

Ms. Andia Petropoulos
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

25 January 2017

Price Query

Dear Andia

We refer to the ASX Price Query dated 25 January 2017 and respond as follows:

1. The Company is not aware of any information concerning it that would, if known by some in the market, explain the recent trading in its securities.
2. Not Applicable.
3. In recent weeks there have been a number of media articles in the USA that may have brought the Company to the attention of new U.S. investors. There have been similar reports in the Australian media which may also have generated increased interest in the Company's prospects.
4. The Company believes that it is in compliance with ASX Listing Rule 3.1.
5. The Company's responses to the ASX Price Query dated 25 January 2017 have been authorised and approved by the Company's Managing Director and CEO who has been delegated authority from the Board to respond to the ASX on disclosure matters.

Please do not hesitate to contact me if you require any additional information in relation to this matter.

Yours sincerely



Andrew J. Cooke
Company Secretary

- End

For Further Information

Simon Wilkinson, CEO
+64 21 661 850
www.innateimmuno.com

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About Innate Immunotherapeutics

Innate Immunotherapeutics Limited is an Australian biotechnology company with an exciting technology that targets the human innate immune system. The innate immune system is the body's first line of defence against external disease causing pathogens such as bacteria and viruses, and internally caused diseases such as cancer. Disorders of the immune system can also cause or contribute to diseases such as multiple sclerosis. While the innate immune system is responsible for mounting the body's initial defence against threats, it also plays a critical role in controlling the overall immune response and many for the body's tissue protective and reparative functions.

SPMS - The Significant Unmet Medical Need

Multiple sclerosis is a chronic disabling condition where the body's immune system attacks the myelin sheath surrounding nerve fibres. The damaged myelin forms scar tissue which distorts or interrupts nerve impulses, disrupting the ability of parts of the nervous system to communicate properly. This can result in a wide range of symptoms, including loss of balance, muscle coordination, difficulty walking, slurred speech, tremors, stiffness, cognitive impairment, depression, fatigue and bladder problems.

Within 15 years of being diagnosed with the early 'relapsing-remitting' stage of MS, and despite the 12 drugs approved to treat this early stage of disease, about 60% of sufferers go on to develop a more advanced progressive form of disease - SPMS. After 20 years the number of SPMS sufferers increases to about 75%. **There are currently no approved drugs for the effective ongoing treatment of SPMS.** The Company's clinical development of MIS416 seeks to address this important unmet medical need and significant commercial opportunity.

About MIS416

The microparticle, MIS416, is a biologically derived novel immune modulator which can uniquely target both the regulatory and defensive functions of the innate immune system. MIS416 targets myeloid cells, a sub-set of innate immune cells not currently targeted by any other drugs in development for the treatment of SPMS.

Myeloid cells can play an important role inside the brain of a patient with SPMS by down regulating inflammation, helping clear myelin debris, and upregulating tissue repair processes.

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25 January 2017

Mr Andrew Cooke
Company Secretary
Innate Immunotherapeutics Limited
Suite 4.01
35 Lime Street
Sydney NSW 2000

By email

Dear Mr Cooke

Innate Immunotherapeutics Limited (“Company”): Price Query

We note the change in the price of Company’s securities from a low of \$0.83 on 22 December 2016 to an intra-day high of \$1.83 at the time of writing today, 25 January 2017.

We also note an increase in the volume of Company’s securities traded in the past few days.

In light of this, ASX asks Company to respond separately to each of the following questions and requests for information:

1. Is Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?
Please note that the recent trading in Company’s securities would suggest to ASX that such information may have ceased to be confidential and therefore Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?
Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that Company may have for the recent trading in its securities?
4. Please confirm that Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

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5. Please confirm that Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **09:30AM, Friday 27 January 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Andia Petropoulos

Adviser, Listings Compliance (Sydney)

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