

INVESTOR NEWSLETTER | MAR 2019

BIO-GENE TECHNOLOGY LTD



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Richard Jagger, CEO

UPDATE FROM RICHARD JAGGER, CEO

Dear Shareholder,

Following the publication of our investor newsletters in August and November 2018, we are pleased to provide an update on our progress and an overview of our 2019 focus areas.

The Company is proud of the significant achievements that were made during 2018. These achievements have strengthened the Company's value proposition and we take this opportunity to highlight some of those achievements and to outline why we are so pleased with the progress and why we remain so positive on our future.

At the start of 2018, we set out to deliver on a number of goals and objectives. All these goals and objectives had the same purpose, which was to strengthen our position in relation to dealing with potential commercial partners in order to progress towards commercialisation.

By completing trials to generate efficacy results on key pest species, we were able to determine the most appropriate target market segments for our technology. This then enabled us to agree on the key companies to connect with. First, we looked at the markets that we were interested in. Then we determined the most dominant players in that market. Then we looked at their product portfolios, and how our technology could work in combination with those products. We then determined which companies could deliver the fastest path to market.

The 2018 trial results provided further confidence that we have technology that is valuable to the major global players. Importantly for us, the companies that we have engaged with have all confirmed our assumptions about market needs for new and safer technologies, particularly involving new Modes of Action to address resistance. They have also reiterated the global trend towards incorporating more natural products into insecticide portfolios, which we anticipate will create further opportunities for Qcide™, our natural product, in addition to the synthetic Flavocide™.



Our research has created a substantial knowledge base and as part of our discussions with these companies, we are now able to work with them in the development of appropriate testing protocols using our technology, and particularly to determine how it can be used in combination with existing molecules to deliver synergistic results, as well as addressing resistance. We believe advising on the evaluation programs that these companies will undertake, increases the likelihood of generating commercial opportunities.

Initially we presented our findings to the world's major players in the areas of crop protection, public health, and consumer products under non-disclosure agreements. Since then, we have developed and signed multiple Material Transfer Agreements, under which we have provided Flavocide and Qcide for their internal evaluation, which outline mutually agreed specific testing protocols and target pests. As mentioned, we have had significant input into these protocols.

The agreements have ensured we are able to discuss on-going results with the various R&D divisions and protect our Intellectual Property throughout the process. Ultimately these agreements give us a high level of control and assurance as to the type of testing being conducted, the sharing of results, and the protection of current and future Intellectual Property. In all cases to date, the testing has involved both Flavocide and Qcide.

The approach to testing varies from company to company. Some are focusing on a single major application for the technology, whilst others are interested in broader, more general screening as they look for the best opportunity to take these new molecules to market. In all cases these companies are making significant investment into the testing of our compounds, and importantly, we will have access to the data produced.

Our expectation is that a number of these ongoing evaluation programs will lead to more formal development collaborations. It would be at this stage that we would expect to be able to announce these more formal arrangements which will be aimed at designing a pathway to creating commercialised products.

As we progress with the companies already engaged in the process, we continue to talk with additional companies and institutions about our technology, with the aim of adding further evaluation opportunities to our development pipeline. The aim is ultimately to give our technology exposure to as many relevant market opportunities as possible, and to allow for the varying timelines associated with these large companies and their decision-making processes.

In addition to these commercial and R&D evaluation discussions, there are a number of other important activities still underway at Bio-Gene.

CSIRO have completed the new chemical manufacturing process for Flavocide, and we are now engaging in discussions with potential manufacturers. From here we hope to audit the best candidates, and ultimately begin pilot plant (small scale) production of our product, which will determine the best approach for commercial use manufacturing.

We continue to invest significantly in the development of the trees and extraction techniques for our Qcide production. Benefiting from the skills of James Cook University, we are improving the oil potential of the trees that we will use for future production, as well as improving the extraction techniques of the oil after harvest.

We continue to create a significant body of work around our technology's safety profile, by undergoing several toxicology tests, and safety studies on 'beneficial insects' such as bees and predatory insects. We will continue to build on this body of work, to ensure we progress our registration data package.

Further, during 2018 our research also enabled us to make two additional patent applications, as well as creating significant Intellectual property relating to the manufacture of our products. We will continue to identify ways to add value by creating new Intellectual Property surrounding our technology.

Sincerely,

Richard Jagger
Chief Executive Officer and Managing Director