CEO Brief

January 20, 2016

Dear Shareholders,

I wish all of you a successful year ahead in the best imaginable health!

Having both received and provided services within the healthcare sector over the years I am all too aware of the peril of compromised health and loss of your livelihood. In Clinuvel's case we aspire to make our patients realise their dreams and ambitions by making SCENESSE® (afamelanotide 16mg) available to all erythropoietic protoporphyria (EPP) patients and, in time, to vitiligo patients. Once this important goal is achieved we will be able to look back at a long and successful but challenging journey, being thankful that we have been able to maintain our physical and mental wellbeing throughout the process. I wish all of you who have supported us a year in *bonne santé*.

The start of a new and exciting year is a pertinent time to update you on the events which lie ahead. In considering the history of the Company, its achievements over the past 10 years and its current position, we can assess the next dots on the map and the likelihood of connecting these dots with the current structure and resources at hand. While much work goes into achieving each 'Clinuvel milestone', reaching some of these objectives will be dependent on the financial operations of the Company.

As explained during the 2015 Annual General Meeting, numerous and – often compounding – factors pose a challenge in manoeuvring Clinuvel to become one of the few development companies to succeed on its own merits and to launch a first-in-class therapeutic (novel untested group of drugs). We continue to look carefully at financing requirements versus shareholder dilution, at operational necessity versus maximum capacity and at the efficiency of direct management versus outsourcing operational functions. Our emphasis in the coming months and years will be firmly fixed on risk management in a broader sense. With the commercial distribution of SCENESSE®, part of the risk management process is the significant additional responsibility of managing a robust and water-tight pharmacovigilance system which will need to withstand the attrition of time.

All drugs have expected and unexpected adverse reactions, commonly known as its "side effects". This practice of monitoring ongoing patient safety in the post-authorisation phase is known as "pharmacovigilance". Clinuvel will need to provide long term follow up of all EPP patients who have received SCENESSE® and will monitor and report to the regulatory authorities any side effect ("safety signals") which may arise during the period of treatment. For clarity, Clinuvel is legally obliged to actively monitor side effects that are both related and unrelated to the use of SCENESSE® and to report these to regulators and to national competent authorities. For this to occur *lege artis* multiple systems, processes and auditing capacity need to be in place. It goes without saying that this obligation is part of a discipline which came with the marketing authorisation for a novel drug (SCENESSE®) in a previously neglected patient population (EPP). In the coming months and years you will hear much about Clinuvel's pharmacovigilance operations.

At Clinuvel we believe the strength of our people is not only their ability to accept and take on challenges amid adversity and resistance but also to actively seek value adding benefits in implementing solutions to such challenges. As an example, with pharmacovigilance we clearly see long term benefits emerging from meeting the challenges of establishing labour intensive and costly quality systems and in establishing internal processes and audit systems for the supply of SCENESSE® to EPP patients.

The first of these challenges within the pharmacovigilance framework is the mandatory training and accreditation of hospitals. Hospitals will work closely with Clinuvel to ensure patients are treated by the physician and data from the treatment visit is transferred simultaneously, ensuring patients' safety data are periodically reviewed. This will put Clinuvel in a unique position to control the distribution of SCENESSE®.

Secondly, long term value in pharmaceutical companies such as Clinuvel is reinforced when patient safety is well understood and no longer an unknown risk. In introducing a novel treatment, Clinuvel has undertaken the ongoing commitment to frequently evaluate the safety of the drug for EPP, as well as for vitiligo and other registrable diseases, via the newly established European EPP Disease Registry. The European EPP Disease Registry will also assist the US regulators (FDA) to accept SCENESSE® as part of an expected Risk Evaluation and Mitigation Strategy which comes with novel drugs in the US. In simpler terms, the risk management plan Clinuvel has established in Europe will almost certainly become part of the US regulatory requirement once SCENESSE® is authorised for use in the US. We expect the FDA will require Clinuvel to emulate its European quality management systems in the US.

Thirdly, insurance companies worldwide go through a process whereby effectiveness and safety form part of their continuous assessment in budget allocation and their decision to continue funding new therapies. Clinuvel's European EPP Disease Registry along with its processes and audit systems will provide these insurance companies, associations, and advisory bodies with ample data to periodically assess the strength of clinical demand for SCENESSE® and the ability of patients to adopt a life they never had. From an insurance perspective, since there is no available and comparative treatment for EPP patients, SCENESSE® offers the only pharmaceutical option. Therefore continuous reimbursement by national health systems will hinge on our ongoing ability to follow up patients and to provide insurers with long term data. This pharmacovigilance system is becoming part of modern decision making when it comes to the payment and reimbursement for novel and (in my view) existing drug therapies in Europe, and perhaps in the future also in the US.

The medical community, patient associations and external parties who are committed to assist Clinuvel in supplying a much needed therapy all need to work in concert throughout the next year to ensure EPP patients are given ample clinical time and are followed up four to five times per year. Emphasis has been put on the handling and proper management of clinical data (anonymous, or "non-identifiable" data) according to European legislation to offer maximum protection of patients' data. At the same time these data will provide necessary and real-time information on the continuous safety of SCENESSE®.

Today, product responsibility is borne by drug developers and physicians while regulators expect a company to have complete control over product distribution. This approach differs from viewing a drug company as a pure distributor, a "medical FEDEX", or a classical sales and marketing organisation.

Borne out of necessity however, a by-product of the strict oversight and intense scrutiny by European regulators has resulted in Clinuvel creating a competitive advantage and a knowledge base of considerable depth. In doing so, Clinuvel is becoming an expert in the entire sequence from drug development to distribution and is positioned to be a long term guardian of patient health.

The complexity of the controlled processes and systems will provide long term value for Clinuvel, of this I am certain. With much energy we continue to prepare for commercial distribution in each country.

The New Year and the novel activities of dispensing the product in Europe calls for a periodic update on operational issues through a series of CEO briefings, and the launch of further online activities to inform patients of all matters related to disease and treatment within the realm of regulatory guidelines. On behalf of the Board, I look forward to sharing Clinuvel's progress in 2016.

Philippe Wolgen
Managing Director

Forward-Looking Statements

This release to the Australian Securities Exchange and to press may contain forward-looking statements, including statements regarding future results, performance or achievements. These statements involve known and unknown risks, uncertainties and other factors which may cause Clinuvel's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Some of the factors that could affect the forward-looking statements contained herein include: that the FDA may require additional studies beyond the studies planned for product candidates or may not provide regulatory clearances, including for SCENESSE®; that the FDA may not provide regulatory approval for any use of SCENESSE® or that the approval may be limited; that Clinuvel may never file an NDA for SCENESSE® regulatory approval in the US; that the Company may not be able to access adequate capital to advance its vitiligo programs; that the Company may not be able to retain its current pharmaceutical and biotechnology key personnel and knowhow for further development of its product candidates or may not reach favourable agreements with potential pricing and reimbursement agencies in Europe and the US.

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