



## **CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING 25 NOVEMBER 2002**

### **LADIES AND GENTLEMEN**

Welcome to this third AGM of Peplin Biotech Ltd.

Our Annual Report for 2001/02 is titled "Building Success" and this accurately reflects the work of the year. I am pleased to report on that "building" process and the future successes it provides for.

Right up front I want to pay tribute to each member of the Executive and the Board for their commitment and effort and the excellent team work undertaken during this year. Critical to the success of the team is the role of the Managing Director and we must thank Garry Redlich for his leadership in a year in which much has been achieved.

But let me also thank you as shareholders for your great support, during the last year in particular, but of course in reality since listing just a little over two years ago. We have always acknowledged that investing in Peplin Biotech is best seen as a long-term prospect, not without risk, and in this regard your confidence in us has been outstanding. Evidence of this during 2001/02, and subsequently, was two-fold:

1. The strength of our share price early in the year when other biotechs and larger companies were losing value all around us; and
2. The response to our rights issue, undertaken at a less than an optimal time. This was nothing short of spectacular with 44% of shareholders who took up their entitlement applying for more than the 1 in 8 allocation. The full \$4.3m sought in the issue was successfully raised.

In my Chairman's letter in the Annual Report I promised you would not be disappointed, and the news we have released to the market today is evidence of that claim. It is with very great pleasure, and not a little excitement, that I announce the successful signing of an agreement with Allergan Inc. to license our lead compound PEP005 as a topical treatment for non-melanoma skin cancer in North and South America. This licensing agreement achieved just two years after listing sets the seal on the first major goal of our long-term plan outlined in the original prospectus. It makes two very powerful statements:

1. Our compounds are seen to be worthy of investment, not just by us, but also by one of the leading specialist pharmaceutical companies in the world.
2. Peplin Biotech is able to deliver in the tough international scene of big pharmaceuticals.

Congratulations to the team, and especially to Garry who has borne the brunt of the negotiations. This deal is the result of months of tireless effort, and was not achieved

without a number of disappointments and lessons learnt along the way. Your company is stronger now as a result of this process.

However, the signing of this agreement is just the beginning. There is still much to be done in partnership with Allergan to bring our product to market and we will continue to work diligently to achieve this further goal on time and within budget. Under the agreement we, Peplin, will complete the pre-clinical development of PEP005 that we already have well under way. Hence we are forecasting a further loss in 2002/03, of the order of AU\$3.5 - AU\$4 million. The full financial benefits of the agreement will begin to accrue in 2004 and will include reimbursement of our development costs.

The other major achievements of this last year seem to pale into insignificance beside the licensing deal. But let me remind you that had these achievements not been made, and made well, there would not have been a licensing agreement – for they are the building blocks which have allowed us to take this giant step forward. Let me list for you the more significant of these achievements – the executive team will provide more detailed information in its presentation.

- Expansion of the company's patent position;
- Production of pure PEP005 compound – with scale-up of manufacturing and purification processes generating consistently reproducible compound with a demonstrated equivalent activity to the raw sap used in the pilot clinical study;
- Significant progress toward clinical trials;
- Linkages with national and international research institutions; and
- Continuation of research into the full potential of our compounds.

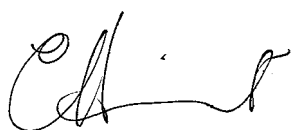
Also importantly, we have worked to improve communication with you, our shareholders, through our upgraded website with its Contact Peplin/ E-mail Us facility and through the electronic *PEPupdate* newsletter. I would encourage you to use these services to facilitate communication between us and also to generate efficiencies in our operations.

So despite the travail around the world, socially and commercially, Peplin has had a very good year and the ground is well prepared for successful years ahead. Thank you for your attendance today and thank you for your ongoing support as we face the future together.

Earlier I thanked the Executive and Board, but I also want to thank:

- Maree Kitchen, who does a great job as Office Manager;
- the researchers at QIMR and elsewhere, with whom we work so closely;
- our business partners in all aspects of our operations;
- our Medical Advisory Panel; and
- Burrill & Company, particularly Dick Haiduck.

I will now hand over to the Managing Director, Garry Redlich, who will lead a presentation from the executive team. We will then return to the business of this AGM as outlined in the agenda.



Cherrell Hirst AO  
Chairman