Paradigm Biopharmaceuticals Limited

ACN 169 346 963

PRE-QUOTATION DISCLOSURE ANNOUNCEMENT

Paradigm Biopharmaceuticals Limited (**Paradigm**) completes IPO and ASX listing

- Paradigm has closed its IPO capital raising, having received applications in excess of the maximum subscription permitted under its IPO prospectus of $8 million
- Paradigm has now completed its acquisitions of Xosoma Pty Ltd and certain intellectual property of Glycan Biosciences LLC
- Commencement shortly of official quotation for Paradigm's fully paid ordinary shares on ASX Limited (**ASX**).

Melbourne, 18 August 2015: Drug repurposing company Paradigm Biopharmaceuticals Limited (**ASX:PAR**) has successfully closed its capital raising under its IPO prospectus, having received applications in excess of the permitted maximum subscription level of $8 million.

The following information is given for release to the market in connection with the commencement of official quotation of Paradigm's fully paid ordinary shares on ASX.

Unless otherwise defined in this notice, capitalised terms used in this notice have the meanings given to them in the prospectus lodged by Paradigm with the Australian Securities and Investment Commission (**ASIC**) on 12 June 2015 (**Prospectus**).

1. Close of IPO Offer and issue of shares / options

Paradigm confirms its IPO Offer has closed and that:

- Paradigm has issued 22,857,143 fully paid ordinary shares to Applicants under its Prospectus at an issue price of $0.35 per share;
- The Series 1 and Series 2 Preference Shares in Paradigm have converted into 9,694,506 fully paid ordinary shares;
- Paradigm has issued to those holders of the preference shares 3,023,812 unlisted Series 1 options (at an exercise price of $0.375 per option) and 1,714,285 unlisted Series 2 options (at an exercise price of $0.50 per option). Further details of the options issued are contained in **Annexure 1**.

2. Completion of the acquisition of Xosoma Pty Ltd

Paradigm has completed the acquisition of 100% of the issued capital of Xosoma Pty Ltd ACN 164 399 740 and at completion:

- Paradigm has issued 19,495,238 fully paid ordinary shares to the Xosoma vendors (as detailed in the Prospectus).

3. Completion of the acquisition of intellectual property from Glycan Biosciences LLC

Paradigm has completed and paid the initial up-front cash purchase price for the acquisition of certain intellectual property from Glycan Biosciences LLC as detailed in the Prospectus. The

amount paid was USD:300,000.00 which at an exchange rate of AUD/USD: 0.7313 was equivalent to AUD:410,228.37.

4. Shares issued under Paradigm's Employee Share Plan

Paradigm has issued 3,600,000 fully paid ordinary shares under its Employee Share Plan which has been funded by a limited recourse loan by Paradigm to the relevant employees.

A full copy of the Company's Employee Share Plan is contained in **Annexure 2**.

5. Capital structure and escrow

With the completion of the IPO allotments under the Prospectus, the Company's share capital will consist of:

- 87,580,220 fully paid ordinary shares; and
- 3,023,812 options which expire 3 years from 7/08/15 with an exercise price of $0.375 per option; and
- 1,714,285 options which expire 3 years from 7/08/15 with an exercise price of $0.50 per option.

As part of the admission of Paradigm to the ASX Official List restriction agreements have been entered into by certain pre IPO shareholders or option holders under which trading in the following securities is limited:

Security class	Number of securities	Restriction period
Ordinary shares (held by founders or employees)	33,915,618	24 months from listing date
Ordinary shares (acquired by holders of Preference Shares)	876,603	12 months from 07.11.2014
Ordinary shares (issued on conversion of the Series 2 Preference Shares)	923,077	12 months from 08.05.2015
Ordinary shares (issued on completion of the Xosoma acquisition)	19,495,238	12 months from 07.08.2015
Series 1 options (at an exercise price of $0.375 per option)	3,023,812	12 months from 07.08.2015
Series 2 options (at an exercise price of $0.50 per option)	1,714,285	12 months from 07.08.2015

6. Working capital / financial position

No change to financial position as outlined in Prospectus or to expenditure program as outlined in the Prospectus.

The Directors reaffirm the statement made in the Prospectus that, in the opinion of the Directors, on completion of the Paradigm IPO Offer, Paradigm will have sufficient working capital to carry out its objectives as stated in the Prospectus.

7. Documents released on ASX announcements platform

The following documents have been released on the ASX announcements platform as pre-listing disclosures by Paradigm:

- The Prospectus
- The Paradigm Constitution
- Corporate Governance Policies
- Paradigm's Appendix 1A and Information Form and Checklist
- Distribution schedule on IPO allotment
- A list of the top 20 shareholders as at conclusion of the IPO allotment
- Company's audited accounts for the periods from 2 May to 30 June 2014 and 1 July 2014 to 31 March

8. Further information

For further detail on any of the matters referred to in this notice please see the Paradigm Prospectus available on the ASX website, the pre-listing disclosures made by Paradigm or contact your professional adviser.

Paul Rennie
Managing Director
Paradigm Biopharmaceuticals Limited

Annexure 1 – Summary of option terms

Each Option entitles the holder (**Option Holder**) to subscribe for and be issued one fully paid ordinary share (**Share**) in **Paradigm Biopharmaceuticals Ltd** ACN 169 346 963 (**Company**) on the following terms:

1. Subject to clause 2 and any restrictions imposed by the ASX Limited (**ASX**), each Option is exercisable at any time after the date on which the Option is issued (**Issue Date**), until and including their expiry date, namely 3 years from the Issue Date (**Expiry Date**). Any Options not exercised by the Expiry Date will automatically lapse on the Expiry Date.
2. The Options may be exercised for part or all of the Options issued by the Option Holder giving written notice in the form set out below (**Notice of Exercise**) to the Company at its registered office prior to the Expiry Date.
3. Shares allotted on the exercise of Options will rank equally in all respects with the then existing issued ordinary fully paid shares in the capital of the Company (except in respect to any dividends which shall have been declared but not yet distributed before the actual exercise of an Option) and will be subject to the provisions of the Constitution of the Company.
4. Subject to any restrictions imposed by the ASX, the Options are transferable by an Option Holder on written notice to the Company, and where the Shares are quoted, in accordance with the ASX Listing Rules.
5. In the event of a pro rata issue of Shares by the Company, the Exercise Price for each Option will be adjusted in accordance with Listing Rule 6.22.2 of the ASX Listing Rules (which adjustment formula will apply even where the Company is not admitted to the ASX Official List).
6. If any reorganisation (including consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company occurs before the expiry of any Options, the number of Options to which each Option Holder is entitled or the Exercise Price of his or her Options or both must be reorganised in accordance with the ASX Listing Rules applying to a reorganisation at the time of the reorganisation (which adjustment formula will apply even where the Company is not admitted to the ASX Official List).
7. An Option does not confer the right to participate in new issues of capital offered to holders of Shares (**Rights Entitlement**) during the currency of the Options without exercising the Options. However, the Company will ensure that for the purpose of determining Rights Entitlements to any such issue, the Option Holder is to receive at least 5 business days written notice from the Company of the pending closing or record date and sufficient time for the Option Holder to exercise the Options prior to that closing or record date in order to qualify for the participation in the Rights Entitlement.
8. If the Shares are listed for quotation on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation or listing of all Shares allotted on the exercise of any Options within 10 Business Days (as defined in the Listing Rules of the ASX) of allotment.
9. In the event of the liquidation of the Company, all unexercised Options will lapse upon the occurrence of that liquidation.
10. The Options do not provide any entitlement to dividends paid to ordinary shareholders.
11. The Options do not entitle the Option Holder to vote at any meeting of shareholders
12. To the extent (if any) that any of these Option Terms And Conditions are inconsistent with or contrary to the ASX Listing Rules, the ASX Listing Rules provisions will prevail and these Option Terms And Conditions are deemed to incorporate the relevant ASX Listing Rules provisions as an amendment to these terms; and
13. These Terms and Conditions are governed by the laws of the State of Victoria. The parties submit to the non-exclusive jurisdiction of the courts of Victoria.

Annexure 2 - Company's Employee Share Plan

1. The Plan

1.1 Purpose

The purpose of this Plan is to provide "Eligible Employees" (who may be an employee of, consultant to, or Director of, the Company) with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. It is intended that this Plan will enable the Company to retain and attract skilled and experienced staff and provide them with the motivation to make the Company more successful.

1.2 Commencement

This Plan will take effect on and from such date as the Board may resolve.

1.3 Termination or suspension of Plan

(a) The Board may terminate or suspend the operation of this Plan at any time.

(b) If this Plan is terminated or suspended under clause 1.3(a) for any reason, the termination does not prejudice the accrued rights of the Participants.

1.4 Connection with other plans

Unless the Board otherwise determines, participation in this Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

2. Eligibility

2.1 Participation by Eligible Employees

The Board may determine at any time that any Eligible Employee is not entitled to participate in this Plan if the Eligible Employee's participation would be unlawful.

2.2 Overseas Eligible Employees

At the Board's discretion, the Company may:

(a) allot or issue Shares to Participants who are resident outside of Australia; and

(b) make regulations for the operation of this Plan which are not inconsistent with this Plan to apply to Participants who are resident outside of Australia.

3. Participation

3.1 Invitation to participate

Subject to this Plan, the Board may invite any Eligible Employee selected by it to complete an Application Form relating to a specified number of Shares allocated to that Eligible Employee by the Board.

3.2 Application Form

The Board must give to each Eligible Employee invited to complete an Application Form, an Application Form together with the following information relating to the Shares allocated to the Eligible Employee:

(a) the name of the Eligible Employee;

(b) the date of allocation or intended date of allocation;

(c) the total number of Shares to be allocated;

(d) the Acquisition Price;

(e) where a Loan is provided, a Loan Agreement containing the terms and conditions of the Loan as determined by the Board;

(f) any other terms and conditions relating to the Shares which, in the opinion of the Board, are fair and reasonable but not inconsistent with this Plan; and

(g) any other information or documents required to be notified by the Corporations Act.

3.3 Participant bound by Application Form, Plan and Constitution

By completing and returning the Application Form, a Participant irrevocably agrees to be bound by the terms of the Application Form, this Plan and the Constitution.

4. Allocation of Shares

4.1 Allocation of Shares

The Board may allot and issue or transfer Shares to a Participant (or their nominee approved by the Board) on acceptance of a duly signed and completed Application Form.

4.2 Method of consideration

The Board may determine the requisite form of consideration to purchase Shares, which may include cash, electronic funds transfer or Loan or any combination of them.

4.3 Holding Statements

The Company must procure the issue of a holding statement to a Participant in respect of the Shares issued to that Participant.

5. Issue of Shares

The number of Shares held by Participants pursuant to the Plan at any time must not exceed 5% of the total number of issued Shares.

6. Nature of Shares

6.1 General

Subject to the terms of any applicable Loan (if any), a Participant is entitled to any rights which accrue to Shares held by the Participant and may accept the rights and sell or otherwise deal with those rights in accordance with this Plan and the Application Form.

6.2 Ranking

The Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company.

6.3 Voting

Holders of Shares issued under this Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Company's constitution.

6.4 Entitlement to dividends

Holders of Shares issued under this Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the rights attaching to the Shares and the Company's constitution.

7. Contracts of employment and other employment rights

7.1 Discretion of Board

It is a condition of this Plan that this Plan may be terminated at any time at the discretion of the Board and that no compensation under any employment contract will arise as a result.

7.2 Calculation of employee benefits

The value of the Shares does not increase a Participant's income for the purpose of calculating any employee benefits.

7.3 No right to future employment or engagement

Participation in this Plan does not confer on any Participant any right to future employment or engagement and does not affect any rights which the Company may have to terminate the employment or engagement of any Participant.

7.4 Acknowledgment by Participant

It is acknowledged and accepted by each Participant that the terms of this Plan do not form part of the terms and conditions of the Participant's employment or other engagement contract, nor do the terms of this Plan constitute a contract or arrangement (including any related condition or collateral arrangement) in relation to the Participant's employment or other engagement contract.

8. Attorney

By completing and signing the Application Form the Participant irrevocably appoints the person who from time to time occupies the position of secretary of the Company (or the secretary's authorised delegate) as his or her attorney to complete and execute any documents, including share transfers, and to do all acts or things in his or her name on his or her behalf which may be necessary for the purpose of giving effect to this Plan, including power

(a) to transfer the shares which are the subject of the Application to a nominee of the Company at the issue price per Share, or

(b) for the Company to undertake a buy back (at the issue price per Share) or capital reduction of those Shares pursuant to the provisions of the Corporations Act 2001,

upon the basis that the Application Form is a irrevocable direction to the Company to apply all proceeds that would have otherwise been provided or due to the Participant on a transfer, buy back or capital reduction of the Loan Shares solely in satisfaction of the Outstanding Loan Balance.

9. Powers of the Board

9.1 Powers of the Board

This Plan will be managed by the Board, which will have power to:

(a) determine appropriate procedures for the administration of this Plan consistent with this clause 9.1;

(b) resolve conclusively all questions of fact or interpretation arising in connection with this Plan;

(c) determine matters falling for determination under this clause 9.1 in its discretion having regard to the interests of and for the benefit of the Company;

(d) exercise the discretions conferred on it by this clause 9.1 or which may otherwise be required in relation to this Plan, including determination of the Acquisition Price; and

(e) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under this Plan.

9.2 Indemnification

The Company must indemnify, and keep indemnified, to the full extent permitted by law, each person who is or has been a director or alternate director of the Company against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses which may be made, brought against, suffered or incurred by the person arising directly or indirectly out of or in connection with the administration of this Plan.

9.3 Resolution to terminate, suspend, supplement or amend

The Board has absolute and final determination in passing a resolution to terminate or suspend the operation of this Plan or to supplement or amend this Plan in any way that the Board determines appropriate.

10. General

10.1 Severability

Any provision of this Plan which is invalid in any jurisdiction must, in relation to that jurisdiction:

(a) be read down to the minimum extent necessary to achieve its validity, if applicable; and

(b) be severed from this Plan in any other case,

without invalidating or affecting the remaining provisions of this Plan or the validity of that provision in any other jurisdiction.

10.2 Consents and approvals

Where anything depends on the consent or approval of a party then, unless this Plan provides otherwise, that consent or approval may be given conditionally or unconditionally or withheld, in the absolute discretion of that party.

10.3 Governing law and jurisdiction

(a) This Plan is governed by and must be construed in accordance with the laws in force in the State of Victoria and the Commonwealth of Australia.

(b) The parties submit to the non-exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Plan, its performance or subject matter.

10.4 Conflicting provisions

If there is any conflict between the main body of this Plan and any schedules or annexures comprising it, then the provisions of the main body of this Plan prevail. Where there is any inconsistency between the ASX listing rules (as amended from time to time) and this Plan or any schedules or annexures comprising it – the ASX listing rules prevail.

11. Definitions and interpretation

11.1 Definitions

In this Plan:

Acquisition Price means the issue price per Share as determined by the Board (in its discretion) which equates to an arm's length market price, who will take into account amongst other factors when determining the issue price per Share:

(c) the time available within which to obtain a sale of the Shares;

(d) the prospects of the business;

(e) the estimated future maintainable earnings of the Company; and

(f) the net tangible assets, earnings before interest and tax and cash flow of the Company as disclosed in the last audited financial statements for the last preceding financial year, or to the extent that no audited financial statements of the Company are available, as disclosed in the latest management accounts of the Company,

provided that where the Company is admitted to a recognised exchange (such as the ASX), the Board is to have regard to an appropriate volume weighted share price as indicative of market price;

Application Form means the form that the Board determines is to be used by an Eligible Employee to apply for Shares under this Plan as set out in Schedule 1;

ASX means the Australian Securities Exchange.

Board means the board of directors of the Company or a committee appointed by the board of directors of the Company;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Victoria;

Company means Paradigm Biopharmaceuticals Limited ACN 169 346 963;

Constitution means the constitution of the Company as may be amended from time to time;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Directors means the directors of the Company;

Eligible Employee means an employee of, consultant to, or a Director or any member of, the Company;

Employee Share Scheme has the meaning provided under the Corporations Act;

Loan means a loan made by the Company to an Eligible Employee in for the purposes of the acquisition of Loan Shares by a Participant;

Loan Agreement means any loan agreement between the Company and the Eligible Employee evidencing the terms and conditions of the Loan;

Loan Share means a Share acquired with a Loan which has not been repaid in full in accordance with the terms of the Loan Agreement;

Participant means an Eligible Employee (who may be an employee of, consultant to, or a director of, the Company) who has been invited to participate in this Plan and any other person who is nominated by that Eligible Employee and who is determined by the Board to be a Participant for the purposes of this Plan;

Plan means this plan including the background, any schedules and any annexures;

Related Body Corporate has the meaning given to that term in the Corporations Act; and

Shares means fully paid ordinary shares in the capital of the Company or any other securities issued in accordance with this Plan.

11.2 Interpretation

In this Plan, unless the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) a gender includes the other genders;

(c) the headings are used for convenience only and do not affect the interpretation of this Plan;

(d) other grammatical forms of defined words or expressions have corresponding meanings;

(e) a reference to a document includes the document as modified from time to time and any document replacing it;

(f) a reference to a party is to a party to this Plan and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;

(g) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;

(h) the word "person" includes a natural person, partnership, body corporate, association, governmental or local authority, agency and any body or entity whether incorporated or not;

(i) the word "month" means calendar month and the word "year" means 12 months;

(j) the words "in writing" include any communication sent by letter, facsimile transmission or email or any other form of communication capable of being read by the recipient;

(k) a reference to a thing includes a part of that thing;

(l) a reference to all or any part of a statute, rule, regulation or ordinance (**statute**) includes that statute as amended, consolidated, re-enacted or replaced from time to time;

(m) wherever "include", "for example" or any form of those words or similar expressions is used, it must be construed as if it were followed by "(without being limited to)";

(n) money amounts are stated in Australian currency unless otherwise specified;

(o) a reference to time is to Melbourne, Victoria time;

(p) a reference to any agency or body, if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or functions removed (**defunct body**), means the agency or body which performs most closely the functions of the defunct body;

(q) any agreements, representation, warranty or indemnity in favour of two or more parties (whether those parties are included in the same defined term or not) is for the benefit of them jointly and separately; and

(r) any agreements, representation, warranty or indemnity by two or more parties (whether those parties are included in the same defined term or not) binds them jointly and separately.