



Opal Biosciences Limited | ABN 97 605 631 963

2021 INFORMATION MEMORANDUM

For the capital raising of \$5m through the issue of 33,333,333 shares at \$0.15 (15 cents) per share. This Information Memorandum is issued by Opal Biosciences Ltd ACN 605 631 963..

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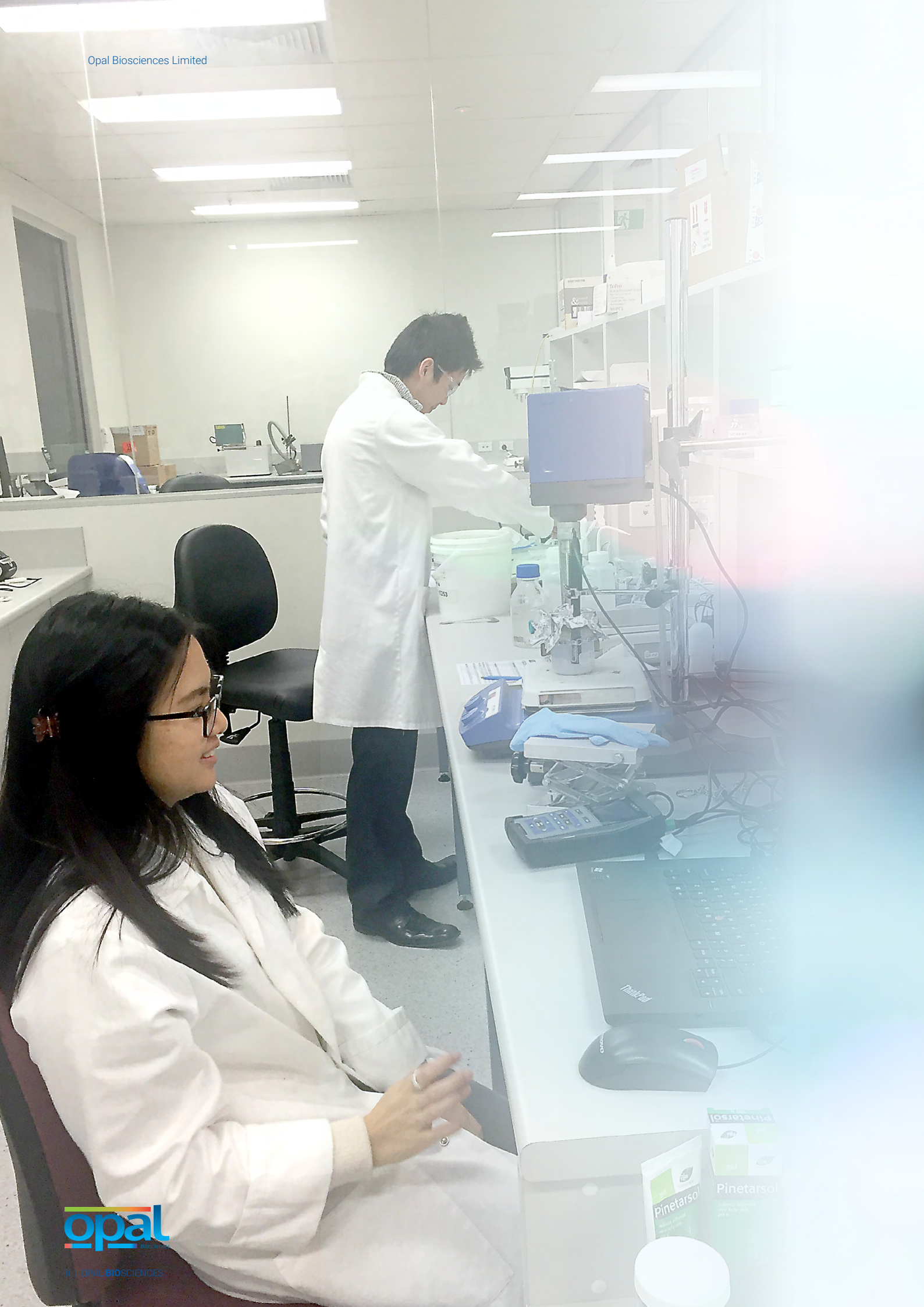


Table of Contents

Important notices	2
Executive Summary	5
1. How to apply	6
2. Opal's business	7
3 Formulytica Pty Ltd	13
4 Details of the Offer	15
5 Risk factors	16
6 Additional information	22
Glossary	25



Important notices

Information Memorandum

This Information Memorandum (“**IM**”) is dated 6 May 2021 (“**IM Date**”).

This information Memorandum has been prepared by Opal Biosciences Limited ACN 605 631 963 (“**Opal**”) for the purpose of providing certain financial and business information to potential investors on a private and confidential basis for use solely in connection with their consideration of investing in 33,333,333 new fully paid ordinary shares (“**New Shares**”) in Opal at an issue price of \$0.15 (15 cents) per share to raise approximately \$5,000,000 (the “**Offer**”).

The Offer of New Shares made pursuant to this IM is only available to investors to whom an offer can be made without the need for a disclosure document to be provided under the *Corporations Act 2001* (Cth) (“**Corporations Act**”). The IM is not a prospectus or product disclosure document under the Corporations Act and has not been lodged with ASIC. By retaining this IM, you represent that you are not an investor to whom disclosure is required to be made under the Corporations Act. Accordingly, the IM may not be copied or reproduced, in whole or part, for any purposes other than that for which it is intended and none of its contents may be divulged to third parties without the prior written consent of Opal.

The Offer of New Shares in Opal is being made in Australia only and has not been lodged with any regulatory authority outside Australia. This IM does not constitute an offer of shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such offer or invitation. It is the responsibility of overseas applicants to ensure compliance with all laws of the country in which they reside in relation to any application made for New Shares in Opal.

This IM does not purport to be all inclusive or contain all of the information which its recipients may require in order to make an informed assessment of whether to invest in Opal. Accordingly, this IM does not take into account the investment objectives, financial situation and particular needs of the individual investor. Before making an investment in Opal, the investor, or prospective investor, should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult a financial, tax or legal adviser if necessary.

This IM contains forward looking statements. Statements about Opal’s future operations, projections and forecasts are based on assumptions about future events and management actions which may not necessarily take place and are subject to uncertainties which may be outside the control of Opal. Opal makes no guarantees, representations or warranties regarding whether projections or forecasts will be achieved or whether they represent the most likely outcomes.

Opal and each of its agents, directors, officers and employees:

- a) does not warrant or represent the origin, validity, accuracy, completeness or reliability of, or accept any responsibility for errors or omissions in this IM;
- b) disclaims and excludes all liability for all claims of whatever nature that may arise in any way from or in connection with the provision of this IM and any inaccuracy or incompleteness, or any reliance by any person on it; and
- c) does not, by this IM, provide any recommendation, service or advice.

Important information for New Zealand investors

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial markets Conduct Act 2013 (**FMC Act**). The New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who is a wholesale investor within the meaning given to that term under Part 1 of Schedule 1 of the FMC Act.

Opal and Formulytica
have **synergistic
innovative product
design** and development
expertise which can be
used to develop and
**commercialise the
intellectual property**
and know-how existing
in each company.

Important information for Hong Kong investors

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Definitions and abbreviations

Some words and expressions used in this IM have defined meanings, which are explained in the Glossary at the end of this IM.

All references to time in the IM are references to Melbourne (AEST) time.

Building resilience from Australia's base – a national call to action

Australia has an opportunity to build resilience from its base, harnessing current areas of excellence and the ingenuity, decisiveness and solidarity shown in its national response to COVID-19 to revitalise its life sciences sector. This in turn would increase its prominence in the global value chain, and improve the resilience of its supply chain. This may be achieved through a three-pronged approach:

1. Enhance product development & clinical trial capabilities to increase Australia's role in global product development
2. Revitalise scaled manufacturing capabilities to reduce Australia's exposure to global supply chain challenges
3. Build an environment that supports innovation, investment and life sciences 'clusters'

<https://www.pwc.com.au/health/health-matters/strengthening-australias-life-sciences-sector-and-medical-supply-chain-beyond-covid-19.html>

Executive Summary

This IM relates to an offer of approximately 33,333,333 new ordinary shares (“**New Shares**”) in Opal Biosciences Ltd ACN 605 631 963 (“**Opal**”) at a price of \$0.15 each (“**Issue Price**”) to raise approximately \$5,000,000 (the “**Offer**”).

The Offer is being made as a prerequisite to Opal’s acquisition of Formulytica Pty Ltd ACN 605 865 825 (“**FLT**”). The proceeds from the Offer will be used to grow FLT’s existing pharmaceutical development business to fill a growing manufacturing need in the Australian pharmaceutical market. The expertise of FLT’s scientists combined with Opal’s commercial expertise will promote the revenue growth of the merged business.

FLT is a small revenue-generating pharmaceutical development company which currently specialises in the formulation and development of topical products and injectables. FLT generates revenue from its fee-for-service business and also from royalties from licences to its innovative technology.

Opal’s proposed acquisition of FLT (the “**Acquisition**”) represents a unique opportunity to grow a new, merged business designed to meet the significantly increased requirement for onshore manufacturing in Australia. This need has become increasingly evident with the COVID-19 pandemic. Opal’s new business will support overseas and local biotechnology and pharmaceutical companies wishing to conduct clinical trials in Australia and formulate product for clinical and nonclinical studies. The new business will target the significant opportunity for preparation of clinical trial supplies (i.e. the drug material designed to administer to patients in clinical trials to test new medicines).

As consideration for acquiring all of the issued share capital in FLT, Opal will issue 15,800,142 Shares to FLT’s existing shareholders. Following completion of the Acquisition and Offer, and assuming the entire \$5 million is raised and the outstanding debt to be satisfied by the issue of Shares is \$750,000 (see Section 6.3), FLT’s shareholders will hold approximately 21.39% of Shares in Opal.

Australia is a growing and highly attractive jurisdiction to conduct clinical trials. In 2019, there were 1,820 ongoing clinical trials in Australia representing a 22% increase since 2015.¹ The data from clinical trials are necessary to gain marketing approval of new therapeutic goods or medicines from regulators such as the Therapeutic Goods Administration (“**TGA**”) and the U.S. Food & Drug Administration (“**FDA**”). Companies need accurate and reliable data from clinical studies which are themselves very expensive to conduct. These clinical studies need highly specialised, high quality clinical trial materials. As a result, there is both domestic and international demand for contract manufacturers who have the necessary skills and facilities to provide these services.

The newly merged Opal business will also draw on its in-house innovative product development strengths and capabilities. Opal and FLT have synergistic innovative product design and development expertise which can be used to develop and commercialise the intellectual property and know-how existing in each company. FLT already has a growing royalty stream from its own innovations.

FLT’s existing contract product development business generates revenue. It is highly specialised in the formulation of pharmaceutical products especially those for topical administration, and increasingly for injectables. FLT has assisted Opal in the formulation of BDM-I for injectable and also topical use. In the area of aerosol foams, FLT has an international reputation and few competitors.

The combination of Opal and FLT’s expertise in the new, merged entity will see a strong revenue-generating enterprise filling a significant gap in the value chain in Australian pharmaceutical product development, allowing for new innovative in-house product development and continued servicing and growth of a local and international client base.



¹ MTP Connect Sector Competitiveness Plan, 2020

1. How to apply

1.1. Description of the Offer

This IM relates to the offer of approximately 33,333,333 new ordinary shares ("**New Shares**") at a price of \$0.15 each ("**Issue Price**") to raise approximately \$5,000,000 (the "**Offer**").

1.2. Applications

The Offer opens for Applications on 6 May 2021 ("**Open Date**").

Applications for New Shares must be made using the Application Form accompanying this IM. Payment of the New Shares must be made in full at the Issue Price, being \$0.15 per New Share.

Completed Application Forms and Application Money must reach Opal no later than 5pm (Melbourne time) on 15 June 2021 ("**Closing Date**"), subject to the Board extending the Closing Date.

1.3. Who can apply

The Offer is open to any person with a registered address in Australia who is a "professional investor" or "sophisticated investor" within the meaning of sections 708(8) or 708(11) of the Corporations Act and to wholesale investors in Hong Kong and New Zealand to whom the Offer can be made without the need for registration of an offer document (an "**Applicant**").

1.4. Allotment and Application Money

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. However, if the Closing Date is extended, the date for allotment may also be extended. The allocation of New Shares under the Offer will be determined at the absolute discretion of the Board.

Application Money will be held in trust for Applicants until allotment of the New Shares. Application Money will be held in a separate subscription account until allotment. This account will be established and kept by Opal in trust for each Applicant. Any interest earned on the Application Money will be for the benefit of Opal and will be retained by Opal, irrespective of whether allotment takes place, and each Applicant waives the right to claim any interest.

Where the number of New Shares allotted is less than the number applied for, the surplus money will be returned by cheque or EFT as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on money refunded.

1.5. Important Dates

Offer opens	6 May 2021
Offer closes	15 June 2021
Issue date and despatch of share certificates to New Shares	18 June 2021

1.6. Enquiries

All enquiries in relation to this IM should be directed to mleydin@leydinfreyer.com.au.

If you are unclear in relation to any matter or are uncertain as to whether the Offer or New Shares are a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

2. Opal's business

2.1. Overview of the current Opal business

Opal is a public company registered in Victoria. Opal was established in 2015 and has an office in South Melbourne. Opal is a subsidiary of BioDiem Ltd ACN 096 845 993, which has an intranasal 'flu vaccine technology licensed to the World Health Organisation, and marketed in India and now China. Opal's focus has been on the development of innovative antimicrobial products, including those to treat infections resistant to antibiotics. Opal is investigating water-soluble derivatives of BDM-I as a potential treatment of infections and is in discussions to acquire a number of additional technologies in the antimicrobial therapeutic area. These target the development of new treatments for serious fungal, bacterial and viral infections.

COVID-19 impact on antimicrobial resistance

The need for new treatments for infections is recognized worldwide. The emergence of the COVID-19 pandemic has aggravated the problem of resistance to current antibiotics. Hospitalised COVID-19 patients are exposed to risks of other infections, including fungal infections, which may be highly resistant to treatment and cause serious complications including death.²

The global infectious disease therapeutics market size was valued at US\$46.88 billion in 2016 and is projected to grow at a compound annual growth rate ("CAGR") of 6.6% during the 2018-2025 period to reach US\$86.2 billion by 2025.³ The global antifungal drugs market size was US\$10.24 billion in 2019 and with a CAGR of 3.3% is projected to grow to US\$13.17 billion by 2027.⁴

Opal's antimicrobial asset, BDM-I has undergone testing to improve its pharmaceutical properties. Chemical derivatives of the parent drug have been designed to retain the antimicrobial activity of BDM-I and improve its physicochemical features. It is anticipated that these new molecules will be screened for antimicrobial activity against *Neisseria gonorrhoea* in the new Australian Research Council (ARC) Research Hub to Combat Antimicrobial Resistance, and other pathogens in the coming months.

Opal's collaborations with academic institutions of excellence have led to the opening of negotiations to acquire new intellectual property which would target development of new antimicrobial treatments addressing this area of high unmet clinical need. Opal expects to complete these negotiations in 2021.

Opal is currently seeking to diversify its focus by considering commercial opportunities, such as the Acquisition, within the Australian biotechnology and pharmaceutical industry.

2.2 Overview of the industry

The Australian biotechnology and pharmaceutical industry is knowledge-based, and technology-intensive. It plays a critical role in research and development of new medicines aimed to extend life or improve its quality. It does this through partnerships with local and international universities, researchers and other biotechnology companies targeting unmet clinical need. The pharmaceutical industry has a global network, allowing access, sometimes transnational, to the resources and capabilities needed in the often highly sophisticated development needs of a innovative new medicine.

To be approved for marketing, a new medicine must undergo a series of tests which can take many years. The final stages of testing include studies in humans to verify the right dosage and to detect efficacy and side effects. These studies or clinical trials are staged carefully to

² Centers for Disease Control and Prevention, Fungal Diseases and COVID-19.
<https://www.cdc.gov/fungal/covid-fungal.html>

³ <https://www.grandviewresearch.com/industry-analysis/infectious-disease-therapeutics-market> August 2017.

⁴ <https://www.fortunebusinessinsights.com/industry-reports/antifungal-drugs-market-101188>

minimise harm. Clinical trials provide patients with early access to new and potentially life-saving medicines.⁵

There are many reasons for overseas and local companies to conduct clinical trials in Australia: our world-class medical system of medical professionals and healthcare structure, a rigorous, sophisticated and efficient regulatory review system, access to the R&D Tax Incentive program, high ethical standards and a well-tuned clinical trial infrastructure.

Beyond the potential for early access by patients to novel medicines, clinical trials conducted here also benefit Australia through inbound investment estimated at \$1.1 billion (in 2015) leading to growth of highly skilled jobs in the sector. The Australian government has recognised this spectrum of advantages and has implemented reforms to further streamline the initiation and conduct of new clinical trials by boosting patient recruitment and standardising costs.⁶

Early stage clinical trials are also growing. These Phase I trials are the first use in humans and typically involve a small number of volunteers and are small scale compared to the large Phase III studies conducted prior to market approval and involving thousands of patients.

Phase I trials not only require smaller batches or quantities of medication, but also these trials can be complex, for example, trialling different dosages in small quantities (e.g. as single doses). Also a range of formulations for testing can be required and can include injectables.

Even though the ecosystem for support of companies conducting clinical trials has grown over time e.g. the regulatory, medical, analytical, statistical and patient monitoring service providers, an opportunity remains to assist companies by locally manufacturing these novel formulation forms of the drug to be tested.

Before human studies are commenced, new drugs must be tested in non-human models of disease for safety and efficacy. While the quality standards required for drugs used in human studies are higher than those generally required for non-clinical testing, non-clinical studies also need quality standards. In addition, non-clinical studies require small batch product formulation and manufacture. The ability to access this expertise and capability at FLT has benefited Opal in the past, and now Opal seeks to merge with FLT to address and grow this important capability for Australia.

There are two main drivers for growth in the Australian therapeutic product development area:

1. Clinical trials focus

The Australian government has realised the value of clinical trials and has invested in facilities and training, and promotion.⁷ An LEK Consulting analysis in 2015 showed 1360 trials started that year, a 4.7% CAGR 2010-2015 (outperforming the US and UK), and total direct expenditure estimated at \$1.1 billion for ongoing trials in 2015.⁸ This is predicted to exceed \$2 billion by 2025^{ibid}. There are flow-on benefits and the opportunity to grow the industry eco-system surrounding and leading up to a clinical trial starting i.e. by providing the formulation and development capabilities to prepare research stage product candidates to be ready for clinical trial.

2. Onshore manufacturing focus

The COVID-19 pandemic has raised the awareness of Australia's exposure to gaps in manufacturing of essential pharmaceutical products including vaccines. As at 1 May,

⁵ <https://www.medicinesaustralia.com.au/policy/clinical-trials/>

⁶ Austrade, Clinical Trials Capability Report, 2018.

⁷ australianclinicaltrials.gov.au/why-conduct-clinical-trial-Australia

⁸ <https://www.mtpconnect.org.au/images/MTPConnect%202017%20Clinical%20Trials%20in%20Australia%20Report.pdf>

2021, there are 44 “critical medicine shortages” on the TGA website with another 10 anticipated. The 2020 Federal government budget’s Modern Manufacturing Initiative committed \$1.3 billion towards the scale-up and translation of ideas into commercial successes. State governments have also indicated support for growth of local manufacturing. The Victorian government has opened applications for its \$60 million Manufacturing and Industry Development Fund which is directed at Victorian companies to support expansion of their operations.⁹ The Victorian government has also announced \$50 million investment into mRNA and therapeutic manufacturing for the state.¹⁰

The clinical trial industry in Australia is well-developed, however the value chain in Australia for therapeutics development has gaps in the preclinical development stage. While access to animal testing can be done effectively overseas through providers such as Vivopharm, Charles River and Eurofins, small Australian-based companies may need assistance to formulate and prepare materials for *in vivo* testing to ship to these service providers. Small scale manufacture (<50kg) including non-GLP is difficult to obtain. Pilot testing in non-GLP studies can indicate the likely success of more expensive GLP studies and hence there is a need for this service. In Australia the preparation of product candidates for such testing, outside of university laboratories, is difficult and where available, often expensive. This is a service which we can provide.

The Medical Research Future Fund is set to grow to a \$20 billion fund which is available to Australian researchers in government-funded institutions. These researchers are not trained in commercial development requirements for a regulated product and local capabilities are scarce.¹¹ This is a gap which our services will address.

2.3 Opportunities for diversification

Opal has identified a commercial opportunity to acquire FLT. Details of the proposed Acquisition are set out in Section 3 of this IM.

In addition, Opal is exploring other potential commercial opportunities for diversification. Opal’s ability to identify, progress and realise any opportunities will depend on a number of factors, including the availability of funding from investors, government grants and other sources; the development and continuation of government policies supportive of the biotechnology and pharmaceutical industry in Australia; and the maintenance of a robust and respected regulatory system in Australia.

2.4 Capital structure

The details of the ownership of Shares and Options as at the IM Date is:

Shares issued as at the IM Date	19,750,177
Number of New Shares to be issued under the Offer	33,333,333
Number of Shares to be issued to satisfy outstanding debt (see Section 6.3)	5,000,000
Number of Shares issued to FLT shareholders as consideration for the Acquisition	15,800,142
Total Shares	73,883,652
Options on issue as at the IM Date with an exercise price of \$0.25 each (expiring 25 June 2021)	1,007,000
Total Options	1,007,000

⁹ <https://global.vic.gov.au/whatson/2021/april/manufacturing-and-industry-development-fund-open-for-applications>

¹⁰ <https://www.premier.vic.gov.au/victoria-ready-lead-new-vaccine-manufacturing>

¹¹ <https://www.therapeuticinnovation.com.au/navigator>

The Company's Top 10 Shareholders are:

Shareholder	Shareholding (#)	Shareholding (%)
BioDiem Limited	12,500,012	63.29%
PJT Holdings Pty Ltd	2,225,000	11.27%
Invia Custodians Pty Ltd	550,000	2.78%
Peter Chomley	550,000	2.78%
Subtech International Pty Ltd <Super Fund A/C>	530,000	2.68%
Dr David Kwok Po Li	500,000	2.53%
Cardinal Strategies Inc.	500,000	2.53%
Stephen Mannken <ATF Three Fish Trust>	300,000	1.52%
Henry Kenneth Windle	257,733	1.30%
Maxvalue Investments Limited	250,000	1.27%
Other Shareholders	1,587,432	8.05%
TOTAL SHAREHOLDERS	19,750,177	100.00%

The Company's Top 10 Optionholders are:

Optionholder	Optionholding (#)	Optionholding (%)
Stephen Mannken <ATF Three Fish Trust>	300,000	29.79%
Uujaypee Pty Ltd	100,000	9.93%
Invia Custodian Pty Limited <Snowball Super Fund (1) A/C>	100,000	9.93%
Subtech International Pty Ltd Superannuation Fund	80,000	7.94%
Rowan Currie <Currie U/T>	50,000	4.97%
Dr. Peter Michael Milne Chomley	50,000	4.97%
Volga Pty Ltd	40,000	3.97%
Mrs Maxine Ann Warner	12,000	1.19%
AE + KY Forge Super Pty Ltd <LA + K Forge Super Fund A/C>	8,000	0.79%
Andrew Maggs	4,000	0.40%
Other Optionholders	263,000	26.12%
TOTAL OPTIONHOLDERS	1,007,000	100.00%

Board of Directors and Management team

2.5 Board of Directors



Chair, Hugh Morgan AC: *LLB, BCom*. Hugh Morgan is Principal of First Charnock Pty Ltd. Hugh was appointed Chief Executive Officer of Western Mining Corporation (1990-2003) and prior to that served as an Executive Officer (1976-1986) and then Managing Director (from June 1986). Hugh has served as a Director of Alcoa of Australia Limited (1977-1998 and 2002-2003); Director of Alcoa Inc. (1998-2001); Member of the Board of the Reserve Bank of Australia (1981-1984 and 1996-2007); President of the Australian Japan Business Co-Operation Committee (1999-2006); Joint Chair of the Commonwealth Business Council (2003-2005) and now Emeritus Director; President of the Business Council of Australia (2003-2005) and now an Honorary Member; Member of the Anglo American plc Australian Advisory Board (2006-2014). Hugh was a Member of the Lafarge International Advisory Board; is Chairman of the Order of Australia Association Foundation Limited; Trustee Emeritus of The Asia Society New York; Chairman Emeritus of the Asia Society AustralAsia Centre; Member of the Asia Society Australia Advisory Council; President of the National Gallery of Victoria Foundation. Hugh is a graduate in Law and Commerce from the University of Melbourne. Hugh has chaired BioDiem Ltd since 2007, and Opal since its formation.



Managing Director: Julie Phillips, *BPharm, MSc, MBA, MPS, MAICD*: Ms Julie Phillips is a pharmacist has a strong background in the biotech and pharmaceutical industry, having worked as the CEO and Director of start-up Australian biotechnology companies operating in the life sciences sector. She identified and licenced the oncolytic virus technology which was sold to Merck for \$502m. As CEO of Biodiem Ltd she negotiated the LAIV licence to the World Health Organisation, and licences to the Serum Institute of India and Changchun BCHO Biotechnology Ltd; and many Australian and international research agreements including with the US Centers of Disease Control and Prevention (CDC). Julie is CEO of BioDiem Ltd (a royalty-receiving company) and Managing Director of Opal. She is Chairman of Industry Innovation and Science Australia's R&D Incentives Committee, until Feb 2020 was Chairman of AusBiotech Ltd, the peak biotechnology industry association in Australia, and is currently a non-executive director of the Medtech and Pharma Growth Centre, MTP Connect. Julie sits on the University of Newcastle's Council, the Health Innovation Advisory Committee of the NH&MRC, the South Australian Premier's Scientific Advisory Committee and the steering committee of the Australian Antimicrobial Resistance Network.



Non-executive Director: Ken Windle: *BPharm, DipEc, MPS*. Ken has a successful career in the Australian and international pharmaceutical industry and more recently with smaller Australian companies. Ken Windle worked 30 years with Glaxo/Glaxo Wellcome (now gsk) in International positions including Member of the Group's Executive Committee. This career included Head of Global Commercialisation based in London, CEO of subsidiaries in UK, Australia, and Regional President Asia Pacific. He was Chairman and CEO of Advent Pharmaceuticals Pty Ltd which he co-founded in 2001 and sold in 2018. He was Director of Aus Bio Ltd, Chairman of their R&D Committee, Deputy Chair of Acrux, and NED of NZ Pharmaceuticals. He is Chairman of RMIT's PAC and NED of Opal. He served 8 years as a Member of Innovation Australia which included Chairman of the Board's COMET and P3 Committees, member of IIF Committee, and PISG Working Group. He was Chairman of the working group in Victorian Government's Biotechnology Strategic Development Plan. Graduating from Otago University in Pharmacy and pharmacology, he further studied Economics at Massey University, and completed the Executive Programme at London Business School. Mr Windle has previously served as Consultant to the (Australian) Prime Minister's Science Council on Industry Development, Director of the (Singapore) Economic Development Board EDB, and Singapore's Committee on Competitiveness. He was for 2 three year terms Chairman of the APMA (now Medicines Australia), a member of the Pharmaceuticals

Industry Advisory Committee, a member of Pharmaceuticals Industry Action Agenda (PIAAG), member of the Pharmaceuticals Industry Strategy Group (PISG), and has been twice a winner of the Governor of Victoria's Export Prize.



Non-executive Director: Peter Snowball: Peter's successful career in the financial markets started at Barclays Bank and then the London Futures Exchange. After emigrating to Australia in 1971 he traded on the Sydney Wool Futures Exchange for global clients. Then back in London for a short time Peter became a senior broker at Shearson Lehmann Brothers with his own client base of professional traders, trading mainly financial futures in Chicago. Later in Australia Peter set up a financial futures broking desk at Merrill Lynch in Sydney and subsequently at FIMAT Australia, broking interest rate futures into Singapore and Chicago. Peter moved to J B Were in 1994 where he switched to broking equities for retail clients and within five years became one of the biggest business writers in the Sydney office and in the Company. After a short time supporting the Philanthropic Services team, Peter left J B Were in 2014 and moved to roles with smaller private companies assisting in company turn-arounds and corporate transactions. Peter was the chairman of Philip Shaw Wines Pty Ltd until December 2019.

2.6 Company secretary



Company secretary: Melanie Leydin: Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors. Melanie has over 25 years' experience in the accounting profession and over 15 years as a company secretary. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies and shareholder relations.

3 Formulytica Pty Ltd

3.2 Overview of Formulytica Pty Ltd (“FLT”)

Formulytica Pty Ltd ACN 605 865 825 (“FLT”) is a product development business established in 2015 and based on the premises of Ensign Laboratories Pty Ltd in Mulgrave, Victoria. FLT was founded in 2015 and has 11 employees, all of whom are scientists.

It has two businesses:

- Fee-for-service contract services providing expert pharmaceutical formulation development and analytical method development and validation services to clients globally. FLT provides end-to-end support for topical therapeutic product R&D and production (human and veterinary), and personal care products. Its expertise focuses on topical, injectable, (incl. ophthalmic), and oral applications. The customer base includes local and overseas companies and organisations for development projects including preparation for clinical trial supply. FLT also has some personal care product clients.
- Innovative products (patent-protected and royalty earning): FLT-owned products and licensed novel delivery and formulation technology. Between the members of FLT’s team, they have developed 20+ pharmaceutical products launched in US, EU and Australian markets.

Investment is required to scale-up to meet the growing demand for its services.

3.3 Overview of the Acquisition

Opal’s expertise in full product development (from discovery stage to clinical trials, market access and marketing), reputation and contacts in the pharmaceutical and biotechnology industries will assist FLT hone its growth strategy and implementation, facilitate its promotion and provide a structure for raising the investment required. In return, FLT will provide Opal with a revenue-generating business and an R&D lab which Opal requires for development of its own future products (i.e. discovery projects in antimicrobial area). There is significant opportunity in the Australian marketplace to grow manufacturing capability. The gaps associated with the COVID-19 pandemic have highlighted the need for broader-based onshore manufacturing.

It is proposed that Opal acquires all of the shares in FLT and raises approximately \$5 million to secure the business growth envisaged. The consideration for the Acquisition of shares in FLT will be the issue of 15,800,142 Shares in Opal. FLT will be a wholly owned subsidiary of Opal. Following completion of the Acquisition and Offer, and assuming the entire \$5 million is raised and the outstanding debt to be satisfied by the issue of Shares is \$750,000 (see Section 6.3), FLT’s shareholders will hold approximately 21.39% of Shares in Opal. The aim of the merged entity is to:

- grow FLT services by:
 - broadening its customer base (locally and internationally);
 - promoting its formulation expertise in topical especially aerosol foams (where FLT is a world leader), aerosols, liposomes and injectables;
 - increasing work throughput by extending and deepening the range of work undertaken across the full product development cycle in the discovery, preclinical and clinical areas;
 - manufacturing upgrade to include product for clinical trials;

- extending product development areas including assay development, preclinical and clinical trial supplies (small scale and sterile manufacture [up to 50kg batch size]);
- increase revenue from royalties by targeting innovative in-house product development and sale/royalty receipt of in-house product candidates (with ability to access R&D tax incentive); and
- position the company for acquisition/ASX-listing.

3.4 Board membership post-Acquisition

Following the Acquisition, the composition of Opal's Board will change and will comprise:

- Hugh Morgan AC – Chairman;
- Julie Phillips – Managing Director;
- Richard Buchta – Executive Director;*
- Peter Snowball – Non-Executive Director;
- Ken Windle – Non-Executive Director; and
- Peter Cox – Non-Executive Director.*

**Appointed as Director following the Acquisition*

Richard Buchta will join the Board as an Executive Director, primarily responsible for the operations of FLT in the new, merged entity.

Richard Buchta is PhD and MBA qualified with 25 years experience in the pharmaceutical and veterinary industry where he has developed numerous vaccines, injectables and topicals. Whilst employed previously with Stiefel Research Laboratories and Glaxo Smith Kline. Richard led project teams developing topical products, which resulted in a number of successful aerosol and foam product launches in the United States. He has also developed a single dose veterinary vaccine technology which has been successfully marketed for the past 20 years. Richard is a named inventor on a number of patents.

Peter Cox will join the Board as a Non-Executive Director.

Peter Cox B. Com (Melb) CA, is a Director of Formulytica Pty Ltd and has been involved since the company was formed as both a director and a shareholder. Peter is also a shareholder in and the Finance Director of Ensign Laboratories Pty Ltd a role he has held for more than 20 years. Peter is highly experienced in the management and control of manufacturing businesses and has overseen the growth of Ensign's contract manufacturing business to 400+ full time equivalent employees. Ensign is a custom and contract manufacturing chemist based in Melbourne specializing in therapeutic liquid products for local and export markets. Ensign is recognized for its leading quality systems and modern manufacturing technologies.

4 Details of the Offer

4.1 Overview of the Offer

This IM relates to the offer of approximately 33,333,333 new ordinary shares ("**New Shares**") at a price of \$0.15 each ("**Issue Price**") to raise approximately \$5,000,000 (the "**Offer**").

The total number of Shares on issue at completion of the Offer is expected to be 68,883,652 (including 15,800,142 Shares issued to FLT's shareholders as consideration for the Acquisition) and all Shares will rank equally with each other. The New Shares offered under this IM will represent approximately 48.39% of the Shares on issue on completion of the Offer. A summary of the rights attaching to the Shares (including the New Shares) are set out in Section 6.1.

4.2 Proposed use of funds

Funds raised from the issue of New Shares will be used to fund the transaction costs associated with the Acquisition, fund the growth of FLT's contract and innovative businesses, build a small batch sterile manufacture/GMP facility and to provide Opal with working capital to continue with the development and operation of Opal's business. Specifically, the proceeds from the issue of New Shares under the Offer will be used as follows:

Use of proceeds	\$ Amount	% of proceeds
Transaction costs associated with the Acquisition	20,000	0.4%
Proposed sterile/GMP facility construction and fit-out	2,765,000	55.3%
General working capital	2,190,000	43.8%
Costs of the Offer	25,000	0.5%
Total	5,000,000	100%

4.3 Underwriting

The Offer is not underwritten.

4.4 Minimum Subscription

The minimum subscription amount is \$2,000,000 ("**Minimum Subscription**"). If the Minimum Subscription amount is not reached, any Application Money received by Opal will be returned in full (without interest) to Applicants.

5 Risk factors

Investors should carefully consider the risks in this Section 5, in light of their personal circumstances (including financial and taxation issues) and obtain professional investment advice from their accountant, lawyer or other professional adviser before deciding whether to invest in Opal.

There are a number of risks and uncertainties that could potentially impact upon the future operating and financial performance of Opal, its investment returns and the value of the New Shares. These risks are both specific to Opal and also relate to the general business and economic climate.

Opal has taken steps to put in place safeguards, appropriate governance, and compliance and risk management frameworks to mitigate risks, but it cannot guarantee that these safeguards and systems will be effective. There are risks that are outside the control of Opal and its Board, and cannot be mitigated.

Opal distinguishes between different types of risk and takes an integrated approach toward managing them. Each of these risks described below could, if it eventuates, have a material impact on Opal's operating and financial performance.

These risk factors are not exhaustive. There may be additional risks and uncertainties, of which the Company is unaware, or that it considers to be immaterial, but which may become important factors that adversely affect Opal's business, financial position and operational results. There can be no guarantee that Opal will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

Before deciding whether or not to accept an Offer, investors should carefully consider these risk factors. If in any doubt, investors should seek advice from their stockbroker, accountant, financial planner or other professional adviser before deciding to accept an Offer.

None of Opal, the Directors, or any person associated with Opal guarantee the performance or future performance of Opal, the performance of any investment into Opal, the payment of dividends or any value of any Shares.

Set out below are some general risk factors applicable to Opal. Section 5.2 elaborates on specific risks relating to Opal's business.

5.1 General Risks

5.1.1 Market conditions and illiquidity

Opal is currently not listed on any stock exchange and therefore there is no open market on which its Shares are traded. As a result, New Shares issued on acceptance of the Offer may be illiquid.

If Opal becomes listed on a stock exchange, the market price for its Shares can rise and fall subject to varied and unpredictable influences on the market for securities generally and pharmaceutical securities in particular. Neither Opal nor the Directors warrant the future performance of Opal or any return on an investment in New Shares.

5.1.2 Dependence on general economic conditions

The performance of Opal may be influenced by the general condition of the Australian economy and industry activity in Australia. Changes in interest rates, employment rates, inflation, consumer spending and government policy may affect sales and operating profits. Changes in economic conditions may result in customers changing spending patterns or their level of consumption, which may have an adverse impact upon Opal's operating and financial performance.

5.1.3 Legislative and regulatory changes

Changes in relevant taxes (including GST), legal and administrative regimes and government policies may adversely affect the financial performance of Opal. Any change to the corporate tax rate will impact on shareholder returns both in terms of profits that Opal is able to

distribute as dividends and the level of franking credits available to frank future dividends. Any change to the current rates of income tax applying to individuals and trusts will similarly impact on shareholder returns. Any material adverse changes in government policies or legislation of any countries in which Opal operates or may operate in may affect the viability and profitability of Opal.

5.1.4 Shareholder dilution

In the future, Opal may elect to issue Shares or engage in capital raisings to fund further acquisitions or other activities, for working capital purposes or for other opportunities that Opal may decide to pursue. While Opal will be subject to the constraints of the Corporations Act, Shareholders at the time may be diluted as a result of such issue of Shares and subsequent capital raisings.

5.2 Specific Risks

5.2.1 Contractual and completion risk

Opal intends to acquire 100% of the issued share capital in FLT subject to the fulfillment of certain conditions specified in the Share Purchase Agreement. Opal has agreed to issue 15,800,142 Shares as consideration. The ability of Opal to achieve its stated objectives will depend on the performance by the parties of their obligations under the Share Purchase Agreement. If any party defaults in the performance of their obligations, it may be necessary for Opal to approach a court to seek a legal remedy which can be costly.

Moreover, there is a further risk that if the conditions specified in the Share Purchase Agreement are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisition may be deferred or not occur. Failure to complete the Acquisition would adversely impact Opal's level of operations.

5.2.2 Acquisition due diligence risk

Opal and its advisers have performed certain pre-Acquisition due diligence on FLT. While Opal has obtained certain warranties from FLT under the Share Purchase Agreement, there is a risk that the due diligence conducted has not identified issues that would have been material to the decision by Opal to acquire FLT. A material adverse issue which was not identified prior to Opal's acquisition of FLT could have an adverse impact on the financial performance or operations of the relevant businesses and may have a material adverse effect on Opal.

5.2.3 Consideration Shares

Under the Share Purchase Agreement, Opal will issue 15,800,142 Shares to FLT's existing Shareholders. Some of those Shareholders may not intend to continue to hold their Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for Shares following completion of the Offer and the Acquisition.

5.2.4 Force majeure events

Events may occur within or outside Australia that could impact upon the Australian economy, the operations of Opal and the value of the New Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including COVID-19) or other natural or man-made events or occurrences that can have an adverse effect on the demand for Opal's products and its ability to conduct business.

In relation to COVID-19, further prolonged periods of social distancing, quarantines, travel restrictions, work stoppages, health authority actions, lockdowns and other related measures within Australia and internationally, or an escalation of existing measures, may directly and indirectly impact a number of aspects of Opal's business.

The Board is monitoring the situation closely and has considered the impact of COVID-19 on Opal's business and financial performance.

Opal has implemented operational procedures to mitigate the impact to its business of a pandemic or significant community health risk, specifically arising from the impact of COVID-19.

However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

5.2.5 Key personnel risk

Opal relies on its ability to continue to attract, train, retain and motivate highly skilled and qualified employees in order to run its business. There can be no guarantee that key personnel will remain committed to Opal. Employees are free to leave Opal at will, subject to termination notice requirements, without (other than in the case of certain executives) being subject to lock-in or restraint of trade conditions. Opal is dependent on the principal members of its scientific and management team, the loss of whose services could materially and adversely affect Opal and might impede the achievements of its research and development objectives. Because of the specialised nature of Opal's business, Opal's ability to maintain its program effectively will depend in part on its ability to attract and retain qualified research personnel either within Opal or via its contracted activities. There can be no assurance that Opal will be able to retain sufficient qualified personnel on a timely basis, retain its key scientific and management personnel or maintain its relationships with its collaborators. The failure to retain such personnel and develop such expertise could materially adversely affect Opal's prospects for success. The ability of Opal to maintain and develop the competence and skills of its key responsible managers is affected by its size. Extensive ongoing training opportunities are not feasible for small biotechnology companies such as Opal.

5.2.6 Competitive threats

Opal operates in a competitive market and its financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market, and Opal is unable to counter these actions. The biotechnology and medical technology industries are characterised by rapid and continuous technology innovation. Opal faces high competition as new and existing companies enter the market and advances in research and new technologies become available. Opal's technology, services and expertise may be rendered obsolete or uneconomical by technological advances or entirely different approaches developed by Opal or one or more of its competitors. Opal's success will depend on strategic partnering and the extent to which these partners are interested in pursuing licensing and further development of Opal's research outputs. The number of Opal's potential strategic partners is diminishing as the current trend towards consolidation continues. Accordingly, Opal expects that an increasingly small number of partners will account for a substantial portion of our licensing and partnering opportunities with third parties.

5.2.7 Operating costs

Opal's ability to maintain a relatively low cost operating structure is not guaranteed and there is no assurance that the current estimated ratio of expenses to revenue can be maintained.

5.2.8 Intellectual property

Any adverse impact on Opal's ability to compete due to the inability to obtain, maintain and enforce intellectual property protection for its products could harm Opal's business.

If a third party asserts that Opal is infringing its intellectual property, Opal could be subjected to costly and time-consuming litigation or expensive licence fees, and its business might be harmed.

Obtaining, securing and maintaining rights to technology and patents are an integral part of securing potential product value in Opal's activities. Competition in retaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes. Opal's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Additionally, success may depend on Opal enforcing and defending its intellectual property against third-party challengers. Because the patent positions of biotechnology and pharmaceutical companies can be highly uncertain and frequently involve complex legal and factual questions, neither the breadth of claims allowed in biotechnology and pharmaceutical patents nor their enforceability can be predicted. There can be no assurance that any patents which Opal may own, access or control will afford Opal commercially significant protection of its technology or its products or have commercial application, or that access to these patents

will mean that Opal will be free to commercialise its technology.

5.2.9 Reliance on government grants and policies

Opal operates its business in the highly regulated pharmaceutical industry. In order to grow its business and generate profit, Opal relies on government policies that support its R&D initiatives (whether through regulations or the availability of government grants). Moreover, it is essential to Opal's business that Australia's regulation of the pharmaceutical industry is relatively stable and not subject to unforeseen change. This not only assists Opal with its compliance obligations, but also advertises to prospective clients that Australia is an attractive jurisdiction in which to invest in pharmaceutical manufacturing and clinical trial services. If the Australian government were to significantly reduce the availability of R&D incentives to Australian pharmaceutical companies, or introduce onerous regulations that inhibit the operation of Opal's business, the Company's financial and operational performance would suffer.

5.2.10 Accounting changes

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect Opal's financial performance. Opal's financial performance could be negatively impacted by changes in, or changes in the interpretation or application (by the courts, government agencies or otherwise) of, tax or other laws or regulations in Australia or elsewhere.

5.2.11 Failure to retain existing clients and attract new clients

Following the Acquisition, the growth of Opal's business will depend in part on the number of its clients, especially its key clients. There is a risk that clients may terminate their contracts with Opal or choose not to renew those contracts. There is also a risk of losing key clients to other providers. Failure to maintain customer relationships or renew agreements could result in Opal's revenues declining or plateauing. The loss of key clients to competitors could adversely affect the business and its operating results. Opal intends to continue FLT's strategy of continually developing relationships and gaining clients in Australia and internationally. This will be a key focus of the new, merged entity.

5.2.12 Uncertainty of research: Project Risks

Following the Acquisition, the success of Opal will be dependent in part on the quality of the research it has under development, its results and its acceptance in the market. There are risks related to the successful research and development of any technology and ensuing commercialisation. Product development involves lengthy processes and is subject to evaluations by external groups such as the United States Food and Drug Administration ("FDA") and Australian Therapeutic Goods Administration ("TGA"). There is a risk inherent in activities of this nature that obtaining approvals may be affected by factors outside the control of Opal and its partners, including but not only that government agencies may not process applications in a timely manner or that their activities may be interrupted or delayed due to government policy changes or funding not being available.

Additionally, new products must also find acceptance in a competitive marketplace. Market acceptance will depend on many factors, including convincing potential customers and alliance partners that Opal's product is more attractive than other alternative products and the ability to manufacture products in sufficient quantities with acceptable quality at an acceptable cost. Because of these and other factors, our products may not gain market acceptance and this may adversely affect Opal's ability to profitably commercialise its research. In order to continue Opal's research and development of its projects and investments, Opal may from time to time enter into new business initiatives. Such arrangements will expose Opal to risks commonly associated with such ventures including amongst others assimilation of the new operations and personnel into Opal. There can be no assurance that any potential venture will not have a material adverse effect on Opal's business, financial conditions and operations.

5.2.13 Commercialisation

The commercialisation of technology developed by Opal could require the licensing of technology to or from other entities. Opal cannot give an assurance that such licences will be

obtained or, if obtainable, will be on commercially acceptable terms. Furthermore there is always the risk that licensing arrangements, once negotiated, could be terminated for reasons that may be beyond Opal's control. Commercialisation may also depend on obtaining and/or maintaining government approvals for production, marketing and sales. Opal and its partners are dependent on government agencies having funding for their functions, and being able to perform their roles without undue delay. A delay in an application being processed may result in a product not being able to be marketed or distributed, or to obtain or maximise sales, in a particular market.

5.2.14 International agreements

Opal has and will have contractual relations with parties that are domiciled in foreign jurisdictions. There is scope for change in the areas of contract law, property and in particular intellectual property in developing foreign jurisdictions which is outside Opal's control. Where possible, Opal will seek to have contracts that are entered into with foreign entities governed by the laws of Western jurisdictions such as Australia, the United States of America or European countries in order to attempt to minimise any risks in this regard.

5.2.15 Funding requirements

Operating costs and net losses and negative cash flow from Company operations may increase for the foreseeable future, due primarily to increases in expenses for research and product development, should the research prove successful. The time required for Opal to reach or sustain profitability is highly uncertain and Opal may not be able to achieve or maintain profitability. Also, if Opal does achieve profitability, the level of any profitability cannot be predicted and may vary significantly. Opal may need additional funds in the future to continue to develop and fund its business. However, to the extent that Opal's capital resources are insufficient to meet future capital requirements, Opal may have to raise additional funds to continue the development of its technology. Opal may not be able to raise funds on favourable terms or at all. Opal's current operating plan could change as a result of many factors and Opal may require additional funding sooner than anticipated. Opal's requirements for additional capital may be substantial and will depend on many factors, some of which are beyond Opal's control, including:

- slower than anticipated progress in research;
- requirement to undertake additional research;
- competing technological and market developments;
- the cost of protection of patent and other intellectual property rights;
- progress with commercialisation.

Technology development is inherently high risk and the above risks are not exhaustive. Other risks may become evident with further development of the technology and commercial relationships. Opal can give no assurance that all of Opal's objectives can be satisfactorily achieved.

5.2.16 Foreign currency and exchange rate fluctuations

Revenue and expenditure of Opal may be domiciled in currencies other than Australian dollars and as such expose Opal to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure. Opal will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist managing these risks. However the implementation of such measures may not eliminate all such risks and the measures themselves may expose Opal to related risks.

5.2.17 Future performance of business activities

The value of Opal's business activities is subject to the various and unpredictable influences of the market it operates in and the economy in general. Accordingly, adverse economic and market conditions may be experienced by Opal which are outside of its control and may have an adverse effect on Opal.

5.2.18 COVID-19 impact

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread globally as well as in Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is a significant uncertainty around the breadth and duration of business disruptions related to COVID-19 and therefore Opal has taken precautionary measures by temporarily closing Opal's office and having arranged for its employees to work remotely, as well as minimising non-critical activities and curtailing travel. At the date of this report, the impact of these measures is not expected to significantly impact the completion of the current work being undertaken. However, as the circumstances continue to evolve, there may be disruptions to the future work timelines if employees, consultants or their respective families are personally impacted by COVID-19 or if travel and other operational restrictions are not lifted.

5.2.19 Contract manufacturing operations

Following the Acquisition, Opal intends to continue to offer Formulytica's contract manufacturing services to clients in the pharmaceutical and biotechnology industries, including targeting clinical trials for topical products and, increasingly, injectables. There is a risk that clients may be dissatisfied with Opal's services or the results of the clinical trials and either refuse to pay Opal or damage Opal's reputation. Further, there is a risk that unexpected circumstances may cause clinical trials to go over the client's cost estimate. While Opal ensures that its services are conducted diligently and professionally, it cannot completely control how clients will receive the work product.

5.2.20 Legal proceedings

Legal action arises from time to time in the normal business activities of Opal. Litigation can arise from commercial disputes between Opal and its business partners, clients, suppliers, employees, financiers and other third parties and government bodies for alleged or actual failures to adhere to government regulations. Litigation is costly and time consuming and consumes board and management time and resources. It creates reputational risk, brand damage and potential liabilities for Opal, its directors, officers and employees. Some of this litigation may, depending on its nature, have a material adverse impact on the financial and operational performance and financial position of the Opal.

5.2.21 Environment

Following the Acquisition, Opal is subject to environmental laws and regulations, particularly pertaining to the handling and disposal of poisons. Opal could incur material costs in order to comply with those laws and regulations, or as a consequence of a breach of those laws and regulations. These costs may have a material adverse impact on the operating and financial performance of the new, merged entity. In addition, changes to environmental laws and regulations may have a material adverse impact on the operating and financial performance of Opal.

The above list of risk factors should not be taken as exhaustive of the risks faced by Opal or by investors in Opal. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Opal and the value of New Shares offered under this IM.

Therefore, the New Shares to be issued pursuant to this IM carry no guarantee with respect to the payment of dividends, returns of capital or the market or other value of the New Shares. Potential investors should consider that the investment in Opal is speculative and should consult their professional advisors before deciding whether to apply for New Shares in Opal.

6 Additional information

6.1 Rights and liabilities attached to New Shares

New Shares issued under the Offer will rank equally with all existing Shares in the Company.

The rights and liabilities attaching to the ownership of the New Shares arise from a combination of the Constitution, statute and general law.

A summary of the significant rights, liabilities and obligations attaching to the New Shares are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

Voting at a general meeting

Subject to the Constitution and the rights or restrictions on voting which may attach to any class of Shares, each Shareholder present at a general meeting (whether in person, by proxy, representative or attorney) has one vote on a show of hands and, on a poll, one vote for each Share held by the Shareholder.

Dividends

The power to declare dividends, including the timing for payment and quantum of those dividends, is vested in the Directors. Interest is not payable by Opal in respect of any dividend or other distribution.

Transfer of Shares

Shares may be transferred by a proper transfer effected in accordance with the Constitution. Subject to compliance with the Constitution, Shares may be transferred by a written instrument of transfer in any usual or common form or by any other form as the Directors so determine.

Issue of further Shares

The Directors are vested with the power to allot, issue, cancel or otherwise dispose of Shares to any persons, on any terms and conditions, at the issue price and at those times as the Directors think fit.

Variation of class rights

At present, the Company's only class of shares on issue are the Shares. If there are different classes of shares, the rights attached to any class may, unless their terms of issue state otherwise, be varied or cancelled with the written consent of the holders of not less than 75% of the issued shares of that class or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

Calls on unpaid amounts

Directors may, upon at least 30 business days' notice, make calls on Shareholders for all monies unpaid on Shares which are not monies made payable by the conditions of allotment at fixed times. Shareholders must pay the amount of every call made on it at the times and places appointed by the Directors. Any sum not paid on or before the date for payment stipulated by the Directors shall bear interest at any rates as the Directors may determine.

Joint tenants

Two or more persons registered as the holders of any Share are deemed to hold that Share as joint tenants with benefits of survivorship.

Share buy-backs

Opal may, in accordance with the Corporations Act, buy back its own Shares.

6.2 Rights and liabilities attached to Options

There are currently 1,007,000 Options on issue as at the IM Date. These Options are held by the Optionholders specified in Section 2.4.

A summary of the significant rights, liabilities and obligations attaching to the Options are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Optionholders.

Exercise price

Each Option is exercisable at an exercise price of \$0.25 and will entitle the Optionholder to subscribe for, and be issued with, one Share.

An Optionholder may exercise its Options by lodging a written notice with the Company which specifies the number of Options being exercised and a cheque or electronic funds transfer for the exercise price of those Options.

Maturity date

An Option must be exercised before 5:00pm (AEDT) on 25 June 2021, otherwise the Option will lapse.

Further Share issuances

An Option does not entitle an Optionholder to participate in new issues of capital offered to Shareholders.

Not transferable

The Options are not transferable except with the prior written approval of Opal's Board.

Ranking

All Shares allotted upon the exercise of Options will rank pari passu in all respects with other Shares.

Quotation

The Options are not quoted on ASX Limited or any other securities exchange.

6.3 Repayment of debt on completion of Acquisition

On completion of the Acquisition, FLT will have no more than \$750,000 in outstanding debt. If the Minimum Subscription is obtained, the debt will be satisfied by the issue of Shares in Opal. The number of Shares to be issued will be determined by dividing the amount of the debt by the issue price, being \$0.15.

6.4 Taxation

Investors should be aware that there may be taxation implications of investing in New Shares under the Offer.

Any advice given to investors by Opal, including the information contained in this document, is general information only and does not take into account any investor's personal objectives, financial situation and needs.

Opal recommends that investors obtain their own independent advice on tax and any other matters relevant to the Offer.

6.5 Privacy

If you complete an Application, you will provide personal information to the Company. The Company will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its shareholders) and compliance by the Company with legal and regulatory requirements.

If you become a Shareholder, the Corporations Act requires the Company to include information about you (including your name, address and details of the shares held) in its public register of members. The information contained in the Company's register of members remains in the register even after you cease to be a Shareholder.

By submitting an Application, you are agreeing that the Company may use the information provided by you on an Application for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's Related Bodies Corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to regulatory authorities.

If you do not provide the information required on the Application, the Company may not be able to process or accept the Application or administer your shareholding appropriately. You have a right to gain access to the information that the Company and the share registry hold about you, subject to certain exemptions under law.

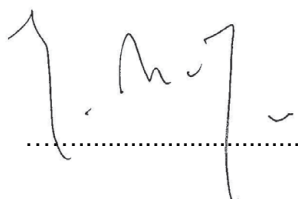
6.6 Electronic IM

This IM is available in electronic form via <http://opalbiosciences.com/>. Applicants using the Application Form must be a "professional" or "sophisticated" investor within the meaning of sections 708(8) or 708(11) of the Corporations Act with a registered address in Australia or a wholesale investor in Hong Kong or New Zealand to whom the Offer can be made without the need for registration of an offer document. Persons who receive an electronic version of this IM should ensure they download and read the entire IM.

6.7 Governing law

This IM and the contracts that arise from the acceptance of Applications under this IM are governed by the laws applicable in Victoria, Australia and each Applicant under this IM submits to the exclusive jurisdiction of the courts of Victoria, Australia.

Dated: 6 May 2021


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Hugh Morgan AC
Chairman
Opal Biosciences Ltd

Glossary

The following is a glossary of the terms used in this IM:

Term	Definition
\$ dollars or cents	means Australian currency, unless otherwise indicated.
Acquisition	means the proposed acquisition of 100% of the issued share capital in FLT.
AEST	means Australian Eastern Standard Time.
Applicant	means a person who submits an Application, who is a person with a registered address in Australia and who is a “sophisticated” or “professional” investor within the meaning of section 708(8) or 708(11) of the Corporations Act or a person who is a wholesale investor in Hong Kong or New Zealand to whom the Offer can be made without the need for registration of an offer document.
Application	means an application to acquire New Shares pursuant to the Offer.
Application Form	means the application form included in or accompanying this IM relating to the Offer.
Application Money	means the amount of money accompanying an Application Form submitted by an Applicant.
ASIC	means Australian Securities & Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the financial market operated by ASX Limited, as the context requires.
Board	means the Board of Directors of the Company, from time to time.
CAGR	means compound annual growth rate.
Closing Date	means the date on which the Offer closes, being 15 June 2021.
Company	means Opal Biosciences Ltd ACN 605 631 963.
Constitution	means the constitution of the Company (as amended from time to time).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
COVID-19	means the outbreak of the novel coronavirus disease.
Directors	means the directors of the Company, from time to time.
FDA	means the U.S. Food & Drug Administration.
FLT	means Formulytica Pty Ltd ACN 605 865 825.
Glossary	means this glossary of terms used in the IM.
GLP	means Good Laboratory Practice
IM	means this Information Memorandum.
IM Date	means the date of this IM, being 6 May 2021.

Term	Definition
Issue Price	means \$0.15 (15 cents) per New Share.
Minimum Subscription	means the minimum amount which must be raised under the Offer, being \$2,000,000.
New Shares	means the new Shares to be issued by the Company under the Offer.
Offer	means the offer of 33,333,333 New Shares at an issue price of \$0.15 to prospective Applicants pursuant to this IM to raise approximately \$5 million.
Opal	means Opal Biosciences Ltd ACN 605 631 963.
Open Date	means the date on which the Offer opens, being 6 May 2021.
Option	means an option issued by the Company.
Optionholder	means the registered holder of an Option.
Share	means a fully paid ordinary share in the Company.
Shareholder	means the registered holder of a Share.
Share Purchase Agreement	means the share purchase agreement between the Company and each of FLT's shareholders under which the Company acquires 100% of the issued share capital in FLT in exchange for issuing 15,800,142 Shares to FLT's existing shareholders.
TGA	means the Therapeutic Goods Administration.

