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ASX Announcement

TBG Biotechnology Corp. has entered into Distribution Agreement with Medigen Biotechnology Corp. for the distribution of SARS-CoV-2 related diagnostic products globally (except Australia and New Zealand)

At the request of ASX, TBG Diagnostics Limited ("TDL" or "Company") announces that its wholly owned subsidiary TBG Biotechnology Corp. ("TBG Taiwan") entered into a distribution agreement ("Distribution Agreement") with Medigen Biotechnology Corp. ("Medigen"), a major shareholder and parent company of TDL, on 15 February 2020, to distribute TBG Taiwan's SARS-CoV-2 related diagnostic products, including Rapid Test Kit (Colloidal Gold) and Nucleic Acid Test Kit (collectively, the "Test Kits").

The Distribution Agreement has expanded Medigen's existing exclusive distribution right granted under the distribution contract previously entered into between TBG Taiwan and Medigen in January 2015 to include the Test Kits. This provides an ability for expansion of the business of manufacturing and distributing the Test Kits through the distribution expertise and network of Medigen.

Medigen is the primary distributor for TBG Taiwan and has been distributing approximately 190 products for TBG Taiwan since 2015, and accordingly, the entry into the Distribution Agreement was undertaken in the ordinary course of TBG Taiwan's business.

The key terms of the Distribution Agreement are as follows:

- Medigen becomes the worldwide exclusive (except Australia and New Zealand) distributor
 of the Test Kits and TBG Taiwan is the manufacturer of the Test Kits to be distributed by
 Medigen.
- 2. Medigen is responsible for the registration, promotion, marketing and general customer service of the Test Kits and TBG Taiwan is responsible for the development and manufacturing of the Test Kits.
- 3. In consideration for the exclusive right to distribute the Test Kits, Medigen shall pay to TBG Taiwan an amount equal to 50% of the net profit generated by Medigen, in addition to the manufacturing costs, from each purchase order for the sales of the Test Kits.
 - The "net profit" is defined in the Distribution Agreement as the sales price agreed between Medigen and its clients for each purchase order minus all manufacturing costs and marketing expenses of Medigen and TBG Taiwan (employee wages and related expenses are expressly excluded from the manufacturing and marketing expenses).
- 4. The term of the Distribution Agreement is 3 years commencing from 15 February 2020.

The Company notes that as at 31 August 2020, revenues of \$270,725 have been generated by TBG Taiwan from the sales of the Test Kits through Medigen under the Distribution Agreement. This revenue comprises the manufacturing cost payments, and the 50% net profit share payments, received from purchase orders for sales of the Test Kits.

The Company also notes that to expand sales and distribution of the Test Kits into the North and South American markets, TBG Taiwan and Medigen entered into a distribution agreement with Canadian Securities Exchange—listed company Blackhawk Growth Group (CSE: BLR) and its local agent Boshic Advanced Materials Co., Ltd on 31 August 2020 ("Blackhawk Agreement"). The Blackhawk Agreement grants Blackhawk Growth Group the non-exclusive right to distribute the Test Kits in North and South America. The distribution right is exclusive for Canada, provided Canada Health Authority has approved the Test Kits and provided minimum order and sales levels are maintained by Blackhawk Growth Group.

Authorised by the Board of Directors Jitto Arulampalam Chairman