



PEPLIN LIMITED
ABN 55 090 819 275

ANNUAL GENERAL MEETING OF SHAREHOLDERS

at 2pm Thursday 12 October 2006

**Hilton International Hotel
190 Elizabeth Street
Brisbane, Queensland**

Welcome to the 2006 Annual General Meeting of Peplin Limited. I am Cherrell Hirst and I am proud to be Chair of Peplin. I declare this meeting officially open.

I would like to take this opportunity to introduce your Directors – Eugene Bauer, Gary Pace, Jim Scopa, Michael Spooner and Michael Aldridge our Managing Director and CEO. Thank you to each of you for your contribution to Peplin's corporate program which every day takes us closer to our goals.

I would also like to introduce Ross Walker from Johnston Rorke, our Auditor for the 2006 financial year. You will have an opportunity to put any questions of our auditor to him later in the meeting.

A special welcome to Jim Aylward our founder and previously an executive Director.

The formal addresses and presentations are being recorded for a webcast. To facilitate this, we will take questions at the end of the presentations. The webcast will be available on the Peplin website from Monday 16 October.

This last year has been another momentous year for Peplin – I realise I made similar strong statements about the prior year and I may seem to be exaggerating but this year there have been three critical areas in which we have made great progress

- the international investment;
- the continued successful progression through our clinical trials program; and
- the strengthening of our executive team and board.

We have without doubt taken giant steps towards our goal of commercial success.

Michael Aldridge, Managing Director and CEO will provide details about these but first let me report to you on a few broader aspects of the years work.

Board changes

Your Board continues to work well even though we are spread around the world. Jim Scopa and Eugene Bauer who joined us in June have fitted well into the company culture and business and are making a significant contribution. In June I announced that we were instigating a world wide search for a new chair with specific industry experience including world wide product launch and commercialisation. Clearly choosing the new

Chair is a very important matter and to date we have not made any decisions. I will continue as Chair until our search is completed. The time we are taking to make this appointment is purely a reflection of our careful approach to selection.

Capital raising

You will all be aware that MPM led an international placement in Peplin mid-year. That investment was in two equal tranches. The first tranche was made in June immediately after the EGM. The second was subject to certain conditions which were satisfied earlier this week and have been disclosed to the market. This international investment is significant validation of the strength of the company and our potential to achieve commercial success.

Focus on corporate strategy

A major focus of the board is corporate strategy which includes

- developing, with management, an appropriate strategy to guide our pathway to market while always seeking to maximise shareholder value; and
- monitoring operational performance to ensure that we are achieving our key strategic goals.

I am pleased to report that progress against our strategic goals has been excellent.

The driving force for the board in establishing our corporate strategy is maximisation of shareholder value.

A significant part of our ongoing corporate strategy is the location of relevant operational capability in the US given that this is our key market. Planning around this strategy has been underway for some time to ensure smooth implementation. The Board sees it as a key aspect of the continuing progression and successful completion of the product development of our skin cancer product (PEP005 Topical). Key US executives have been appointed and Michael Aldridge will spend an increasing amount of time in the US, relocating on a permanent basis at an appropriate time.

In addition to its importance for completion of product development, this move has another equally important benefit to Peplin. Through this strategy Peplin is building an extremely strong and capable executive team with extensive experience in relevant areas and upon whom we can rely to deliver operational excellence. This level of operational capability is the most fundamental criteria for success for any company anywhere. As shareholders you may be confident that the executive team we are building is world class by any measure.

Clinical trials

Another significant achievement of this past year has been the huge progress made in our clinical trials. Michael Aldridge will discuss the trials and their outcomes in detail but we can all take comfort that the success of these trials is demonstrating greater levels of safety and efficacy and this equates to a steady reduction in risk.

Manufacturing plant

Earlier this year the Hon Ian McFarlane Minister of Industry Trade and Resources opened our new manufacturing plant at Southport the operations of which were contracted to Nutratec. The plant was named for Jim Aylward our founder and that day was a special celebration.

In the interests of shareholders we decided that we will operate this plant independently. This has led to a dispute but we are confident of an outcome in Peplin's favour. We announced the details of this earlier in the week. Peplin has adequate supplies of PEP005 manufactured under GMP for its current trials.

Corporate governance:

Peplin's Board accepts the ASX Corporate Governance Guidelines and reports against these each year in our annual report. Given the recent changes to the Board we have not engaged in formal performance evaluation this year but intend that this should take place early next year. Like every other company in Australia we have moved to International Financial Reporting Standards however this transition has had minimal impact on our financial statements as detailed in the Annual Report.

For the second year we have included a remuneration report in our Director's Report as required under CLERP 9. A non-binding resolution on that report is on the agenda for this meeting.

Staff

I want to take this opportunity to pay tribute to the work of the Peplin staff. They form a great team expertly led by Michael Aldridge, our Managing Director and CEO. The team continues to operate efficiently across a wide range of functions, and they work extremely hard with great levels of commitment. Michael will introduce them shortly but I want each of them to know the extent to which their hard work and commitment is recognised and appreciated. Thank you, team Peplin.

Shareholders

Thank you to you our shareholders for your confidence in our company and in the Board and management to progress the work of Peplin Ltd. Some of you have experienced our past challenges and successes and others of you have joined us only recently.

To all of you thank you for your continuing support. We are confident that our current strategy will maximise value for shareholders. I am equally confident that the next few years will be increasingly exciting as we enter into the final stages of delivering our PEP005 product for skin cancer to market.

My confidence in Peplin's ability to achieve commercial success is greater now than ever before. The goal is in sight but risks and challenges remain which we must work hard together to manage if and when they arise. Our ultimate goal always is to maximise shareholder value. But also I hope that our experience is of value to the industry generally and assists in building a stronger base for this industry in Australia – a base which attracts and rewards investors.

Together, you our shareholders and we, Peplin's Board, management and staff are working hard to make our vision a reality – creating therapeutic options to allow people with cancer to live healthier, happier and longer lives. Simultaneously we are creating a great Queensland and Australian company with the capability to develop “pharmaceuticals for life”.



Peplin

Pharmaceuticals for Life

Annual general meeting

12 October 2006

PEP.ASX

www.peplin.com

Board

Non-executive directors

- Dr Cherrell Hirst, Chairman
- Gene Bauer MD, CEO, Neosil, Inc.
 - US dermatology network
- Gary Pace, CEO & Chairman, QRx Pharma Pty Ltd
 - International healthcare entrepreneur
- Jim Scopa, Partner MPM Capital
 - International healthcare capital markets expertise
- Michael Spooner, Executive Chairman, Mesoblast Ltd.
 - International healthcare entrepreneur



Annual general meeting

Michael Aldridge
Managing Director & CEO

Recent events: Clinical, Cash & Capabilities

- **Clinical:** Encouraging clinical results from more than 200 patient database of safety and tolerability
 - *Actinic keratosis (AK), sBCC and nBCC*
- **Cash:** International capital raising led by MPM Capital
 - *\$40 million (International placement and entitlement offer)*
- **Capabilities:** Important additions to board and management
 - *Non-executive directors: Jim Scopa and Gene Bauer*
 - *Gary Patou MD as interim CMO, Cheri Jones as VP Reg. Affairs and Phil Moody as CFO and VP Finance and Operations*

Recent events

- Results of skin sensitisation study
 - standard safety study for dermal products
 - 220 subjects, no evidence of skin sensitisation
 - pre-condition to the second tranche of the international offer
- Second tranche of the international offer
 - 18.7 million shares at A\$0.71 per share
 - 5.6 million 4 year options at A\$0.84 per share
 - closing set for 1 November 2006
- Completion of enrollment for pilot clinical trial
 - squamous cell carcinoma *in situ*
 - expect results Q1 2007



PEP005 Topical for AK and BCC

A highly attractive and differentiated approach

PEP005 Topical for AK and BCC



- New topical product for AK and BCC
- Short course of therapy
- Favorable side effect profile
- INDs filed with FDA in June 2004
- US phase I trial reported Jan 2005
- Four phase IIa trials in 2005/2006
- Significant data base of drug safety
 - Over 200 patients
 - Over 400 individual lesions or tumours
- Positive evidence of drug efficacy

Actinic (solar) keratosis



- AKs are pre-cancerous lesions
- Affects 50% of Caucasians >40 yrs
- 58 million North Americans affected, 8.2 million treatments annually ⁽¹⁾
- Age of disease onset decreasing
- 78% of cases have multiple lesions
- If left untreated can develop into squamous cell carcinomas

Non-melanoma skin cancer



- Basal cell carcinoma (BCC) and squamous cell carcinoma (SCC)
- BCC accounts for 80% of skin cancers
- 1.2 million cases in US in 2004 ⁽¹⁾
- Incidence 6-7% increase annually
- Age of disease onset decreasing
- Most prevalent cancer worldwide

Current surgical approaches

Approach	Major benefits	Major short-comings
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Actinic keratosis

Cryotherapy

- | | |
|--|--|
| <ul style="list-style-type: none">• Quick and cheap• Attractive reimbursement• Well established modality | <ul style="list-style-type: none">• Only discrete lesions• Short term localized pain and irritation• Potential long term scarring• Not effective in 33% of cases ⁽¹⁾ |
|--|--|

Non-melanoma skin cancer

Surgical excision

- | | |
|---|--|
| <ul style="list-style-type: none">• Effective technique• Gold standard and widely adopted approach | <ul style="list-style-type: none">• Painful with scarring and morbidity• Removal of tumor tissue and margin• Expensive, significant downtime |
|---|--|

1. Source: *International Journal of Dermatology* 2004, 43, 687-692

Current non-surgical approaches

Product	Disease	Course of therapy	Efficacy ⁽¹⁾ vs. vehicle	Side effects
Aldara (imiquimod 5%)	AK	2 times per week for 16 weeks	45% ⁽²⁾ vs. 3%	Erythema, edema, weeping/exudate, vesicles, erosion/ulceration, flaking/scaling/dryness, scabbing/crusting
Aldara (imiquimod 5%)	Superficial BCC	5 times per week for 6 weeks	75% vs. 3%	Edema, erosion, erythema, flaking/scaling, induration, scabbing/crusting, ulceration, vesicles
Solaraze (diclofenac sodium 3%)	AK	Daily for 90 days	41% vs. 18%	Contact dermatitis, exfoliation, dry skin, rash
Carac (fluorouracil cream 0.5%)	AK	Daily for 4 weeks	48% ⁽³⁾ vs. 2%	Erythema, dryness, burning, erosion, pain, edema
Levulan Kerastick (aminolevulinic acid HCl)	AK	In office topical application, irradiation 14 to 18 hours later	66% ⁽⁴⁾ vs. 13%	Severe stinging, burning, itching, erythema, edema and photosensitivity

1. Proportion of patients who cleared all lesions in treatment area

2. 59% better than 75% clearance

3. 71% better than 75% clearance

4. 77% better than 75% clearance

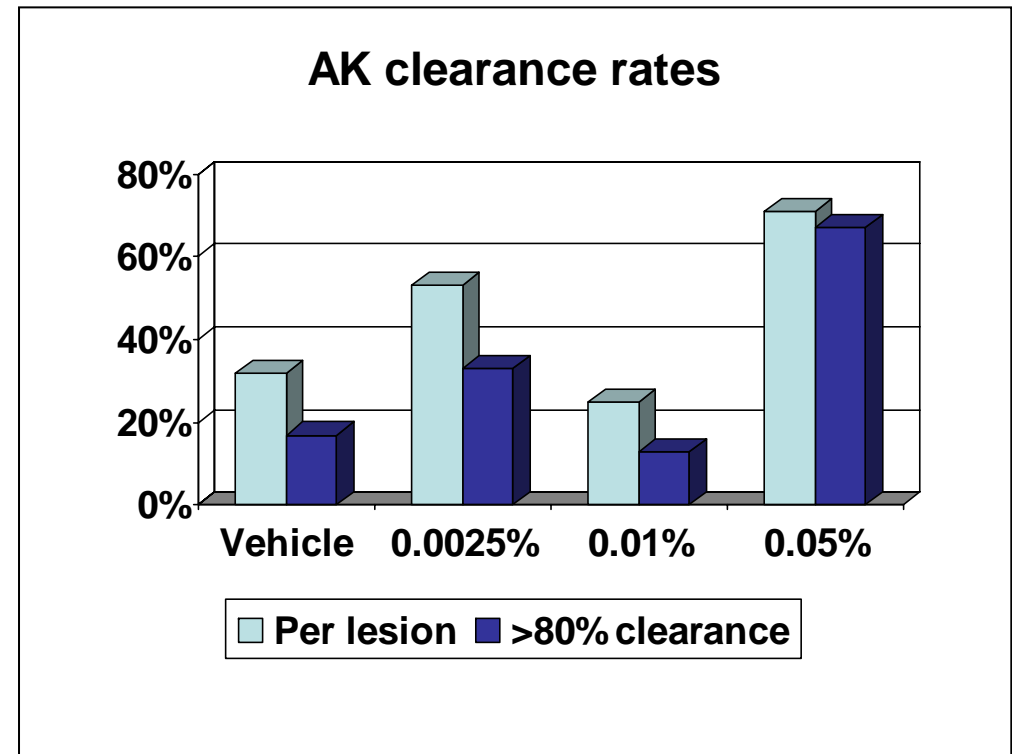
AK clinical trial summary

PEP005-001 (actinic keratosis)

- Multi-center, vehicle controlled, blinded, parallel group
- 60 patients, 5 discrete lesions per patient, 3 active arms
- Two applications of drug on two days

Results

- Safe and well tolerated
- Majority of local skin responses mild to moderate
- Statistically significant clearance of lesions



PEP005 Topical for AK

Emerging product profile

- Elegant topical gel medication
 - Take-home, patient applied prescription medication
 - Applied to an area of skin to treat obvious and emerging lesions
- Short course of treatment
 - 2-3 days topical treatment
 - Compliance and convenience benefits
- Favorable side effect profile
 - Well tolerated, transient local skin responses
- Effective in elegantly clearing AK lesions

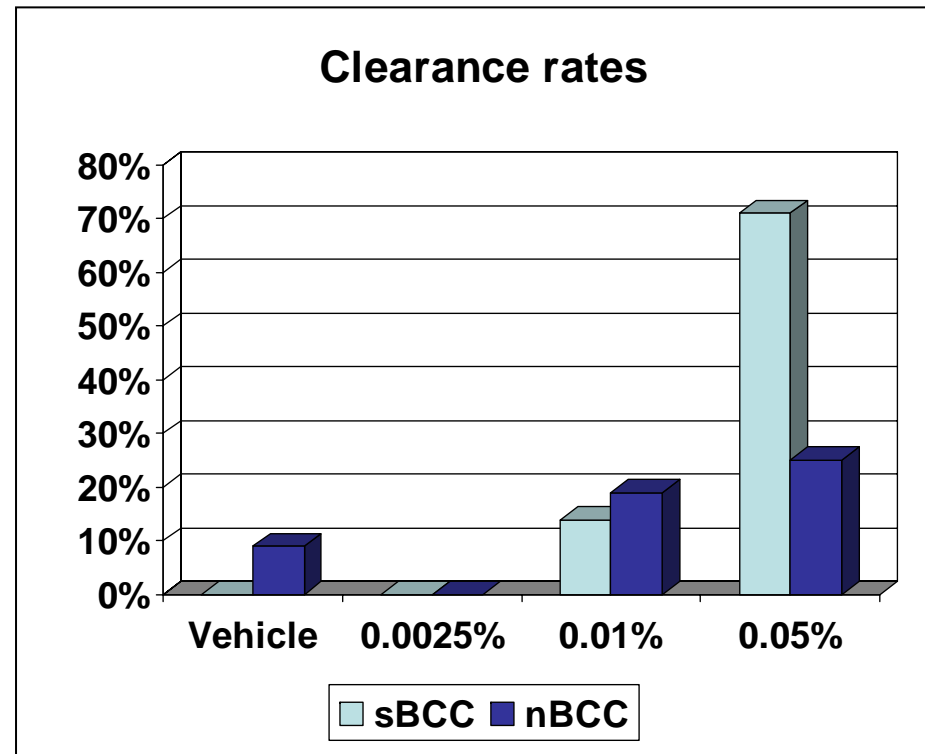
BCC clinical trials summary

PEP005-003/002 (sBCC/nBCC)

- Two separate multi-center, vehicle controlled, blinded, parallel group
- 60 patients, 3 active arms, two applications on two days
 - PEP005-003 (superficial BCC)
 - PEP005-002 (nodular BCC)

Results

- Safe and well tolerated
- Majority of local skin responses mild to moderate
- Dose dependent response to drug
- Statistically significant histology confirmed clearance of sBCC

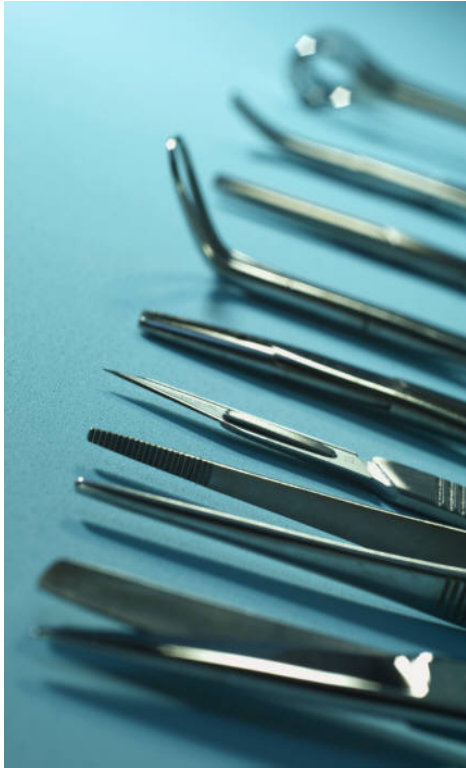


PEP005 Topical for BCC

Emerging product profile

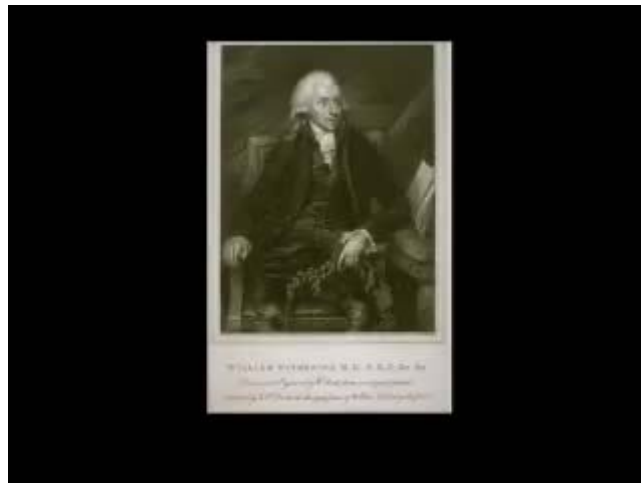
- Elegant topical gel medication
 - Physician applied prescription medication
 - Applicator directly on to the tumor
- Short course of treatment
 - ~2 office visits
 - Input of a trained healthcare professional
- Favorable side effect profile
 - Well tolerated, transient local skin responses
 - Absence of pain, scarring, infections, sutures
- Effective in elegantly clearing BCC tumors

Emerging market opportunity



- Topical therapies (Aldara, 5-FU, Solaraze):
 - ~US\$150 million in 2005 growing at 30% ⁽¹⁾
 - Represents ~10% of (primarily) AK treatments
 - Short comings: treatment duration and side effects
- Actinic keratosis:
 - Direct costs of treating AK: US\$1.2 billion in 2004 (8.2 million office visits in 2002) ⁽²⁾
 - Primarily cryotherapy
- Non-melanoma skin cancer:
 - Direct costs of treating NMSC: US\$1.4 billion in 2004 (1.6 million office visits in 2002) ⁽²⁾
 - Primarily surgery
- PEP005 Topical's indicative peak potential:
 - Growth and penetration of topical plus share of surgical markets
 - ~1.5 million AK treatments (20%) at \$200/Rx: US\$300 million
 - ~200,000 BCC treatments (20%) at \$300/Rx: US\$60 million

How PEP005 Topical works



Next steps – PEP005 Topical for AK

- US phase IIb for AK (PEP005-006)
 - Multi-center, 200 subjects, vehicle controlled, double blind
 - Take-home, patient applied on 2 or 3 days (double dummy)
 - To an area of skin with 4-8 AK lesions
 - Primary efficacy endpoint: complete AK clearance rate
 - Complete mid 2007
- Initiate phase III H2 2007

Next steps – PEP005 Topical for BCC

- US and Australia phase IIb trials (PEP005-009/010/012)
- PEP005-009 and 010
 - Open label, dose escalation to establish MTD
- PEP005-012
 - Multi-center, vehicle controlled, double blind
 - Primary efficacy endpoint: histologically confirmed tumor clearance
- Initiate Q4 2006

Anti-leukemia activity of PEP005 IV



PEP005, a selective small molecule activator of protein kinase C, has potent anti-leukemic activity mediated via the delta isoform of PKC



Blood 15 August Volume 106 Number 4

Anti-leukemia potential published in *Blood*

- *Activity:*
 - Highly potent killer of established leukemia cell lines
 - Nano molar induction of apoptosis *ex vivo*: blast cells from AML patients
- *Selectivity:* Healthy cells are not affected
- *Safety:* Preliminary *in vivo* toxicology data: viable therapeutic window
- *Synergy:* Increases the anti-leukemic activity of ATRA
- *Mode of action:* Restoration of the apoptotic pathway by way of activation of protein kinase C delta
- *Valuable biomarker:* Over expression of protein kinase C delta

SCID mice model of leukemia

- Positive impact on tumor burden
- Positive impact on survival

Manufacturing

- PEP005 (API) is sourced from *Euphorbia peplus*
 - Grown and harvested in <16 weeks (year round)
 - Dried, milled and crude extraction
 - GMP purification to pure crystalline substance
 - Attractive COGS
- GMP licensed manufacturing facility
 - Peplin owned
 - Located in Southport, Queensland
- Opened in July 2006

Commercial opportunity

- Dermatologists treat AK and BCC
- Approximately 10,000 board certified US dermatologists
- 20% of prescribers account for 80% of prescriptions
 - 50-60 person sales force
 - Modest marketing budget
 - Key opinion leaders
- Potential to license non-core non-US rights
- Co-marketing opportunities in primary care

International placement and entitlement offer

International placement

- \$26.6 million
- A\$0.71 per share, 30% warrants, 4 years at A\$0.84
- MPM Capital, Deerfield, Orbis, AMP
- Two equal tranches
 - First closed on 26 June 2006
 - Second to close 1 November 2006

Entitlement offer

- Underwritten pro-rata offer to Peplin shareholders
- \$13.9 million
- A\$0.71 per share, 30% warrants, 4 years at A\$0.84
- Closed 3 July 2006

Financial summary

Ticker (ASX)	PEP
Options (June 2010)	PEPO
Shares out. (basic)*	184.5 million
Traded options*	17.1 million
Employee options	<u>6.2 million</u>
Shares out. (fully diluted)*	207.8 million
Share price (52wk Hi/Lo)	\$0.71 (1.02/0.34)
Market cap.*	\$131 million
Cash (June 30)*	<u>\$48 million</u>
Technology value*	\$83 million
Historic cash burn rate	~\$1 million/month

* Pro-forma MPM Capital led June capital raising, market cap at offer price 24

Corporate strategy

- Develop pharmaceutical products for cancer
- Advance lead product for the treatment of skin cancer
- Focus on North American market
 - Enhance capability in later stage product development
 - Key hires in regulatory, finance & medical functions
 - Fund growth
- Goal to participate in the complete product development and commercialization pathway

Management

Michael Aldridge, Managing Director & CEO

- Healthcare investment banking
- Bears Stearns & Co (New York), Volpe Brown Whelan & Co (San Francisco)

Philip Moody, Chief Financial Officer

- Vice President, Finance and Operations, Chiron Corporation (California)
- Senior roles in finance and operations in Bay Area biotech and technology

Peter Welburn, CSO

- Strategic marketing, SmithKline Beecham
- Research & development, Janssen-Cilag

Gary Patou, CMO

- Senior Vice President & Director, Project and Portfolio Management, SmithKline Beecham
- FDA-approved products Avandia, Paxil and Augmentin
- Dr Patou will serve as interim CMO until a permanent appointment

Cheri Jones, VP Regulatory Affairs

- Vice President Regulatory Affairs QLT USA, Inc.
- Three NDA approvals, including Aczone™ for acne vulgaris
- Obagi Medical Products, Valeant Pharmaceuticals, ALpharma, Goldline, Rugby & Darby and Bristol-Myers

90 years combined biotechnology/pharmaceutical experience

Achievements 2006 and milestones 2007

Achievements

- Positive results of AK trial Nov 2005
- Positive results of sBCC trial May 2006
- Major international capital raising June 2006
- Established North American presence June 2006
- Opened manufacturing facility July 2006

Milestones

- Results AK phase IIb trial (US) Mid 2007
- Results BCC phase IIb trial (US/Aus) H2 2007
- Initiate AK phase III H2 2007



Annual general meeting

12 October 2006

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