

ASX AND MEDIA RELEASE

Peplin announces major international capital raising

- Significant investment from major international investors
- Key step in delivering on North American strategy
- Entitlement offer to all shareholders along side international placement
- Funds raised to support further development of PEP005 Topical

24 May 2006: Peplin Limited (ASX:PEP) today announced it will raise approximately \$40 million primarily to fund the ongoing clinical development of PEP005 Topical for actinic (solar) keratosis and non-melanoma skin cancer.

The company will complete an international placement of 37.5 million shares at \$0.71 per share and 11.25 million four year options to certain international institutional investors, led by MPM Capital, to raise approximately \$26.6 million. In addition the company will complete a fully underwritten non-renounceable rights issue of approximately 19.6 million new shares to existing Peplin shareholders at \$0.71 per share together with 5.9 million four year options to raise approximately \$13.9 million.

Managing Director & CEO Michael Aldridge stated that following the positive results of Peplin's recent phase II clinical trials of its proprietary drug PEP005 Topical the company had generated significant interest in its product development program from domestic and international investors.

"The excellent results reported in our recent clinical trials are viewed by MPM Capital, the world's largest dedicated venture capital investor in life sciences, as central to our future success, and provide a strong rationale for their investment," said Managing Director & CEO Michael Aldridge.

MPM Capital's credibility in and access to US capital markets, its broad network of industry connections and the experience and capabilities of its partners and senior executives is a key component of the strategic importance of this financing for Peplin.

"In our 2005 Annual Report we clearly explained the strategic importance of the North American market from a financing and operational standpoint," said Mr Aldridge. "This financing is a key step in delivering on that strategy."

The capital raising will support Peplin's ongoing development of its lead product (PEP005 Topical) for the treatment of actinic keratosis and non-melanoma skin

cancer. In addition, it will fund the ongoing pre-clinical and future clinical development of PEP005 IV for leukemia and PEP005 IC for bladder cancer.

On 31 March 2006 Peplin's cash-on-hand was approximately \$14.4 million. On a pro-forma basis, following the rights issue and the international placement Peplin's cash position net of costs would be \$51.8 million. Peplin expects this cash balance will be sufficient to fund completion of all phase II testing of Peplin's two lead products: PEP005 Topical for AK and PEP005 Topical for NMSC, to complete phase I/II clinical testing of PEP005 IV for leukemia and ensure adequate funds are then available to plan for future capital requirements.

"We are at an exciting stage in Peplin's history," said Mr Aldridge. "We have not only been able to demonstrate the highly attractive potential of PEP005 in the treatment of actinic keratosis and non-melanoma skin cancer, but we have also managed to complete a vital step in our corporate strategy and secure significant investment from international dedicated biotechnology specialists."

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About the Entitlement Offer and the International Offer

The Entitlement Offer is a 2 for 13 pro-rata offer to all Peplin Shareholders. Each Shareholder may subscribe for 2 New Shares at \$0.71 per Share for each 13 Shares held and for every 10 New Shares purchased will receive 3 four year Options to subscribe for Shares in Peplin at \$0.84 per Share. The right to subscribe for Shares in the Entitlement Offer is available only to Peplin Shareholders as at the record date of 1 June 2006 and is non-renounceable.

The International Offer is structured as a placement to international institutional investors. It is subject to Peplin Shareholder approval at an extraordinary general meeting which Peplin expects to hold on Saturday 24 June 2006. MPM Capital is the lead investor in this group. .

The International Offer is in two equal tranches of approximately \$13.3 million each. The first is subject to shareholder approval and the appointment of Jim Scopa to the Board, and will occur immediately following the approval. The second is subject to certain performance conditions. Peplin expects the second tranche to close at or around the end of October 2006. The purchase price per Share in the International Offer is \$0.71 and for every 10 Shares purchased investors in the International Offer will receive 3 four year Options to subscribe for Shares in Peplin at \$0.84 per Share.

The Entitlement Offer is a pro-rata entitlement offer to all Peplin shareholders. It is fully underwritten. Peplin's goal is to ensure that Shareholders are given the opportunity to

participate alongside MPM Capital and the other international investors in this capital raising. While the Entitlement Offer is pro-rata there is a facility for shareholders to top-up their entitlement (subject to Directors' cut-back) to the extent that the Entitlement Offer is not fully subscribed by other Peplin shareholders.

Wilson HTM arranged and advised Peplin in the International Placement. The Entitlement Offer is underwritten by ABN Amro Morgans and Wilson HTM.

Changes to board and management

As Peplin has grown from a small start-up to a drug development organisation with international stakeholders the board has recognised the need for the composition of the board to be aligned with Peplin's activities and goals. Thus various changes have occurred in board composition since listing in 2000. Peplin's board unanimously agrees that further evolution in composition is important and in particular that it is desirable at this stage to appoint a chairman with experience in the launch and commercialization of new drugs within the global pharmaceutical industry. Accordingly, Peplin has initiated a search for such a person and the changeover is expected to occur at the 2006 AGM. It is likely that the current chairman will continue to serve as a director.

At the general meeting to approve the International Offer, shareholders will be asked to approve the appointment of Jim Scopa to Peplin's board of directors. Mr Scopa is a general partner at MPM Capital with significant capital markets experience and involvement in drug development related financing, including advising and raising capital globally for companies such as Axon Instruments, Fisher and Paykel Healthcare and ResMed. In addition, following the general meeting to approve the International Offer Peplin will, at the request of MPM Capital, appoint a nominee of MPM Capital with relevant industry experience, to its board. In accordance with Peplin's constitution, directors appointed by the Board must be re-elected by shareholders at the next AGM.

In addition to the board changes and in order to deliver on Peplin's strategic initiatives, Peplin intends to add to its executive management team initially by retaining Dr Gary Patou in the role of interim Chief Medical Officer. Peplin has outlined as part of its corporate strategy its intention to continue to enhance its therapeutic product development capability and this role adds key skills and capabilities in later stage product development. Dr Patou is an Executive Partner at MPM Capital bringing broad experience in drug development, most recently as Executive Vice President and Chief Medical Officer of Oscient Pharmaceuticals, Inc., following its merger with GeneSoft Pharmaceuticals in 2004 and previously, as President of Genesoft, Dr. Patou was instrumental in applying for and obtaining FDA approval of the company's lead product, FACTIVE® tablets. Prior to joining Genesoft, Dr. Patou worked at SmithKline Beecham Pharmaceuticals, now a unit of GlaxoSmithKline, as Senior Vice President & Director, Project and Portfolio Management, managing all of the company's pharmaceutical development projects including FACTIVE, as well as FDA-approved products Avandia, Paxil and Augmentin. Dr Patou will serve as interim CMO until a permanent appointment is made.

Peplin intends to add further expertise to its management team particularly in regulatory, marketing research and corporate development functions.

These changes will ensure that Peplin Limited has a board of directors with the requisite skills and experience to take it through the next and critically important stage of its development.

About MPM Capital

MPM Capital L.P. is a global investment management firm focused solely on life sciences investing. One of the largest investment management firms dedicated to the life sciences sector, MPM Capital has offices in Boston and San Francisco. MPM's portfolio ranges from start-ups to large capitalization public companies, with a primary focus on biopharmaceutical and medical device companies nearing commercialisation of products or those companies that already offer product-driven opportunities. The firm manages over \$2.1 billion in assets through the MPM BioVentures Family of venture capital funds and the MPM BioEquities public market funds.

Further information about MPM Capital can be found at its website: www.mpmcapital.com.

About Peplin

Peplin is focused on the development and commercialisation of prescription human therapeutic products for the treatment of cancer. Its lead compound is PEP005, the first in a new class of investigational agents. Peplin's lead product is PEP005 Topical, which is being studied in clinical trials for the treatment of actinic keratosis (AK) (a pre-cancerous lesion) and non-melanoma skin cancer (NMSC). PEP005 Topical works by a powerful mode of action, directly killing most cancer cells and then recruiting and activating the local immune system to clean-up these dead cancer cells and kill any remaining cancer cells. PEP005 Topical is potentially a rapidly acting and cosmetically attractive non-surgical topical treatment for AK and NMSC. Peplin's product development activities are supported by the Australian Federal Government under its Pharmaceuticals Partnerships Program.

Peplin's earlier stage pipeline is targeted at leukemia (a blood borne cancer) using its lead compound PEP005 in an intravenous formulation (PEP005 IV) and bladder cancer using an intra-cavitary or intravesical formulation (PEP005 IC). PEP005 has demonstrated selective and potent anti-leukemia activity in pre-clinical disease models. PEP005 induces apoptosis in leukemia cells via the activation of PKC delta. Peplin holds global proprietary rights for PEP005 Topical and other oncology applications of PEP005. Its research portfolio of EPUFA compounds opens additional potential opportunities in cancer and pain.