

Vectus Biosystems Limited
Chairman's Address to 14 November 2018 Annual General Meeting

Vectus has undertaken a detailed planning process for its targeted Phase I trial of VB0004 whilst exploring a range of funding options to support both the operations of the Company and the funds necessary for undertaking the clinical trials.

Vectus is in active dialogue with several brokers, potential investors and other sources of funding. As an interim measure, the Company is utilising a Director's loan facility, which will be offset by ATO R&D cash-back refunds.

Vectus has received supporting feedback from various pharmaceutical companies outlining their interest in progressing to a strategic agreement once the Company undertakes a successful Phase I trial.

As previously announced, Vectus has a strong and long-term patent position, with key patents now having been granted in several international jurisdictions.

The Company will update shareholders on its progress in terms of its funding strategy, and its dialogue with both multi-national and regional pharmaceutical companies who remain engaged with Vectus.

Milestones towards Human Trials

- Audited Investigational New Drug (IND) toxicology reports have been received – confirming the absence of adverse events despite treatment with exceptionally-high doses of VB0004.
- Positive outlook for a successful Phase I study for VB0004 based on the extensive preclinical work done to-date.
- IND application enabling toxicology and pharmacokinetic studies for VB0004 are continuing to meet all milestones. Phase I human clinical trials are targeted to commence upon receipt of appropriate funding.
- Studies in two species have now been completed for the IND toxicology, being the immediate precursor for the Phase I clinical trial for VB0004.
- Active engagement continues with a significant cross-section of global and regional pharmaceutical companies.
- Dialogue is ongoing with regional biotech companies and potential strategic investors.
- Presentations made by the Company at conferences attended by industry leaders in the USA, Australia and New Zealand were very well received, and highlighted the broad and expanding levels of engagement in Vectus' key areas of interest, being cardiovascular disease, pulmonary (lung) fibrosis, non-alcoholic steatohepatitis (NASH) and alcoholic steatohepatitis (ASH) (liver disease).
- New enquiries have been received in respect of a potential licence of VB0004 from two pharmaceutical / biotech companies.

Lead Candidate VB0004

The past year saw accelerating progress towards human clinical trials for VB0004. This potentially 'first-in-class' anti-fibrotic has been shown in pre-clinical studies to not only slow down damage, but to have a singular capability to restore normal tissue architecture in diseased organs. Reversing such damage is the ultimate aim of clinicians worldwide.

The patent for VB0004 has now been granted in all major jurisdictions, including in the USA, China, Japan, South Korea and Europe, as well as in Australia, New Zealand, South Africa, Singapore, the Philippines, Vietnam and Ukraine. Additionally, the 'path to synthesis' patent for VB0004 has now been accepted in the USA and the 'T analogues' patent has been accepted in Israel and the Russian Federation. A notice of allowance has also been received from the USA patent office for the patent covering VB4-A32 (liver) and related compounds

Drug Library and Commercial Activity

The Company has a library of over 1,000 compounds, derived from the platform underpinning VB0004, and the various stages of testing are progressing well. These emerging lead compounds address some of the most significant unmet needs in medicine today and include:

- VB4-A32 (liver fibrosis, including NASH and ASH);
- VB4-A79 (pulmonary fibrosis, including idiopathic fibrosis, asbestosis and coal dust pneumoconiosis (Black Lung Disease)); and
- VB4-P5 (renal tubular cell death consequent on cytotoxic therapy).

I would like to take this opportunity to thank the Company's team, including Karen Duggan whose work in this field has been recognised globally. I would also like to thank my fellow Directors – Susan Pond, Peter Bush and our recently-retired Chairman, Graham Macdonald, who guided us from inception to this exciting pre-clinical area. Graham continues to consult to Vectus. Unfortunately, our Deputy Chairman, Maurie Stang, cannot be present today, due to a medical procedure. I would like to thank Maurie for not only his guidance, but also his financial support for the Company.

Vectus Biosystems Limited

Ron Shnier

Non-Executive Director