

9 May 2016

## SHAREHOLDER UPDATE - MAY 2016

Dear Shareholder

Since our last update at the Annual General Meeting in November 2015, I am delighted to report the Company continues to make excellent progress in the execution of our product development programs with a number of important milestones achieved.

### Respiratory Program

The Company's Respiratory program is focused on developing our follistatin product PB01 as an inhaled therapeutic for treating cystic fibrosis lung disease. The program is currently in Phase I clinical development with three significant clinical studies underway.

- ⇒ Dosing in the single ascending dose (SAD) and multiple ascending dose (MAD) Phase I studies at CMAX in Adelaide have been completed.
- ⇒ Results from the two studies showed inhaled PB01 was safe and well tolerated for all dose levels assessed in healthy male subjects.
- ⇒ A Phase I study in the UK to assess the anti-inflammatory effects of orally inhaled PB01 in healthy male subjects has been approved with dosing of participants to commence later this month.

The successful outcome of the SAD and MAD studies represents an important milestone for the Company. The safety and tolerability profile for inhaled PB01 is particularly pleasing being at the top end of our expectations and provides the Company with confidence to progress the development of PB01 as an inhaled therapeutic.

More information regarding the Phase I clinical studies mentioned above are included in the Addendum attached to this Update.

As part of transitioning the Respiratory program into commercialisation phase, the Company has commenced early stage preparation for partnering activities in late-2016.

## Oncology Program

The Company's Oncology program is focused on developing an injectable form of PB01 as a novel agent for sensitizing chemotherapy-resistant cancers to alkylating chemotherapies.

The Company is funding a collaborative research project at the Hudson Institute of Medical Research under the direction of Professor Neil Watkins (Garvan Institute of Medical Research). Significant achievements over the past 6 months include:

- ⇒ Animal studies have provided additional evidence of the efficacy of PB01 as a chemo-resistant tumour sensitizing agent and also, importantly, as a protective agent against kidney damage caused by platinum-based chemotherapies. Kidney damage is a particularly serious dose-limiting side effect in the use of cisplatin, a valuable and potent platinum-based chemotherapy which is widely used in treating many solid-tissue cancers. Collectively these results provide the Company with increased confidence regarding the potential therapeutic benefits of PB01 in the treatment of cancers.
- ⇒ *In vitro* studies have broadened the potential applicability of the technology by confirming the sensitizing effects occur across a range of chemo-resistant cancer cell lines for both platinum and non-platinum alkylating chemotherapies.
- ⇒ Strengthening of the Company's IP position with the filing of an international PCT patent application.
- ⇒ Planning for an Australian Phase I clinical study in stage 4 non-small cell lung cancer patients (NSCLC) has commenced with the Company aiming to start the study in mid-2017.

## Chairmanship

As announced in a letter to shareholders dated 13 January 2016, the Company's founding Chairman, Dr Peter Jonson, retired at the end of April. The Company has engaged the services of an executive recruitment firm to assist with the process of appointing Peter's successor. In the interim, Mr Austin Miller has agreed to fill the role as Acting Chairman.

## Shareholder Meetings

With many positive developments occurring in the Company, we have decided to arrange a series of shareholder meetings in June to provide shareholders with an opportunity to receive more detailed information on the Company's progress and our plans. Shareholders will be contacted in the coming weeks on their availability to attend these meetings. On behalf of the Board, we look forward to seeing you at one of these meetings.

Sincerely,



**Ross Barrow**  
Chief Executive Officer