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ASX Announcement

Chairman's address

Annual General Meeting 28 November 2018

Welcome everyone,

As I mentioned in the 2018 Annual Report, earlier this year Medigard signed a commercial agreement with Bio-Link Australia to assist us with a new Technology Management and Commercialisation Program. In the face of ongoing cost pressures in the health care system worldwide, sales of our blood collection device continue to be modest. Although Sol-Millennium continues to work towards reducing the manufactured cost for the blood collection device and to grow markets in China, your Board wanted to identify, manage and commercialise new products to augment our existing syringe technology.

The objective of this new program was to seek a small number of new and worthwhile pre-clinical projects that could be taken into clinical trial relatively quickly, without spending large amounts of money, with the overall aim of building on Medigard's foundations as an innovator in medical products that help both patients and treating professionals.

We were particularly interested in projects that were ready to progress into clinical trials without further research, already had supporting animal data and patents or patent applications in place and had a simple yet powerful story. Medigard's strategy is to invest carefully in one or two such projects with the aim of bringing the new technology through Phase I and II clinical trials towards a partnership deal with a pharmaceutical company before the commencement of more expensive phase III trials.

Bio-Link, Dr Ian Dixon and a consultant Dr Jim Palmer assessed over seventy projects and as reported two exciting projects fitting the Board's criteria were determined to be of particular merit. While negotiations continue in relation to one of these projects, as you know we have signed an exclusive worldwide license agreement with Kunovus Pty Ltd under which Medigard will commercialise a patented, injectable biological material, referred to as KT009, for the treatment of intervertebral disc degeneration and disease, chronic lower back pain and maybe osteoarthritis, potentially delivered using a prefilled syringe.

Since signing the licensing agreement with Kunovus, Medigard has undertaken further due diligence and has been progressing the development program for KT009. The first step in the program is the manufacture and formulation of clinical grade KT009 for use in preclinical testing and a small clinical study in humans. Manufacture of an injectable product requires two steps before we have a suitable sterile and potent test material - the manufacture of KT009 itself and the aseptic formulation and filling activities. Discussions are underway with three potential suppliers and a preferred supplier will be selected with the assistance of some consultants with expertise in this field.

The Board has been pleased by the supportive communications we have received following our recent announcements and I would again like to again thank you for your patience while we work towards identifying and developing new technologies to augment our existing syringe technology and attracting investors to support the development of these new technologies.

Thank you.

Chris Bishop
Chairman