



Chairman's Letter Sementis Limited

Dear fellow shareholders,

It has been almost six months since my last formal communication to shareholders at the time of our AGM. I hope you and your families have all had a safe and prosperous start to 2014.

I am writing to you for two reasons, both positive. Firstly to update you on our recent progress and achievements and secondly, to announce the near completion of the transition of Sementis' CEO Troy Neilson and I, from our Executive and Board positions.

Sementis is forging ahead with successes both in the laboratory and business development. Whilst there is forward movement in all areas, recent key achievements since my last communication last November are:

1. Our discussions with the USA based entities around grants, licensing of the SCV and manufacturing collaborations are progressing well. These entities have expressed their interest in conducting technical due diligence on the SCV, for the purpose of accessing grants and securing a license.
2. On the back of a successful initial proof of concept study with Peanut Allergy we were able to lodge our first patent for this product in the USA.
3. Chikungunya has subsequently succeeded in the proof of concept study in an independent challenge model. This too has generated significant interest in the USA based entities since the recent Chikungunya outbreaks in the Caribbean.
4. Our new FACS Cell Sorting Machine has been installed in our new UniSA laboratories. We are excited by the possibilities this machine and new facilities bring in terms of shortening timelines and our ability to bring new products online.
5. A 'B Round' fund raising of approximately \$1.5M is now underway with a fund raising mandate signed with Tauro Capital of Melbourne.

An up to date Information Pack has been posted on the Sementis website (www.sementis.com) under the 'Company' tab, which outlines in more detail our scientific and business development progress.

Troy's and my exit represents the final stage of an ongoing plan to transition the leadership capability of Sementis. The initial board required a 'start-up' strategy and culture and this was applied to great effect. Going forward Sementis will require a more 'commercial and clinical' strategy and culture. Director candidates for the two newly available Board positions will be appointed with this capability in mind.

Preservation of continuity during this transition has been carefully considered. Current Director Maurice O'Shannassy has been unanimously nominated by the Board as the logical successor for the Chairman position. Dr Paul Howley, Director, Founder and Inventor will act as Interim CEO until a replacement CEO candidate is selected and inducted. Dr Tom Quirk will also continue his role of Non-Executive Director.

Business Development has been handed over to an industry professional. Jane Ryan, formerly of Biota (www.biotapharma.com) has a proven track record of success with the kinds of entities we are working with in the USA. We are very excited and privileged to have her on board and look forward to the benefits to Sementis she can bring.

We are continuing to see liquidity and exit mechanisms for shareholders as a priority. This continues to include Venture Capital buy-outs and exploration of the possibility of an IPO. It now also includes the possibilities such as dividends through licensing arrangements in the USA. In short, liquidity and exits are always front of mind in Sementis and are integral in our plans moving forward.

In the job I held prior to Sementis I trained Senior Executives in leadership and change management. A key thing I learned during this time was that "Change is inevitable and constant; successful transition however, is not always guaranteed. Successful transition is the result of the mind-sets and actions of those experiencing the change". I must say that I am proud to be part of a company that has transitioned itself so smoothly in preparation for its future challenges. Furthermore we have managed to do so without subsequent impact or delay on our core activities.

I would like to thank you for your support and contributions that have made it possible to build a Biotech like Sementis. My successor will no doubt keep you informed of our progress and successes moving forward.

Please feel free to contact me personally if you have any further questions around the transition or our recent progress.

Yours Faithfully,



Travis Molloy
Executive Chairman
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