



Investment Ideas

17 January 2017

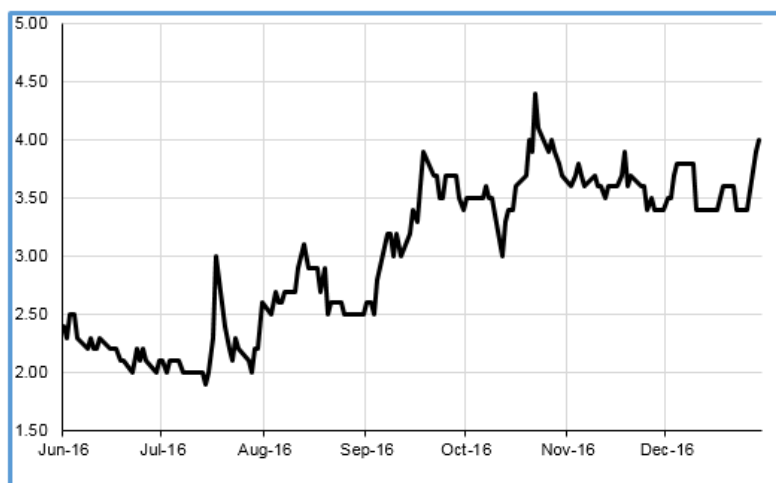
BARD1 Life Sciences (BD1): on track for 2019 commercialisation

Since listing on the ASX in June 2016, BD1 has set a strong foundation for commencing, in the December half of 2017, the key *clinical validation studies* on its lead product - the BARD1 Lung Cancer Test.

Between June and December 2016, the BD1 team has:

- Completed a Proof of Concept (POC) study validating BARD1 autoantibodies as biomarkers for the detection of lung cancer. A paper describing these results in detail is currently being prepared for publication. We believe that this study could, in itself, generate significant interest from industry players (and potential investors) particularly in vitro diagnostic companies, clinical diagnostic labs, and CT-scan providers.
- Commenced analytical validation (on 450 blood samples) with Meso-Scale Diagnostics to further develop, optimise and validate the BARD1 Test. US-based Meso Scale is a global leader in the development, manufacture, and commercialisation of assays and assay procedures. We believe that optimisation of the BARD1 Test by Meso Scale will be completed by the end of March 2017.
- Identified opportunities to detect other cancer types (including ovarian), and develop therapeutic products based on proprietary BARD1 technology; initiated a research-stage pipeline.
- Enhanced the scope and integrity of the Intellectual Property (IP) surrounding the BARD1 technology, products and uses.
- Appointed Dr Learne Hinch as CEO. Dr Hinch brings over 20 years' experience in the life sciences industry across general management, strategy, fundraising, business development, and technology commercialisation. In our opinion, Dr Hinch is well qualified to guide BD1 through a critical 18 month development path, and evaluate subsequent commercialisation opportunities.

BD1 share price history (20 June 2016 - Present) (A\$cps)



Source: IRESS, State One Stockbroking

At current price levels of A\$3.9cps, BD1 has almost doubled relative to its June 2016 issue price of A\$2.0cps.

We attribute the strong performance to management's focus on developing a fast-to-market diagnostic test for early detection of cancer. We believe that BD1 is on track to having the clinical study completed, and test results compiled, within 24 months from listing (i.e., by mid-2018).

Thus, by early 2019, BD1 could be in a position to commercialise its technology through licencing and/or distribution agreements with laboratory or biopharma partners.

Relative to the valuations attached to overseas peers in the in vitro diagnostic space, we suggest an indicative valuation for BD1 of A\$50m, equivalent to A\$0.065 per fully diluted share (769m shares including 217m performance shares). At current price levels of ~A\$0.04, we believe BDI offers significant upside potential. Recommendation: Speculative Buy (Higher Risk).



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Note: State One Stockbroking was Lead Manager in BD1's A\$3m capital raising in June 2016

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