



ASX RELEASE

General meeting of Peplin Ltd Chairman's and Managing Director's address Saturday 24 June 2006

Cherrell Hirst, Chairman

Welcome to this general meeting of Peplin Limited. As Chair of the Board I am pleased to welcome you and thank you for making time on a Saturday. I declare the meeting officially open.

I would like to take this opportunity to introduce your Directors – Gary Pace, Michael Spooner and Michael Aldridge our CEO and Managing Director. Also I want to introduce Jim Scopa of MPM Capital. This meeting also affords me an opportunity to introduce David Smith, our company secretary. David has been Peplin's financial controller for the last two years and since the departure of Phil Baker in April, he has assumed the role of company secretary.

Also I welcome Peplin staff, a team of highly committed and hard working individuals committed to our success.

Today's meeting marks an extremely important event for Peplin along its journey to commercial success. I am aware that I have alluded to significant milestones on a number of occasions during the last six years and yes they have been significant milestones. Most of those have related directly to the development pathway of our products; today's significant event is of a different dimension.

The primary purpose of this meeting is to seek shareholder approval for the placement of \$26.6 million in two tranches as described in the notice of meeting. MPM Capital is the lead investor in this placement and there are related resolutions.

The details of the investment are included in the notice of meeting but let me re-iterate them in summary form for you. Also I will take this opportunity to remind you that the international offer is on essentially the same basis as the entitlement offer to existing shareholders which closes on Monday. The consistency between offers was something which your Board considered to be of utmost importance. Under both offers the purchase price of shares is 71c and for every 10 shares issued the purchaser will receive three, four year options exercisable at 84c per share.

The international offer is in two equal tranches. Shareholder approval is required for the first tranche because the total number of shares to be issued exceeds the restriction in ASX Listing Rule 7.1 which prohibits a company from issuing more than 15% of its issued capital in any 12 month period. The second tranche is dependent on Peplin satisfying certain performance conditions and assuming these are met it should take place about 31st October but in any case by 31st December. The shares issued in the second tranche will fall inside the 15% restriction and for noting the 31st October (or later) timeframe is outside the approval time for shareholder approval at this meeting.

The first tranche of \$13.3 million will be invested immediately following Peplin notifying the ASX of shareholder approval from today's meeting.

Your Board is also seeking shareholder approval for the appointment of Jim Scopa to the Peplin Board as a representative of MPM Capital. His appointment is an integral component of the international offer. Your Board is of the view that Jim Scopa's presence on the board is such an important strategic step for us and an integral benefit of this investment for Peplin that we wanted you, our shareholders, to consider and vote directly on his appointment. His presence here today gives you the opportunity to meet him and I am going to ask him to say a few words later in the meeting so you can hear from him directly. A short biography of Jim is presented.

Your Board has also welcomed the opportunity to have MPM Capital recommend a further director to the Peplin Board. They have recommended Eugene Bauer as an independent non-executive director. Eugene's expertise and track record make him an excellent candidate for director. His short biography is also presented. I am sure that he will fit well with the Board and make an excellent contribution as director. Unfortunately other commitments have made it impossible for him to be here today. It is the intention of your Board to appoint him later today assuming approval is received for the international offer. He would stand for re-election by shareholders at the AGM later this year.

Your other Directors and I are excited at the prospect of Jim and Eugene, both of whom are extremely experienced individuals in Peplin's area of interest, joining our Board. I have no doubt that their presence will be a positive influence in guiding Peplin's progress to success.

Later this year there will be further changes to the Board. I will be standing down as Chair and we will appoint a new independent Chairman with experience in the launch and commercialisation of new drugs within the global pharmaceutical industry. This is not a new idea. At the time of listing your then Directors recognised that as the Company grew and changed so the composition of the Board needed to change to ensure that the skills and experience of directors were appropriate for the changing strategic and business needs of the company. Over the last few years we have put that plan into action in a well managed way

and this is simply a continuation of that process. I will continue to serve as a Director for at least a further 12 months subject to shareholder approval.

Your Board strongly recommends your approval of this international offer. It brings with it a number of very significant benefits to Peplin hence my previous mention of today being such a significant point in our commercial journey. Let me describe these benefits in summary and then hand over to Michael to comment in more detail.

First this investment will place Peplin in a strengthened financial position. If the international offer proceeds and with the benefits of the entitlement offer, Peplin's pro-forma cash position would be around \$51.8 million.

This will mean that Peplin can now pursue its clinical trial program for PEP005 Topical for AK and NMSC through to the end of Phase II without the distraction of having to raise further capital. In addition the funds will allow Peplin to progress the development of PEP IV through completion of its pre-clinical program, filing of an IND and phase I/II clinical trials in leukaemia.

Second a successful international offer will bring to Peplin the very considerable expertise, experience and connections of MPM Capital and in addition the credibility of being an MPM portfolio company. These advantages will lift Peplin a quantum leap forward from a small but successful Australian drug development company to a well connected globally positioned drug development company. For me, this international investment takes us symbolically across the Rubicon and into a whole different world with greatly increased opportunities for our future.

This offer and the benefits it brings are entirely consistent with Peplin's strategic intent and plan. It is extremely pleasing as a director to see the company achieving the key strategic outcomes as planned and on time. I want to commend Michael Aldridge and his team for the huge effort which has gone into bringing this investment strategy to fulfilment.

My friends, fellow shareholders, we have come a long way together since listing in 2000. Many of you have travelled the whole of this journey with us. You have supported us every step of the way and we are grateful for that because it has enabled us to pursue this journey with great focus and as a result we have achieved all our milestones and are on track for success. Do not mistake me there are still challenges to overcome and whilst the risk inherent in this journey has been greatly reduced since 2000, there continues to be significant risk ahead. However the expertise of our additional directors will assist us in better managing that risk.

As you are all aware our strategy is to take our products as far down the value chain as we are able with the single-minded purpose of increasing shareholder

wealth. At times some of you have been sceptical about the wisdom of this strategy but we are fully committed to it and to date have achieved only positive outcomes as we seek to implement it. The support, knowledge and experience of MPM Capital will be of enormous value as we continue to pursue the ends which create the greatest value for shareholders.

I urge you to continue to support us along this journey by accepting the recommendation of your Board in voting in favour of the international offer and for the appointment of Jim Scopa as a Director of Peplin Limited.

I would now ask Michael to elaborate in more detail about MPM Capital and about the ways in which this offer will enable Peplin to achieve success.

Michael Aldridge, Managing Director & CEO

Thank you Cherrell and welcome shareholders. I am very pleased to have the opportunity to describe the very important and tangible benefits which the investment proposal being considered at today's meeting brings to Peplin.

Corporate strategy

Shareholders will recall that we secured the return of product rights to PEP005 Topical from our previous corporate partner back in late 2004. Our first step then was to lay out a corporate strategy for the company to take advantage of that event and deliver on the significant value that this promising product candidate represented.

This strategy was first set out in Peplin's quarterly report to shareholders for the March quarter of 2005 and we have continued to develop and refine it since then. The key elements of that strategy are operational, partnership and financing. Most importantly each of these focuses on the North American market.

From an operational perspective we will continue to enhance our product development capability. We intend to identify and retain the most talented drug development individuals particularly in the regulatory, medical and commercial areas of our business. The goal of this strategy is to ensure that we have the necessary expertise to complete the development of a highly attractive product which meets the unmet medical need of people suffering from actinic keratosis and non-melanoma skin cancer.

Peplin does not have a present intention to build a dermatology focused sales and marketing capability. Accordingly our partnership strategy is focused on the goal of securing a corporate partner with the demonstrated capability to commercialise a product with the profile of PEP005 Topical for actinic keratosis and non-melanoma skin cancer. That said we are continually evaluating resource requirements and collaborative corporate structures which provide an avenue to participate in the complete product development and commercialisation value chain.

Clearly these activities require development capital. We have a clear goal of raising the necessary finance to pursue this strategy.

We also have a clear strategic focus on the North American market:

- Most experienced pharmaceutical product development managers
- Our products are being developed under INDs filed with US FDA
- It is the largest market for prescription pharmaceutical products
- Likely location of the most attractive partner (corporate partner, merger or sale)
- Largest capital market for biotechnology companies
- Lowest cost of capital for biotechnology companies

Early in 2005 we put in place the necessary initiatives to deliver on this strategy and to date we have hit every milestone. I am very pleased to say that today represents a critical step in several areas of that program.

Why MPM Capital?

Two key components of our strategy are access to capital and access to expertise. And so when we started to call on investors in the US in 2005 we focused our search on investment institutions which could bring capital but also a lot more. I am very pleased to say that in MPM Capital we have identified an organisation that quite emphatically brings so much more than just cash, we also enjoy the credibility, capabilities and international network of the largest and one of the most successful specialist biotechnology investors worldwide.

Access to capital, credibility and expertise

The fact that MPM Capital has delivered is just starting to be evident and I think we will continue to see the significant benefits of this relationship as we move forward.

We have announced four key appointments in just the last month. In each of Jim Scopa, Gene Bauer, Gary Patou and Cheri Jones we have secured capabilities which are both world class and directly relevant to what is most important to delivering on Peplin's strategic goals and enhanced shareholder value.

Benefits of the offering

One of the key benefits of the offering is clearly to put Peplin in a strong position financially. On a pro-forma basis Peplin had in excess of \$50 million allowing for the completion of the international offering and the rights issue.

This positions us very favourably to complete the critical phase II development of our lead topical products for the treatment of actinic keratosis and non-melanoma skin cancer and to also advance our product for the treatment of leukemia and complete a proof of principle clinical trial. Importantly following those key

milestones we would be in a sufficiently strong capital position to plan our future capital requirements and strategy.

A strong capital position allows Peplin to materially advance the development of its product candidates and thereby deliver enhanced shareholder value. In addition it ensures complete control of our strategic direction and secures a future independent of large corporate partners who may not always share the strategic goals we have for our products and independent of the present capital market environment and its appetite or otherwise for biotechnology companies.

Achievements

2006 to date has been an enormously productive year. And to touch quickly on these significant achievements:

- We have announced very encouraging results of our skin cancer trials in which we documented a 71% clearance of skin cancers following just two days treatment with PEP005 Topical.
- We also documented the maximum tolerated dose of PEP005 Topical when applied to an area of skin with an actinic keratosis lesion at 0.05%. This concentration is equivalent to the most effective dose in our earlier study which applied the drug to a discrete lesion. In this study we also saw further evidence that 70% of actinic keratosis lesions are cleared at the 0.05% concentration. We were also pleased to see that PEP005 does not appear to be absorbed into the blood stream giving us further confidence in the safety profile of this drug.
- We have advanced our North American strategy materially with the major international capital raising announced in May and recent hires in the key North American market. The build-out of those operations will continue.

Milestones

In terms of milestones we have some important and near term events to look forward to.

- Next week we will commence PEP005 production at our new manufacturing facility on the Gold Coast. This is a commercial scale facility which integrates the previously separate steps of extraction and purification and produces pure PEP005 to GMP standards. We intend to host an official opening of the facility in July.
- This weekend we start our phase IIb actinic keratosis clinical trial program with an investigators' and study coordinators' meeting in Atlanta.. This is a multi-centre clinical trial being run at sites across the US. Clinical sites will be initiated following the Independence Day July 4th July holiday. We plan to announce complete details of that study later in July.
- We are close to completing the data analysis on the phase IIa nodular basal cell carcinoma trial. We are on track to announce the results of that trial in July 2006.

- We anticipate initiating the phase IIb clinical trial of PEP005 Topical for basal cell carcinoma late in the third quarter of this calendar year.

Timetable to market

Clearly this capital raising and related initiatives bring to bear a significant component of the resources necessary to develop our product candidates. Accordingly we feel comfortable for the first time in providing a timetable to market launch, and we did that in the recent prospectus filed for the entitlement offering.

We are developing our products under highly regulated processes administered by FDA in the United States and by TGA in Australia. We will be subject to the requirements of these regulatory organisations and others in international jurisdictions with regard primarily to demonstrating that our products are both safe and efficacious for the disease or condition which we aim to treat. Based on our view of the likely regulatory requirements relevant to the development of our lead product we would anticipate completing its development and having it available for marketing within four years.

If successful that would represent a timeline from discovery to market launch of less than 10 years. By any relevant industry benchmark that is a very rapid development program.

Thank you once again for your time today. I will now hand the floor over to Jim Scopa General Partner at MPM Capital to provide further information on MPM Capital and his perspective on the Peplin investment.



General meeting of shareholders

Saturday, 24 June 2006
10:00 am

Agenda

- Chairman's address
- Managing Director and CEO's presentation
- Jim Scopa, General Partner, MPM Capital
- Motions



General meeting of shareholders

Cherrell Hirst
Chairman

International placement

- US\$20m placement to international investors led by MPM Capital
- In conjunction with a pro-rata \$13.9 million offer to Peplin shareholders on essentially the same terms
- Payable in 2 tranches:
 - 1st tranche US\$10m immediately post approval at EGM
 - 2nd tranche US\$10m subject to certain conditions (anticipated to occur ~31 October, 2006)
- Issue price of \$0.71 per share
- 3 X \$0.84 options for every ten shares placed, term 4 years
- Peplin will appoint Jim Scopa and Gene Bauer as directors
- Board of Directors shall nominate a new independent chairman with experience in the launch and commercialization of new drugs within the global pharmaceutical industry
- Dr Cherrell Hirst to remain a member of the board

Jim Scopa, General Partner MPM Capital

- Partner and Co-Director of Healthcare Investment Banking at Thomas Weisel Partners
- Managing Director and Global Co-Head of Healthcare Investment Banking at Deutsche Banc Alex. Brown
- 18 years of experience in healthcare investment banking, specializing in financings and M&A for healthcare companies
- Australasian clients include Axon Instruments, Fisher and Paykel Healthcare and ResMed
- AB from Harvard College (Phi Beta Kappa), MBA from Harvard Business School, JD from Harvard Law School

Eugene Bauer, MD

- Lucy Becker Professor Emeritus, Stanford University School of Medicine
- Former Dean and Chair of the Department of Dermatology, Stanford University School of Medicine
- CEO of Neosil, Inc. a privately held dermatology company
- Co-founder and emeritus member of the Board of Connetics, Inc.
- NIH-funded investigator for 25 years, has served on review groups for the National Institutes of Health, and has served as a member of the Board of Scientific Counsellors of the National Cancer Institute and the Advisory Council for the National Institute of Arthritis and Musculoskeletal and Skin Diseases.
- Member of numerous honorific societies including the Institute of Medicine of the National Academy of Sciences.



General meeting of shareholders

Michael Aldridge
Managing Director & CEO

Corporate strategy

- Operational strategy
 - Continue to build product development capability
 - Particularly regulatory, medical and commercial functions
- Partnership strategy
 - Focus on a corporate partner particularly for sales and marketing capabilities
 - Evaluate opportunities to participate in the complete product development and commercialisation value chain
- Financing strategy
 - Finance the development of our product candidates

Focus on the strategically important North American market

Why MPM Capital?

- Key components of Peplin's North America strategy
 - Access to capital
 - Access to expertise
- Investor search focused on credibility, capabilities and network
- MPM Capital profile
 - Largest specialist biotechnology investor
 - Consistent top quartile investment returns
 - A model which brings to bear specialist entrepreneurial expertise
 - A network from 10+ years building businesses in the US
- MPM Capital delivers:
 - Capital and access to capital markets
 - Credibility and networks to secure the necessary expertise
 - Validity to Peplin's North American strategy

Access to capital, credibility and expertise

- Jim Scopa, non-executive director
 - International healthcare capital markets expertise
- Gene Bauer, non-executive director
 - US dermatology focused network
- Gary Patou, interim Chief Medical Officer
 - Drug development, demonstrated product development expertise
- Cheri Jones
 - Regulatory, demonstrated topical product expertise

Benefits of the offerings

- Cash balance 31 March 2006: \$51.8 million pro-forma the international placement and rights issue
- Use of proceeds:
 - Fund phase II development of:
 - PEP005 Topical for AK
 - PEP005 Topical for NMSC
 - Fund phase I/II development of PEP005 IV for leukemia
 - Adequate capital to then plan for future requirements
- Pursue independent product development
 - Deliver significantly enhanced shareholder value
 - Remain in control of strategic direction

Achievements and milestones: 2006

Achievements

- Results of Australian phase IIa BCC trial (PEP005-003)
- Results of US phase IIa AK dose escalation trial (PEP005-004)
- Major international capital raising
- Established US operations

Milestones

- Production facility operational – week of 26 June
- Official opening of production facility in July
- AK phase IIb US trial (PEP005-006)
 - Investigators' kick-off meeting – 24 June 2006
- nBCC phase IIa Australian trial (PEP005-002)
 - Results - July 2006
- BCC phase IIb trial (PEP005-009)
 - Initiate - Q3 2006

Timetable to market

- Complete product development within 4 years (includes 1 year of regulatory review)



General meeting of shareholders

Saturday, 24 June 2006
10:00 am