item 1.21	127	265
1.23 Cash at end of quarter	5,479	5,479

+ 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	211
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees, salaries including superannuation benefits and professional consultancy fees. All payments are on normal commercial terms.

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	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

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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	2	3
4.2 Deposits at call	5,477	6,153
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	5,479	6,156

Acquisitions and disposals of business entities

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

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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:  Date: 30 April 2015

Print name: Dr Ross Macdonald
(Managing Director)

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.

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