Vectus Biosystems Limited
Chairman's Address to 2019 Annual General Meeting

2019 has been a productive year for Vectus, with the Companies continued progress towards a proposed Phase I trial of its proprietary **VB0004**, addressing a significant unmet need for anti-fibrotic agents for patients with cardiovascular and / or kidney disease.

A recent publication entitled "Vasoactive Intestinal Peptide Infusion Reverses Existing Myocardial Fibrosis in the Rat" appeared in the European Journal of Pharmacology, the official journal of The Federation of European Pharmacological Societies, published by Elsevier. In this fundamental, peer-reviewed publication of preclinical data in a model of cardiac fibrosis, researchers from the Company uniquely demonstrated the ability to reverse fibrotic damage that was already present at the time Vasoactive Intestinal Peptide (VIP) therapy commenced. This provides a distinct therapeutic advantage compared with currently available anti-fibrotic agents. In lay terms, this is a significant validation of both the Vectus IP, and the encouraging prospects for the drugs therapeutic applications in humans.

As well as the progress with VB0004, the Company has continued to add value to its a library of over 1,000 compounds, derived from the platform underpinning VB0004. These emerging lead compounds address some of the most significant unmet needs in medicine today and include:

- VB4-A32 (liver fibrosis, including NASH and ASH);
- VB4-A79 (pulmonary fibrosis, including idiopathic fibrosis, asbestosis and coal dust pneumoconiosis (Black Lung Disease)); and
- VB4-P5 (renal tubular cell death consequent on cytotoxic therapy).

Milestones towards Human Trials - Investigator Brochure (IB) and Trial Protocol for Phase I for VB0004

Syneos Health Australia (formerly INC Research) has been appointed by Vectus to prepare the Investigator Brochure (IB) and Trial Protocol for Phase I for VB0004. Syneos Health Australia is based in Adelaide and has more than 20 years' experience in conducting Phase I Clinical trials in Australia. Its early phase pharmacology team has completed more than 400 protocols for various Phase I and clinical pharmacology studies. Further, Syneos Health Australia has an Early Phase Australia team dedicated only to Phase I studies and conducts some 40 to 50 Phase I studies annually.

As a radiologist and clinical physician, I would like to emphasise the real need for this new class of drugs, providing significant social, patient and health economic outcomes.

Finance and Capital Raising

The Company is pleased to confirm a successful capital raising, with Tranche 1 of 3,000,000 Convertible Notes at $0.50, which raised $1,500,000, completed on 30 September 2019. This is the first stage of a Convertible Note issue to raise a total amount of $7,000,000. The funds will be used to complete the Phase I clinical trials for VB0004, to advance the library of Vectus' other drugs and for general working capital.

Vectus has expanded its dialogue with a cross-section of global and mid-size pharmaceutical companies. Feedback from these industry leaders remains very positive for the potential for significant transactions upon a successful Phase I human trial for VB0004. The Company is currently in discussions in respect of its clinical programme and commercialisation roadmap in a major international market. If successful, this would have the potential of accelerating additional compounds through the pre-clinical and clinical programme.

I would like to take this opportunity to thank the Company's team, particularly Karen Duggan whose work in this field has been recognised globally. I also recognise the efforts of my fellow Directors – Maurie Stang, Deputy Chairman, Susan Pond and Peter Bush. A special thank you to our Company Secretary, Robert Waring and his team.

Vectus' achievement are now being increasingly recognised by pharmaceutical companies, physicians, and our peers in the rapidly expanding search for therapeutics that can have a meaningful impact on not only the disease progression which is associated with Fibrosis, but offers real prospects of improving the health and wellbeing of patients with these degenerative illnesses.

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Ron Shnier
Non-Executive Director