

ASX RELEASE

17 March 2017

Private Placement to raise Additional Working Capital

The Board of Innate Immunotherapeutics Limited (ASX: IIL) (“**Innate**”) has resolved to make a private placement (“**Placement**”) to raise gross proceeds of A\$2,000,000.

Innate intends to use the proceeds of the Placement for additional working capital beyond the planned release of Phase 2B trial results in the third quarter of 2017.

The Placement, which was oversubscribed, has been effected through Bell Potter Securities Limited as sole manager.

The Placement of 2,777,778 ordinary shares will be priced at A\$0.72 per share which represents an 8.3% discount to the closing price for Innate shares on 15 March 2017 and a small premium to the volume weighted average market price calculated over the 20 days on which sales were recorded up to 15 March 2017. On completion of the Placement Innate will have 225,625,991 shares on issue.

It is anticipated that the Placement will be completed on Friday 24 March 2017.

As previously advised, the clinical phase of the Phase 2B trial of MIS416 is expected to be completed by the end of April 2017. The final Clinical Study Report should be released in late August or during September 2017. Initial 'topline' data may become available prior to the release of the final report and if so, this will be released to the market at that time.

For Further Information:

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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.

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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

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.