

## Shareholder Update - May 2017

Bio-Gene Technology Limited (“the Company or Bio-Gene”) is pleased to provide this shareholder update. A number of significant milestones have been achieved by the Company over the last 9 months, which continues to provide the Board with confidence and excitement about the future prospects of the Company.

The recent \$43 billion acquisition by the Chinese government owned China National Chemical Corp (ChemChina) of the Swiss agrichem giant Syngenta, and the current bid by Bayer to acquire Monsanto for in excess of US\$62 billion continues to highlight the increasing interest in agrichemical and food production technology globally. The insecticide sector in particular, continues to receive an increasing amount of focus from corporates, investors, governments, press and environmentalists for a wide variety of reasons but primarily with respect to food security, animal health, the environment and evermore critically human health (i.e. mosquitos).

Additionally the impact of the mosquito borne Zika virus has highlighted the need for more effective insecticides to deal with Pyrethrum & Pyrethriod (natural & synthetic) -resistant mosquitos.

### Flavocide™

#### Mosquitos, Flies and Fleas

Over the past twelve months the Company has continued to focus its efforts on expanding the data package through further efficacy testing of Flavocide™, our synthetically produced compound. The testing program is being undertaken with a number of groups to demonstrate activity across a number of pests in a number of different sectors.

A series of detailed tests were conducted by specialist entomologists at the University of Technology Sydney (UTS). The program assessed the “knockdown” and residual activity of Flavocide™ at a range of doses against two strains of mosquitos (including *Aedes aegypti* which carries both Zika and Dengue viruses), house flies and fleas compared to water and/or commercial Permethrin controls.

Under this program, UTS has showed that Flavocide™ was as effective as the permethrin against all insects and more effective against flies.

Initial field testing conducted by UTS in Cairns in the past few months indicated that Flavocide™ is efficacious against mosquitos in this setting.

The results of the UTS testing will be presented by our UTS collaborator, Prof. Peter Miller at the prestigious International Conference on Urban Pests meeting, to be held in Birmingham, UK in early July. Peter May will also attend this event to meet with industry contacts and further promote the company’s products and technology.

In parallel with the UTS studies we have recently entered into a research collaboration with Prof. Catherine Hill and colleagues from Purdue University in the USA. Prof. Hill is a world recognised expert on mosquito insecticide resistance and control as well as a leading researcher in assessing new agents for tick and cockroach control. She is currently advising the US government on their Zika vector control programs. Her lab is one of the very few labs in the world with access to pyrethrin and organophosphate insecticide resistant insects.

She has obtained promising results with Flavocide™ in pilot studies in these resistant strains. She is currently undertaking more detailed studies in these and other insect species with results expected by July.

#### Ticks and Buffalo Fly

As we advised last June we entered into an Evaluation Agreement with a major global multi-national animal health company to undertake a staged evaluation assessing Flavocide™ in treatment and prevention of ectoparasites in cattle (ticks, buffalo fly) and sheep (lice). The initial results indicated extremely positive results against tick larvae and buffalo fly. Based on these results we expect to enter further agreements with this company to assess Flavocide™ in field trials in cattle for tick and buffalo fly control in both Australia and South America in the very near future.

#### Grain Storage Pests

We engaged the Queensland Department of Agriculture and Fisheries (QDAF) to assess Flavocide™ against a range of grain storage pests including insecticide resistant pests. This is a major issue in the grain industry. We have generated very promising results in both standard and resistant insect populations and are now expanding these studies to other grain pests.

#### Unique Mode of Action

We have collaborated with a UK company, Neurosolutions Limited, which specialises in identifying method of action of chemicals using their in-house proprietary assays. Neurosolutions has confirmed that the insecticidal effects of Flavocide™ appear to work through a novel/unique mode of action (i.e. it acts via a chemical pathway no current insecticide uses). We are now undertaking additional and more detailed studies to elucidate this mechanism in finer detail.

As Shareholders may recall from prior briefings, the issue of insecticide resistance is becoming a major issue in Insect Management programs throughout the world. A number of players are seeking to identify compounds which kill and/or knock down insects by different physiological means as a way of overcoming resistance i.e. via novel mechanisms of action. Despite very large investment by major agrichemical companies over the last 20-30 years this has proven to be a difficult undertaking.

### **Qcide®**

We have continued to work with our growers in North Queensland to expand our plantation as well as to increase inventory of the product. We are currently exploring collaborations with third parties who may be able to utilise Qcide as an alternative in product formulations they currently market using Eucalyptus oil. These third parties are currently undertaking exploratory reviews before moving to the next stage of commercial supply discussions.

### **Capital Management and IPO**

In conjunction with Henslow, the Company completed a further raise of \$1.02 million at 4.6c/share in March this year. We were delighted with the introduction of a number of new professional investors as shareholders who have indicated long term support for our development activities.

Your Board has resolved to seek to undertake an initial public offering (IPO) of the Company on the ASX within the next 12 months but will seek to list as quickly as possible subject to market conditions. Accordingly, we are pleased to announce that Henslow has been appointed as Corporate Adviser and Lead Manager to the Company to lead the IPO process.

As a first step, and to ensure we remain fully funded over the balance of the year, the Company is about to embark on a pre-IPO funding round to be managed by Henslow. It is intended that the round will raise up to \$2.5m at a share price of 7c/share. If you would like further details or have an interest in making a further investment, please contact Tim Chapman (E: [tchapman@henslow.com](mailto:tchapman@henslow.com), P: 03 8622 3310) at Henslow.

This is an exciting next phase on your Company's journey and we will of course keep you informed of progress over the coming months.

### **Board Appointments**

Following the completion of the last capital raising and as we commence on the path to becoming a very different and potentially much more valuable company over the next few years, we sought to add specific high level international agrichemical company expertise as well as well credentialed corporate governance expertise.

We were absolutely delighted that Don Brumley, a former senior audit partner of Ernst & Young Australia, with 30 years partnership experience has joined the Board as Chairman. In addition, Richard Jagger who, most recently was Managing Director of Sinochem Australia and prior to that worked for Monsanto in senior roles in Australia and USA, also agreed to join the Board as Head of Commercial Development. Their brief CV's are attached.

With these appointments Kevin Rumble and Peter May will remain on the Board as Non-executive Directors and Robert Klupacs will remain Managing Director. We believe that your Board now has a real depth of relevant commercial and governance experience that will see us through the IPO process.

Your Board recognises the need for cash management restraint and control as well as the possible future value upside of the Company. Accordingly, both Don and Richard have agreed to take a lower cash fee and instead accepted shares as a significant component of their compensation. Both Kevin and Peter have also agreed to reduce their cash remuneration in return for receiving shares in the Company. The shares were issued at the last capital raise price of 4.6c.

As we move into a new phase for the Company, John Cornelius advised the Board that he wished to resign as a Director and Company Secretary to enable the Board to appoint a Chief Financial Officer. John resigned from the Board in May 2017 and we wish to record our sincere thanks for all the work he has done for the Company over the past year.

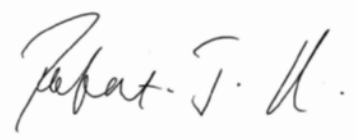
We believe we have been fortunate to be able to recruit Roger McPherson as CFO and Company Secretary. Roger is a seasoned CFO with experience with both private and public companies across a range of industries.

The Board looks forward to providing a further update in the next few months as a number of agreements are finalised and initial results from key tests are received.

For and on behalf of  
**Bio-Gene Technology Limited**



**Don Brumley**  
Chairman



**Robert Klupacs**  
Chief Executive Officer & Managing Director

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### **Short CVs of New Directors**

#### *Don Brumley*

Don was appointed to the Board as a Non-Executive Director and Chairman of the Company on 26 April 2017. With 30 years' experience as a senior partner of Ernst & Young, Oceania, Don has extensive experience in IPO's, transactions and audit. Don has advised and worked with Boards of organisations, ranging from some of the largest in Australia to fast growing entrepreneurial and medium sized organisations.

Don was the Oceania IPO Leader at Ernst & Young and worked with clients listing on the Australian, US, UK and key Asian stock exchanges. IPO clients in Australia include Regis Healthcare Ltd, Realestate.com.au Ltd, Melbourne IT Ltd, MYOB Ltd and several Biotech entities. He held positions as Biotech Markets Leader, National Leader of Strategic Growth Markets and on the Board of Partners of Ernst & Young.

Don is a Fellow of Chartered Accountants Australia & New Zealand, a member of the Australian Institute of Company Directors and a Director and of Murray River Organics Group Limited.

#### *Richard Jagger*

Richard was appointed to the Board on 26 April 2017, and has taken on the executive role of Head of Commercial Development. He has over 20 years' experience in the Agricultural sector, working for Fortune 500 companies around the world. He managed the introduction of Australia's first agricultural biotech products into the cotton sector. Having worked as a senior executive manager for Monsanto's Roundup business within Australia and New Zealand, he has extensive knowledge of the local business and distribution network, as well as the major Crop Protection companies globally. Over the past five years he co-created the Australian subsidiary of Sinochem - one of the largest Crop Protection companies in China – in the role of Managing Director. He was previously a board member of Crop Life Australia, the peak national industry organisation representing the agricultural chemical and biotechnology (plant science) sector in Australia.

Richard has extensive experience in business management, continuous improvement, strategy development, culture evolution, technology and innovation implementation. With the opportunity to work with different cultures and business styles across the globe, he has a solid understanding of what is required to make a success of cross cultural, or cross geographic businesses.

Richard has a Bachelor of Science degree (with Honours) majoring in Zoology and Genetics, and a Masters degree in International Business. He is a Graduate member of the Australian Institute of Company Directors.