INVESTOR UPDATE

EDITION #4: July 2014

New Technology to Provide Safer Radiotherapy Treatments

OncoSil MEDICAL Ltd

OncoSil Medical CEO and Managing Director Dr Neil Frazer

Message from the CEO

Welcome to the latest edition of the OncoSil Medical Investor Update newsletter.

As we move into the second half of the year, I welcome this opportunity to update you on the latest developments, and progress of your company, in our goal to develop our OncoSil™ product as a new treatment option for pancreatic cancer patients, globally.

Since our last Investor Update, much has been achieved but it is certainly no time for pause or reflection, and the OncoSil Medical team remains totally focused on advancing the US FDA (Food and Drug Administration) Pivotal Clinical Trial for OncoSil™.

This issue of your Investor Update provides commentary on some of the development activity to look forward to, as we prepare for an Investigational Device Exemption submission with the US FDA and to obtain a CE Mark designation for the European component of the approval process.

Details of these designations and what they mean to the OncoSil™ development program are outlined on page 3.

We recently secured Ethics Approval for the Australian component of the trial. This is a significant step in OncoSil™'s development, and we will now seek to complete arrangements with the first group of hospitals to begin patient recruitment into the trial. The Company has also finalised the manufacturing process for the OncoSil™ product to be used in the trial and for intended future commercial sales.

Also in this issue of your Investor Update, we welcome a new member to the OncoSil team - Aoifa Brogan as Vice President Regulatory Affairs. The Company looks forward to Aoifa's input as we move forward.

We also provide a shareholder's insight as to why they have invested in our Company and we are delighted to be able to share this with you in this Investor Update.

Thank you to all shareholders for your continued support, and we look forward to bringing you further positive news on your Company's progress in due course.

Dr Neil Frazer
CEO and MD
@Dr_Neil_Frazer

IN THIS ISSUE

- Ethics Approval for OncoSil™ Pivotal Clinical Trial granted
- OncoSil™ Manufacturing process finalised
- About the OncoSil™ Pivotal Clinical Trial
- Upcoming Development Activity
- How OncoSil™ works – a localised radiation treatment for pancreatic cancer
- New staff appointment
- Some facts about Pancreatic Cancer
- OncoSil™ – a medical device not a drug
- Investor's perspective on OncoSil Medical

Ethics Approval granted for Australian arm of OncoSil™ Trial

Recently the Company advised that it had been granted Ethics Approval for the Australian hospital sites for the Pivotal Clinical Trial for its OncoSil™ localised radiation treatment for pancreatic cancer.

OncoSil Medical reported in March this year that it had commenced the Pivotal Clinical Trial for OncoSil™, and securing Ethics Approval for the Australian component of the trial represents a significant advancement in the product's development process.

It is the culmination of a detailed ethics submission process undertaken with the Company's Hospital Ethics Committee, over the past few months.

With Ethics Approval now in place for the Australian arm of the trial, OncoSil Medical will work to finalise arrangements for the first group of hospitals to commence recruiting patients into the trial.

The Company anticipates that the first trial hospitals will be in Australia. If positive, data generated from OncoSil™'s Pivotal Clinical Trial may facilitate the commercialisation of OncoSil™ in major markets around the world including focus on the US, which is the world's largest health care market.

Manufacturing process finalised for OncoSil™ in Pivotal Trial

The Company is also excited to report another significant item of progress in the OncoSil™ development program, with the finalisation of the manufacturing process for the OncoSil™ product to be used in the Pivotal Clinical Trial and for commercial sales in the future.

OncoSil Medical advises that, in conjunction with its German manufacturing partner, Eckert & Ziegler, it has completed a successful commissioning and re-validation of its manufacturing process and quality system to ensure that the Company is ready to supply OncoSil™ for the Pivotal Clinical Trial, and to meet future scalable sales of the product under the CE Mark.

The Quality System audit process is in its final stages. This is being conducted by the British Standards Institute and once successfully complete will allow the Company to commence commercialisation efforts via the CE certification process.

A CE Mark is the mandatory designation required by regulators to sell OncoSil™ in the European Union, and as such is a key component of the product's development pathway.

OncoSil Medical also advises that it has sufficient supplies of the raw materials and intermediates required to manufacture the OncoSil™ product, for use in the Pivotal Clinical Trial globally. This supply of product raw materials is a key component of the product manufacturing logistics for the Pivotal Clinical Trial.

The manufacturing process review involved significant revalidation and requalification of work previously completed on the OncoSil™ product. The Company thanks all involved at OncoSil Medical plus the team at Eckert & Ziegler for their work in completing this process.

About Eckert & Ziegler

The Eckert & Ziegler Group is one of the world's largest providers of components based on isotope technology for medical, scientific and industrial use. The core businesses of the company are cancer therapy, industrial radiometry and nuclear-medical imaging. The Group has 620 employees and generates sales of €120 million. It has been listed on the Frankfurt Stock Market since 1999, under the code ISIN DE0005659700.

Upcoming Development Activity

The Company continues to make significant progress with its clinical trial program for OncoSil™ and it remains focused on the next milestones in the product's development pathway.

Investigational Device Exemption (IDE) submission
The Company advises that it continues to make preparations for its Investigational Device Exemption (IDE) submission for OncoSil™ with the US Food and Drug Administration (FDA), and expects to submit an IDE in the near future.

An IDE is an FDA designation that allows investigational medical devices to be used in a clinical study to collect safety and effectiveness data required to support commercialisation of the device in question.

A successful IDE submission would support a Premarket Approval (PMA) application by the Company for OncoSil™ to the FDA.

The IDE submission will represent a significant step in the regulatory pathway for OncoSil™, and is the first step towards securing the FDA's commercial approval for OncoSil™, under a PMA.

The IDE application must demonstrate that any risks are outweighed by the anticipated benefits to trial participants, that the investigation is scientifically sound, and that there is reason to believe that the device will be effective in its proposed application.

CE Mark
OncoSil Medical also advises that in parallel with its IDE submission work, it is advancing its CE Mark process for the European component of the trial.

A CE Mark is the mandatory designation required by regulators to sell OncoSil™ in the European Union, and as such is a key component of the product's development pathway. It represents the product manufacturer's declaration that the product meets the requirements of the appropriate European Commission regulations.

The successful manufacturing process review has now been incorporated into a Quality System audit for OncoSil™, which is in its final stages.

This is being conducted by the British Standards Institute and once successfully completed will allow the Company to commence sales of OncoSil™ from its manufacturing site in Germany.

About the OncoSil™ Pivotal Trial

The Pivotal Clinical Trial for the OncoSil™ is a major milestone in the Company's development pathway to commercialise OncoSil™ as a viable treatment option for pancreatic cancer patients globally.

The trial proposes to enrol 150 patients across 20 trial sites. It will compare patients receiving standard-of-care (for pancreatic cancer this is chemotherapy treatment) with patients receiving standard-of-care plus OncoSil™ treatment, in a randomized and controlled fashion.

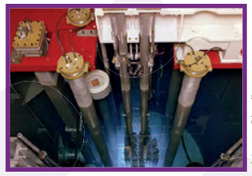
150 patients will be randomized. 100 subjects will receive OncoSil™ plus chemotherapy and 50 patients will receive chemotherapy alone.

Pancreatic cancer is a devastating disease and treatment remains a challenge.

Treatment of pancreatic cancer remains a major unmet medical need, and the median survival after diagnosis is only five months. Surgery is only feasible in 20% of patients, and chemotherapeutic treatments work in only around 15% of patients

OncoSil Medical believes that new implantable radiotherapies such as OncoSil™ may have the potential to treat the disease and the debilitating pain associated with it, without systemic side effects.

About OncoSil™ – a development product for the treatment of pancreatic cancer



picture: wikipedia.com

Nuclear reactor for making medical devices.

After ten days: The phosphorus is radioactive - OncoSil™ ready for delivery.

Minimal penetration depth of beta radiation emissions through tissue and air.

picture: kathjung - fotolia.com

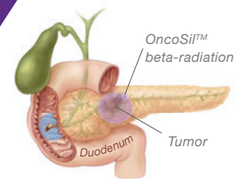
Delivery from reactor to the hospital pharmacy of the patient's hospital.

OncoSil™ is a nuclear medicine device. What does this mean? In short, OncoSil™ works by producing a sphere of radiation around the device, reaching out about 1cm in all directions. The device consists of very fine particles of a mixture of silicon and phosphorus. Each particle is about 1/3 of the thickness of a human hair. When the particles are placed in a nuclear reactor for ten days, the phosphorus becomes radioactive. That radioactivity is emitted as beta particles, which only travel about a centimetre through tissues. Once the radioactive phosphorus (P32) is created, the radiation is emitted for up to three months (14.3 day half-life).

When the patient is diagnosed with pancreatic cancer, the oncologist would order some OncoSil™ from our supplier in Germany. The OncoSil™ is shipped in a lead container direct to the hospital pharmacy, where the OncoSil™ is suspended in a shielded syringe to the operating theatre where a gastroenterologist will make the injection of the device into the pancreatic tumour. The patient is given an anaesthetic, and the gastroenterologist guides an endoscope down the oesophagus, through the stomach and into the the first part of the small intestine, which is next to the pancreas. The gastroenterologist uses ultrasound to image the tumour in the pancreas, then extends a needle from the end of the scope into the pancreas and into the middle of the tumour. He then injects the OncoSil™ suspended in fluid directly into the tumour. This takes around half an hour. The patient wakes up and can go home the same day.

The OncoSil™ microparticles are very sticky, and they remain where they are put in the tumour. As can be seen from the graphic, the radiation extends into the tumour, but does not go outside of the pancreas. The radiation constantly bathes the tumour cells for up to three months, killing the tumour cells, especially those that are dividing quickly as is typical in a pancreatic tumour. After three months, all that is left of the OncoSil™ is the fine silicon powder and a little non-radioactive phosphorus. These particles are taken up by scavenging cells and removed.

RADIATION THERAPY TO THE TUMOUR



OncoSil Medical welcomes new addition to the team

As OncoSil Medical progresses its clinical programs and advances the OncoSil™ Pivotal Clinical Trial, it has also continued to add high quality people to its team to ensure operations are carried out to the highest standards.

Ms. Aoifa Brogan
Vice President,
Regulatory Affairs

We would like to introduce the Company's newest appointment, Aoifa Brogan who has joined the team as Vice President Regulatory Affairs. Aoifa has a strong depth of experience and involvement in clinical trials for medical devices, over a period of nearly 15 years.

In her role at OncoSil Medical, she is primarily responsible for ensuring international compliance with regulatory requirements. She will also play a key role in the process to ensure OncoSil™ secures its required commercial approvals globally.

In addition, she will be responsible for managing the Company's quality systems process, and also for managing the ongoing regulatory requirements once commercial approvals have been granted.

Aoifa began her career with major global medical technology company Medtronic Ireland, where she held a variety of roles in Research and Development, and Regulatory Affairs. In 2010 she joined a Sydney-based Contract Research Organisation, and was responsible for establishing the regulatory affairs department and providing strategic regulatory advice to clients conducting clinical trials and/or seeking commercial approval in Australia.

She has a Biomedical Engineering degree from University of Ulster, and has qualified for Regulatory Affairs Certification (in the US, Europe and Canada), and also has a diploma in Applied Project Management from University College Cork.

OncoSil™ – a medical device not a drug

OncoSil™ is an implantable device that emits radiation directly into a pancreatic tumour, and surrounding pain conducting nerves, and delivers radiation therapy locally for up to three months.

It is classified by regulators as a class III medical device, not a drug as some people make think. In terms of the clinical development pathway to eventual commercialisation this offers a number of potential advantages.

The development of new drugs in human studies is typically undertaken under a clinical trial (or study) regime, that includes phase I, phase II and phase III studies – with sometimes the requirement to supplement the clinical development program with additional phase IIa or IIb trials.

By comparison, in medical device development, the trial process is typically undertaken as pilot studies followed by pivotal/registration studies.

As a result medical devices can typically require less clinical trial work prior to gaining commercial approval, and as such may have a faster time to approval when compared to new drug development. Importantly, this may also translate into a clinical development program for a medical device requiring less funding to see it through to commercialisation, than a new drug candidate.

The OncoSil™ device is inserted directly into the centre of a tumour using well established technology in a short 15-30 minute procedure. Radiation therapy, such as that supplied by OncoSil™, is known to kill tumour cells.

An investor's perspective on OncoSil Medical

The Company values the support of its shareholders and their commitment to our goal and objectives.

Without this support we wouldn't be in a position to progress our plans to provide a new alternative treatment option for pancreatic cancer patients globally.

Here we share the thoughts of one of the Company's loyal shareholders on why they have invested in OncoSil Medical.

"I have always had a keen interest in medical innovation and technology, and how it can be applied to provide new, alternative treatment options for major illnesses. Pancreatic cancer falls squarely into this category, and I commend the team at OncoSil Medical for taking up the challenge to develop a new treatment option, which may potentially extend a patient's life and improve their quality of life. I am highly encouraged by the potential that OncoSil Medical provides investors to participate in both a commercial product success and a financial success."

Anna Cross
Newport, NSW

Some Pancreatic Cancer Facts

Pancreatic cancer is typically diagnosed at a later stage, when there is a poor prognosis for long-term survival. Pancreatic cancer is a terrible disease and a particularly aggressive form of cancer, as the following statistics highlight;

- Over 280,000 patients world wide will be diagnosed with pancreatic cancer this year.
- Around 265,000 patients will die of the disease in that period.
- Patients tend to live five months on average after diagnosis, despite best medical care.
- Less than 20% of patients will survive one year, and only 5% survive five years.
- One in six patients will respond to chemotherapy, and only 20% are eligible for surgery.

External radiation therapy is also used, but the systemic side effects can be very damaging to the patient. There are new therapies in various stages of development, but most are a long way from entering into clinic trials, let alone being commercialised.

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Forward looking statement

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OncoSil Medical – Fast Panel

Listings
Australian Securities Exchange (ASX)

Stock Code
ASX: OSL

Issued Capital – Ordinary shares
355 million

Market Capitalisation based on share price of A$0.10
A$ 35.2 million (@ 17/07/2014)

Cash Position
A$ 10.3 million (@ 22/04/2014)

Board

Mr Martin Rogers	Non-executive Chairman
Dr Neil Frazer	Managing Director & CEO
Dr Roger Aston	Non-executive Director
Mr Lawrence Gozlan	Non-executive Director

Senior Management

Dr Peter Knox	Chief Scientific Officer
Dr Drew Ferguson	Head of EU Operations
Ms Natalie Ruffles	Vice President Clinical Research
Ms Aoifa Brogan	Vice President Regulatory Affairs
Mr Nicholas Falzon	Joint Company Secretary
Mr Peter Casey	Joint Company Secretary