ASX RELEASE

Paradigm's preclinical hay fever trial: peer-reviewed and published in leading scientific journal

Key Highlights:

- Pentosan polysulfate sodium (PPS) was shown to bind strongly to the inflammatory Th2 cytokines (IL-4, IL-5 and IL-13) and have statistically significant treatment efficacy over controls in an industry standard model of allergic rhinitis (hay fever)
- In the AR model, PPS showed equivalent treatment efficacy to the market leading intranasal corticosteroid, budesonide (Rhinocort® Aqua Astra Zeneca)
- Reinforces management's view that PPS has the potential to be the first-in-class, non-steroidal intranasal spray to treat the early and late phases of hay fever
- Over 600 million people worldwide suffer from allergic rhinitis, making it a multi-billion-dollar market opportunity worth over $US11 billion
- Phase 2 hay fever results end of June 2017.

Melbourne 16 May 2017 Paradigm Biopharmaceuticals Ltd (ASX:PAR) announces the peer-reviewed publication validating the efficacy of PPS in experimental allergic rhinitis using an industry standard preclinical model.

The Company is delighted to announce that the preclinical study validating the efficacy of PPS as a non-steroidal agent in allergic rhinitis (also known as hay fever) is now published on-line http://paradigmbiopharma.com/investors/peer-reviewed-publications in the peer-reviewed scientific journal, "Immunity, Inflammation and Disease" entitled "Broad Th2 neutralization and anti-inflammatory action of Pentosan Polysulfate Sodium in experimental allergic rhinitis"

The lead author of the publication Professor Erjefält from Lund University, Sweden said that "The commercial formulation of the corticosteroid budesonide was used as a reference drug. Across the efficacy parameters, PPS and budesonide displayed similar anti-inflammatory profiles. Despite the multiple targets that PPS binds, the therapeutic effects are broad immunomodulation rather than the immunosuppression observed for corticosteroids. This means that the side-effects encountered with steroidal medication would not be experienced with PPS based treatments".

Paradigm's Chief Scientific Officer, Dr Ravi Krishnan said, "The publication highlights the clinically significant finding that PPS binds to the key cytokines involved in allergic rhinitis. Other clinically relevant effects of PPS included the statistically significant reduction in the influx of white cells into the nasal lumen. Importantly, the significant inhibitory effect by PPS on plasma protein leakage in the nasal lumen demonstrates the potential of PPS as an anti-allergic drug. This means that PPS has

the potential to safely address the key symptoms of hay fever, namely the runny nose, sneezing, itchy eyes and associated inflammation of the nasal passage".

Mr Paul Rennie, Paradigm's CEO said, "The novelty of Paradigm's Rhinosul®, in comparison to current allergic rhinitis medications on the market, is its dual action. Rhinosul® has both mast cell stabilizing activity, which controls histamine release and anti-inflammatory properties in a single pharmaceutical product. This suggests that Rhinosul® has the potential to be the first-in-class dual acting non-steroidal intranasal spray to treat hay fever".

Mr. Rennie further remarked that "this peer-reviewed publication provided the basis for Paradigm's clinical development program to assess its PPS based nasal product, Rhinosul® , in a Phase 2a clinical trial". The Phase 2a study is a double blind, placebo controlled, cross-over allergen challenge study treating subjects with hay fever and is being conducted under the leadership of Dr Lennart Greiff at Skane University Hospital in Sweden. Dr Greiff has previously conducted similar clinical trials, using the established allergen challenge clinical model for hay fever, for major international pharmaceutical companies.

The last clinical participant out of the trial occurred in March 2017. The data analysis has commenced with the read-out from the clinical trial expected at the end of June 2017.

Paradigm's expeditious progress in its clinical development plans is in line with its business model of drug repurposing.

ADDRESSABLE MARKET: The current market for allergic rhinitis is about USD 11 Billion and is dominated by anti-histamines and corticosteroids with market surveys highlighting patient dissatisfaction and the need for effective therapy. Rhinosul® has unique properties consisting of both histamine stabilising and anti-inflammatory properties without the known side effects of anti-histamines and steroids. The company believes its product can meet market needs that are not effectively managed by current nasal sprays.

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