

Chairman's Address

Anatara Lifesciences 2016 AGM

FY16 in review – a year of significant progress

Before moving on to the resolutions, I will reflect on what has been a year of substantial progress for your Company and one which has set Anatara up strongly to launch Detach™ to market for commercial sale in FY17.

In a world where consumers are increasingly demanding antibiotic free meat, the need for products like Detach™ – our natural product for the control of gastrointestinal diseases in livestock - continues to build.

In support of this groundswell movement in consumer sentiment, in September, world leaders committed to working at national, regional and global levels to address the growing threat of antimicrobial resistance (AMR). This commitment came via the 71st meeting of the United Nations (UN) General Assembly. That it was only the fourth time the UN had held a meeting to address health issues and underscores how seriously world leaders are viewing drug resistance from overuse of antibiotics.

It stated that resistance to antibiotics was “...*the greatest and most urgent global risk that requires increased attention and coherence at the international, regional, and national levels*” and one which is gravely challenging many 20th century achievements.

In line with this thinking, during the year, international governments introduced tighter legislation around the use of antibiotics in livestock farming, actively promoting the judicious use of antimicrobials. A global ‘One Health’ collaborative effort from human and veterinary medicine, has created a funding and policy environment which is encouraging the development of new medicines, including antibiotic alternatives. These things combined see Detach™ positioned strongly to have an impact on the global animal health market and ultimately, on the health of humans.

Moving Detach™ to market

We submitted our application to the Australian Pesticides and Veterinary Medicines Authority (APVMA) to request registration approval of our lead product Detach™. While much was achieved during the year, the dossier was our clear primary point of focus and one which required considerable effort from the whole team.

The submission of our application to the APVMA was a significant milestone in the Detach™ development program and brings the Company closer to market launch in Australia.

Trials reduce piglet mortality

Under the guidance of Dr Tracey Mynott, Anatara has now completed several successful trials on Australian commercial pig farms.

Through trials, Detach™ showed an almost 50% reduction in mortality among young pigs whilst increasing the average weight of surviving piglets at weaning.

These improvements make a significant positive impact on animal health and farm productivity while reducing the reliance on antibiotics.

Our pivotal Target Animal Safety (TAS) study was completed for Detach™ post the period and demonstrated that Detach™ was safe for piglets, even when administered at much higher doses, and more frequently than recommended. Data from this study reinforces Anatara's pre-existing large safety database.

The TAS study was conducted to the highest international standard of major commercial territories and may reduce the need for separate TAS studies in each global jurisdiction where registration is needed. Long term, this strategy presents the most efficient and cost effective way to prepare for the global roll out of Detach™.

Ready to manufacture

The appointment in June 2016 of Dr Mike West as Chief Operating Officer, has been of enormous benefit in readying Anatara for commercial supply. With Mike's input, we now have the ability to manufacture commercial scale batches of Detach™ reproducibly, and to produce the necessary documentation for the APVMA registration.

Zoetis licensing option

A very pleasing start to the 2016 calendar year came via the significant announcement that the Company had entered into an exclusive option agreement with leading global animal health company, Zoetis Inc.

Under the agreement, Zoetis has the exclusive right to evaluate the potential applications of Detach™ for veterinary use in food production animals in all countries aside from Australia and New Zealand.

As the world's largest international animal health company, Zoetis has access to substantial research resources and facilities. Zoetis has already begun an aggressive evaluation program of Detach™.

Discussions have been held with the Zoetis researchers at their facilities in the USA and they have already Detach™ with which to begin their evaluation. In return, during the year, Anatara received an upfront payment.

Importantly however, we have retained the intellectual property protecting our technology. In this context, it should be noted that we have applied for two new patents covering both the formulation and active ingredient.

Commercial focus

Anatara's initial focus remains on the pork industry globally, however with the pending Australian APVMA registration, the team is increasing its focus on pursuing lucrative human applications for our technology.

In June 2016, we announced a research and development collaboration with The La Trobe Institute for Molecular Science at La Trobe University (Melbourne) to explore the potential of the active components within Detach™ for the treatment of inflammatory diseases in humans and companion animals.

Investor relations

During the year, the Company continued an active market awareness program with presentations being delivered to the Brisbane Investors group, CommSec's "Executive Series", the Gold Coast Investment Showcase, ASX's "The CEO Sessions" and the Financial News Network, as well as participation in the 12th Bioshares Biotech Summit. In addition, Anatara has presented to a combination of new and existing institutional investors.

On behalf of my fellow directors, I thank all our shareholders for their support throughout the year.

In closing

The geographical concern around the overuse of antibiotics in both livestock and humans continues to escalate.

Taco Bell, In-N-Out Burger, Subway, Perdue Farms and Cargill have joined the ever growing list of major US food companies looking to provide antibiotic free meat.

At a time when scientists have confirmed the discovery of a new mechanism of resistance in bacteria to the "last ditch" human antibiotic, colistin, there has never been a greater imperative for antibiotic alternatives. Finding this startling new superbug, in meat, animals and humans, now confirmed in more than twenty countries, completes the link between agricultural use of antibiotics and antibiotic resistance in animals and humans.

Anatara's naturally derived products offer a safe and effective alternative to antibiotics for gastrointestinal diseases and the Company is uniquely positioned to fulfil a currently unmet need in the huge, global animal health market.

The increasingly supportive macro-environment and progress at a company level combine to make this an exciting time to be a shareholder in Anatara.

Finally, the small Anatara team has accomplished much throughout the year. My thanks to the team for their ongoing dedication and commitment to bringing Detach™ through to commercialisation. Thanks also to my fellow Directors for the discipline applied to guiding the Company during the year.

I look forward to keeping shareholders updated as we move our important products to market.