ASX ANNOUNCEMENT **5 March 2014**

Cynata Partners with University of Massachusetts to Conduct Graft versus Host Disease PoC Study

Cynata Therapeutics Ltd (ASX: CYP), announced today that it has commenced a study using its unique Cymerus™ stem cell technology to generate important data for partnering discussions and as a prelude to a proposed clinical trial in graft-versus-host disease (GvHD). This disease often follows a bone marrow transplant procedure and occurs when the immune cells in the donor material (the graft) attack the recipient's tissues (the host) as "foreign". Bone marrow transplants are used in the treatment of certain cancers including leukaemia.

This GvHD study follows an earlier proof-of-concept study in which the efficacy of Cynata's proprietary Cymerus™ off-the-shelf stem cell product was clearly demonstrated in a rodent model of critical limb ischaemia, a severe blockage in the arteries of the lower extremities which markedly reduces blood-flow; it is seen particularly in patients with advanced diabetes.

The study will be conducted at the University of Massachusetts – Amherst, through its UMass Innovation Institute, under the supervision of Assistant Professor Lisa M Minter. Professor Minter will investigate, in a humanized rodent model established in her laboratory, the effects of Cynata's Cymerus™ mesenchymal stem cell (MSC) product in preventing and treating graft-versus-host disease (GvHD). In September of 2013, Professor Minter, together with a colleague, was awarded a five-year, $4.8 million grant from the National Cancer Institute as part of a multi-institutional research team. The focus of her research under this award also centres on GvHD.

"Administration of MSCs appears to blunt the aggressive immune response mounted by donor cells in GvHD, an important observation that has led to efforts to develop MSC-based therapeutic products for this devastating condition", said Professor Minter. "We aim to test Cynata's MSC product in our pre-clinical model to provide further evidence in support of its potential benefit in treating human GvHD."

"We are delighted to be working with a scientist of Professor Minter's calibre in this important investigation," said Dr Ross Macdonald, Chief Executive Officer of Cynata Therapeutics. "Our pre-clinical studies so far have already shown great promise for bringing the Cymerus™ technology into the clinic and eventually to the market. This study will provide important additional data on the therapeutic use of our Cymerus™ MSC technology for commercial partners and to allow us to move towards a clinical trial in GvHD."

The Cymerus™ technology facilitates large scale production of MSCs from a single donor, a key element for pharmaceutical companies as they move into stem cell medicine.

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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 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.