PARADIGM BIOPHARMACEUTICALS LIMITED

ASX RELEASE 25 November, 2020

The Company Announcements Office
Australian Securities Exchange
via electronic lodgement

Paradigm Biopharmaceuticals Limited ACN 169 346 963 (ASX: PAR)
Cleansing Notice under section 708A of the Corporations Act 2001 (Cth)

On 19 November 2020, Paradigm Biopharmaceuticals Limited ACN 169 346 963 (**Company**) issued 1,100,000 fully paid ordinary shares in the Company at an issue price of $3.05 per share pursuant to the Company's Employee Share Plan (ESP).

The Company gives this notice under section 708A(5)(e) of the *Corporations Act 2001 (Cth)* (**Corporations Act**). The shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act.

As at the date of this notice, the Company has complied with:

- the provision of Chapter 2M of the Corporations Act as they apply to the Company; and
- section 674 of the Corporations Act.

As at the date of this notice, there is no excluded information for the purposes of section 708A(7) and section 708A(8) of the Corporations Act.

Yours faithfully

Kevin Hollingsworth
Company Secretary

This announcement was authorised for release by Paul Rennie, Chief Executive Officer.

FOR FURTHER INFORMATION PLEASE CONTACT:
Simon White
Director of Investor Relations
Tel: +61 404 216 467
Paradigm Biopharmaceuticals Ltd
ABN: 94 169 346 963
Level 15, 500 Collins St, Melbourne, VIC, 3000, AUSTRALIA
Email : investorrelations@paradigmbiopharma.com

Appendix 3G

Notification of issue, conversion or payment up of equity +securities

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

If you are an entity incorporated outside Australia and you are issuing a new class of +securities other than CDIs, you will need to obtain and provide an International Securities Identification Number (ISIN) for that class. Further information on the requirement for the notification of an ISIN is available from the Create Online Forms page. ASX is unable to create the new ISIN for non-Australian issuers.

**Denotes minimum information required for first lodgement of this form, with exceptions provided in specific notes for certain questions. The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.*

Part 1 – Entity and announcement details

Question no	Question	Answer
1.1	*Name of entity *We (the entity here named) give notice of the issue, conversion or payment up of the following unquoted +securities.*	Paradigm Biopharmaceuticals Limited
1.2	*Registration type and number *Please supply your ABN, ARSN, ARBN, ACN or another registration type and number (if you supply another registration type, please specify both the type of registration and the registration number).*	ABN 94 169 346 963
1.3	*ASX issuer code	PAR
1.4	*This announcement is *Tick whichever is applicable.*	☒ A new announcement ☐ An update/amendment to a previous announcement ☐ A cancellation of a previous announcement
1.4a	*Reason for update *Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.*	Not applicable
1.4b	*Date of previous announcement to this update *Mandatory only if "Update" ticked in Q1.4 above.*	Not applicable
1.4c	*Reason for cancellation *Mandatory only if "Cancellation" ticked in Q1.4 above.*	Not applicable
1.4d	*Date of previous announcement to this cancellation *Mandatory only if "Cancellation" ticked in Q1.4 above.*	Not applicable
1.5	*Date of this announcement	25 November 2020

Part 2 – Type of issue

Question No.	Question	Answer
2.1	*The +securities the subject of this notification are: *Select whichever item is applicable.* *If you wish to notify ASX of different types of issues of securities, please complete a separate Appendix 3G for each type of issue.*	☐ +Securities issued as a result of options being exercised or other +convertible +securities being converted and that are not to be quoted on ASX ☐ Partly paid +securities that have been fully paid up and that are not to be quoted on ASX ☒ +Securities issued under an +employee incentive scheme that are not being immediately quoted on ASX ☐ Other [please specify] *If you have selected 'other' please provide the circumstances of the issue here*:
2.2a.1	Please state the number and type of options that were exercised or other +convertible securities that were converted (including their ASX security code if available)? *Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".*	Not applicable
2.2a.2	And the date the options were exercised or other +convertible securities were converted: *Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".* *Note: If this occurred over a range of dates, enter the date the last of the options was exercised or convertible securities was converted.*	Not applicable
2.2b.1	Please state the number and type of partly paid +securities that were fully paid up (including their ASX security code if available)? *Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".*	Not applicable
2.2b.2	And the date the +securities were fully paid up: *Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".* *Note: If this occurred over a range of dates, enter the date the last of the securities was fully paid up.*	Not applicable

2.2c.1	Please state the number and type of +securities (including their ASX security code) issued under an +employee incentive scheme that are not being immediately quoted on ASX *Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".*	1,100,000 Ordinary Fully Paid Shares issued and are restricted and remain in escrow until: - 366,666 shares vest on 19 November 2021 366,667 shares vest on 19 November 2022 366,667 shares vest on 19 November 2023
2.2c.2	*Please attach a document or provide details of a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms. *Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".*	Attached Share Plan
2.2c.3	*Are any of these +securities being issued to +key management personnel (KMP) or an +associate *Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".*	No
2.2c.3.a	*Provide details of the recipients and the number of +securities issued to each of them. *Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX" and your response to Q2.2c.3 is "Yes". Repeat the detail in the table below for each KMP involved in the issue. If the securities are being issued to the KMP, repeat the name of the KMP or insert "Same" in "Name of registered holder". If the securities are being issued to an associate of a KMP, insert the name of the associate in "Name of registered holder".*	
2.2d.1	*The purpose(s) for which the entity is issuing the +securities is: *Answer this question if your response to Q2.1 is "Other".* *You may select one or more of the items in the list.*	☐ To raise additional working capital ☐ To fund the retirement of debt ☐ To pay for the acquisition of an asset [*provide details below*] ☐ To pay for services rendered [*provide details below*] ☐ Other [*provide details below*] *Additional details*:
2.2d.2	Please provide any further information needed to understand the circumstances in which you are notifying the issue of these +securities to ASX, including (if applicable) why the issue of the +securities has not been previously announced to the market in an Appendix 3B *You must answer this question if your response to Q2.1 is "Other". If there is no other information to provide, please answer "Not applicable" or "N/A".*	Not applicable

Name of KMP	Name of registered holder	Number of +securities

2.3	*The +securities being issued are: *Tick whichever is applicable*	☐ Additional +securities in an existing unquoted class that is already recorded by ASX ("existing class") ☒ New +securities in an unquoted class that is not yet recorded by ASX ("new class")

Part 3A – number and type of +securities being issued (existing class)

Answer the questions in this part if your response to Q2.3 is "existing class".

Question No.	Question	Answer
3A.1	*ASX security code & description	
3A.2	*Number of +securities being issued	
3A.3a	*Will the +securities being issued rank equally in all respects from their issue date with the existing issued +securities in that class?	
3A.3b	*Is the actual date from which the +securities will rank equally (non-ranking end date) known? *Answer this question if your response to Q3A.3a is "No".*	
3A.3c	*Provide the actual non-ranking end date *Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "Yes".*	
3A.3d	*Provide the estimated non-ranking end period *Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "No".*	
3A.3e	*Please state the extent to which the +securities do not rank equally: • in relation to the next dividend, distribution or interest payment; or • for any other reason *Answer this question if your response to Q3A.3a is "No".* *For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.*	

Part 3B – number and type of +securities being issued (new class)

Answer the questions in this part if your response to Q2.3 is "new class".

Question No.	Question	Answer
3B.1	*Security description	PAR Ordinary Fully Paid Shares issued and are restricted and remain in escrow until: - 366,666 shares vest on 19 November 2021 366,667 shares vest on 19 November 2022 366,667 shares vest on 19 November 2023
3B.2	*Security type *Select one item from the list that best describes the securities the subject of this form. This will determine more detailed questions to be asked about the security later in this section. Select "ordinary fully or partly paid shares/units" for stapled securities or CDIs. For interest rate securities, please select the appropriate choice from either "Convertible debt securities" or "Non-convertible debt securities". Select "Other" for performance shares/units and performance options/rights or if the selections available in the list do not appropriately describe the security being issued.*	☒ Ordinary fully or partly paid shares/units ☐ Options ☐ +Convertible debt securities ☐ Non-convertible +debt securities ☐ Redeemable preference shares/units ☐ Other
3B.3	ISIN code *Answer this question if you are an entity incorporated outside Australia and you are issuing a new class of securities other than CDIs. See also the note at the top of this form.*	
3B.4	*Number of +securities being issued	1,100,000
3B.5a	*Will all the +securities issued in this class rank equally in all respects from the issue date?	Yes
3B.5b	*Is the actual date from which the +securities will rank equally (non-ranking end date) known? *Answer this question if your response to Q3B.5a is "No".*	
3B.5c	*Provide the actual non-ranking end date *Answer this question if your response to Q3B.5a is "No" and your response to Q3B.5b is "Yes".*	
3B.5d	*Provide the estimated non-ranking end period *Answer this question if your response to Q3B.5a is "No" and your response to Q3B.5b is "No".*	
3B.5e	*Please state the extent to which the +securities do not rank equally: • in relation to the next dividend, distribution or interest payment; or • for any other reason *Answer this question if your response to Q3B.5a is "No".* *For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.*	

3B.6	Please attach a document or provide a URL link for a document lodged with ASX setting out the material terms of the +securities being issued *You may cross reference a disclosure document, PDS, information memorandum, investor presentation or other announcement with this information provided it has been released to the ASX Market Announcements Platform.*	Attached Share Plan
3B.7	*Have you received confirmation from ASX that the terms of the +securities are appropriate and equitable under listing rule 6.1? *Answer this question only if you are an ASX Listing. (ASX Foreign Exempt Listings and ASX Debt Listings do not have to answer this question).* *If your response is "No" and the securities have any unusual terms, you should approach ASX as soon as possible for confirmation under listing rule 6.1 that the terms are appropriate and equitable.*	No
3B.8a	**Ordinary fully or partly paid shares/units details** *Answer the questions in this section if you selected this security type in your response to Question 3B.2.*	
	*+Security currency *This is the currency in which the face amount of an issue is denominated. It will also typically be the currency in which distributions are declared.*	AUD
	*Will there be CDIs issued over the +securities?	No
	*CDI ratio *Answer this question if you answered "Yes" to the previous question. This is the ratio at which CDIs can be transmuted into the underlying security (e.g. 4:1 means 4 CDIs represent 1 underlying security whereas 1:4 means 1 CDI represents 4 underlying securities).*	
	*Is it a partly paid class of +security?	No
	*Paid up amount: unpaid amount *Answer this question if answered "Yes" to the previous question.* *The paid up amount represents the amount of application money and/or calls which have been paid on any security considered 'partly paid'* *The unpaid amount represents the unpaid or yet to be called amount on any security considered 'partly paid'.* *The amounts should be provided per the security currency (e.g. if the security currency is AUD, then the paid up and unpaid amount per security in AUD).*	
	*Is it a stapled +security? *This is a security class that comprises a number of ordinary shares and/or ordinary units issued by separate entities that are stapled together for the purposes of trading.*	No
3B.8b	**Option details** *Answer the questions in this section if you selected this security type in your response to Question 3B.2.*	
	*+Security currency *This is the currency in which the exercise price is payable.*	

	*Exercise price *The price at which each option can be exercised and convert into the underlying security. If there is no exercise price please answer as $0.00.* *The exercise price should be provided per the security currency (i.e. if the security currency is AUD, the exercise price should be expressed in AUD).*	
	*Expiry date *The date on which the options expire or terminate.*	
	*Details of the number and type of +security (including its ASX security code if the +security is quoted on or recorded by ASX) that will be issued if an option is exercised *For example, if the option can be exercised to receive one fully paid ordinary share with ASX security code ABC, please insert "One fully paid ordinary share (ASX:ABC)".*	
3B.8c	**Details of non-convertible +debt securities, +convertible debt securities, or redeemable preference shares/units** *Answer the questions in this section if you selected one of these security types in your response to Question 3B.2.* *Refer to Guidance Note 34 and the "Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities" for further information on certain terms used in this section*	
	*Type of +security *Select one item from the list*	☐ Simple corporate bond ☐ Non-convertible note or bond ☐ Convertible note or bond ☐ Preference share/unit ☐ Capital note ☐ Hybrid security ☐ Other
	*+Security currency *This is the currency in which the face value of the security is denominated. It will also typically be the currency in which interest or distributions are paid.*	
	Face value *This is the principal amount of each security.* *The face value should be provided per the security currency (i.e. if security currency is AUD, then the face value per security in AUD).*	
	*Interest rate type *Select one item from the list* *Select the appropriate interest rate type per the terms of the security. Definitions for each type are provided in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities*	☐ Fixed rate ☐ Floating rate ☐ Indexed rate ☐ Variable rate ☐ Zero coupon/no interest ☐ Other
	Frequency of coupon/interest payments per year *Select one item from the list.*	☐ Monthly ☐ Quarterly ☐ Semi-annual ☐ Annual ☐ No coupon/interest payments ☐ Other

	First interest payment date *A response is not required if you have selected "No coupon/interest payments" in response to the question above on the frequency of coupon/interest payments*	
	Interest rate per annum *Answer this question if the interest rate type is fixed.*	
	*Is the interest rate per annum estimated at this time? *Answer this question if the interest rate type is fixed.*	
	If the interest rate per annum is estimated, then what is the date for this information to be announced to the market (if known) *Answer this question if the interest rate type is fixed and your response to the previous question is "Yes".* *Answer "Unknown" if the date is not known at this time.*	
	*Does the interest rate include a reference rate, base rate or market rate (e.g. BBSW or CPI)? *Answer this question if the interest rate type is floating or indexed*	
	*What is the reference rate, base rate or market rate? *Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".*	
	*Does the interest rate include a margin above the reference rate, base rate or market rate? *Answer this question if the interest rate type is floating or indexed.*	
	*What is the margin above the reference rate, base rate or market rate (expressed as a percent per annum) *Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".*	
	*S128F of the Income Tax Assessment Act status applicable to the +security *Select one item from the list* *For financial products which are likely to give rise to a payment to which s128F of the Income Tax Assessment Act applies, ASX requests issuers to confirm the s128F status of the security:* • *"s128F exempt" means interest payments are not taxable to non-residents;* • *"Not s128F exempt" means interest payments are taxable to non-residents;* • *"s128F exemption status unknown" means the issuer is unable to advise the status;* • *"Not applicable" means s128F is not applicable to this security*	☐ s128F exempt ☐ Not s128F exempt ☐ s128F exemption status unknown ☐ Not applicable
	*Is the +security perpetual (i.e. no maturity date)?	
	*Maturity date *Answer this question if the security is not perpetual*	

	*Select other features applicable to the +security *Up to 4 features can be selected. Further information is available in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities.*	☐ Simple ☐ Subordinated ☐ Secured ☐ Converting ☐ Convertible ☐ Transformable ☐ Exchangeable ☐ Cumulative ☐ Non-Cumulative ☐ Redeemable ☐ Extendable ☐ Reset ☐ Step-Down ☐ Step-Up ☐ Stapled ☐ None of the above
	*Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?	
	*If yes, what is the first trigger date *Answer this question if your response to the previous question is "Yes".*	
	Details of the number and type of +security (including its ASX security code if the +security is quoted on ASX) that will be issued if the securities to be quoted are converted, transformed or exchanged *Answer this question if the security features include "converting", "convertible", "transformable" or "exchangeable".* *For example, if the security can be converted into 1,000 fully paid ordinary shares with ASX security code ABC, please insert "1,000 fully paid ordinary shares (ASX:ABC)".*	

Part 4 – Issue details

Question No.	Question	Answer
4.1	*Have the +securities been issued yet?	Yes
4.1a	*What was their date of issue? *Answer this question if your response to Q4.1 is "Yes".*	19 November 2020
4.1b	*What is their proposed date of issue? *Answer this question if your response to Q4.1 is "No".*	Not applicable
4.2	*Are the +securities being issued for a cash consideration? *If the securities are being issued for nil cash consideration, answer this question "No".*	No

4.2a	*In what currency is the cash consideration being paid *For example, if the consideration is being paid in Australian Dollars, state AUD.* *Answer this question if your response to Q4.2 is "Yes".*	AUD
4.2b	*What is the issue price per +security *Answer this question if your response to Q4.2 is "Yes" and by reference to the issue currency provided in your response to Q4.2a.* *Note: you cannot enter a nil amount here. If the securities are being issued for nil cash consideration, answer Q4.2 as "No" and complete Q4.2c.*	$3.05
4.2c	Please describe the consideration being provided for the +securities *Answer this question if your response to Q4.2 is "No".*	Limited Recourse Loan from the Company
4.3	Any other information the entity wishes to provide about the issue	N/A

Part 5 – Unquoted +securities on issue

Following the issue of the +securities the subject of this application, the unquoted issued +securities of the entity will comprise:

Note: the figures provided in the table in section 5.1 below are used to calculate part of the total market capitalisation of the entity published by ASX from time to time. Please make sure you include in the table each class of unquoted securities issued by the entity.

Restricted securities should be included in table 5.1.

5.1

*ASX security code and description	*Total number of +securities on issue
PARAA, Unlisted options	786,250 exercisable at $0.65 per option
PARAB, Unlisted options	275,000 exercisable at $1.75 per Option
PARAC, Unlisted options	550,000 exercisable at $1.75 per Option
Employee shares incentives – 2,215,000 Ordinary Fully Paid Shares issued of which they are restricted and remain in escrow until: -	
PARAG, vest on 10 July 2021 PARAH, vest on 10 July 2022 PARAJ, vest on 10 July 2023	738,331 738,332 738,337
Employee shares incentives – 1,100,000 Ordinary Fully Paid Shares issued of which they are restricted and remain in escrow until: -	
vest on 19 November 2021 vest on 19 November 2022 vest on 19 November 2023	366,666 366,667 366,667

Part 6 – Other Listing Rule requirements

The questions in this Part should only be answered if you are an ASX Listing (ASX Foreign Exempt Listings and ASX Debt Listings do not need to complete this Part) and:

- *your response to Q2.1 is "+securities issued under an +employee incentive scheme that are not being immediately quoted on ASX"; or*
- *your response to Q2.1 is "Other"*

Question No.	Question	Answer
6.1	*Are the securities being issued under Listing Rule 7.2 exception 13[1] and therefore the issue does not need any security holder approval under Listing Rule 7.1? *Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".*	Yes
6.2	*Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1? *Answer this question if the response to Q6.1 is "No".*	Not applicable
6.2a	*Date of meeting or proposed meeting to approve the issue under listing rule 7.1 *Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "Yes".*	Not applicable
6.2b	*Are any of the +securities being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? *Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".*	Not applicable

[1] *Exception 13* An issue of securities under an employee incentive scheme if within 3 years before the issue date:

(a) in the case of a scheme established before the entity was listed – a summary of the terms of the scheme and the maximum number of equity securities proposed to be issued under the scheme were set out in the prospectus, PDS or information memorandum lodged with ASX under rule 1.1 condition 3; or

(b) the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as an exception to this rule. The notice of meeting must have included:

- a summary of the terms of the scheme.
- the number of securities issued under the scheme since the entity was listed or the date of the last approval under this rule;
- the maximum number of +equity securities proposed to be issued under the scheme following the approval; and
- a voting exclusion statement.

Exception 13 is only available if and to the extent that the number of +equity securities issued under the scheme does not exceed the maximum number set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

Exception 13 ceases to be available if there is a material change to the terms of the scheme from those set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

6.2b.1	*How many +securities are being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? *Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2b is "Yes".* *Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure B to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1 to issue that number of securities.*	Not applicable
6.2c	*Are any of the +securities being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)? *Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".*	Not applicable
6.2c.1	*How many +securities are being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A? *Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2c is "Yes".* *Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure C to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1A to issue that number of securities.*	Not applicable

Introduced 01/12/19; amended 31/01/20

Share Plan

PARADIGM BIOPHARMACEUTICALS LIMITED

ACN 169 346 963

K&L Gates
Melbourne office

Table of Contents

1.	**The Plan**	**3**
1.1	Purpose	3
1.2	Commencement	3
1.3	Termination or suspension of Plan	3
1.4	Connection with other plans	3
2.	**Eligibility**	**3**
2.1	Participation	3
2.2	Overseas Eligible Employees	3
3.	**Participation**	**3**
3.1	Invitation to participate	3
3.2	Application Form	4
3.3	Participant bound by Application Form, Plan and Constitution	4
4.	**Allocation of Shares**	**4**
4.1	Allocation of Shares	4
4.2	Method of consideration	4
4.3	Holding Statements	4
5.	**Issue of Shares**	**4**
6.	**Nature of Shares**	**4**
6.1	General	4
6.2	Ranking	5
6.3	Voting	5
6.4	Entitlement to dividends	5
7.	**Contracts of employment and other employment rights**	**5**
7.1	Discretion of Board	5
7.2	Calculation of employee benefits	5
7.3	No right to future employment or engagement	5
7.4	Acknowledgment by Participant	5
8.	**Attorney**	**5**
9.	**Powers of the Board**	**6**
9.1	Powers of the Board	6
9.2	Indemnification	6
9.3	Resolution to terminate, suspend, supplement or amend	6
10.	**General**	**6**
10.1	Severability	6
10.2	Consents and approvals	7
10.3	Governing law and jurisdiction	7
10.4	Conflicting provisions	7
11.	**Definitions and interpretation**	**7**
11.1	Definitions	7
11.2	Interpretation	8
Schedule 1: Application Form		**10**

Share Plan

Date adopted

22 October 2014

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 10% 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.

11. Definitions and interpretation

11.1 Definitions

In this Plan:

Acquisition Price means the issue price per Share is to be determined from time to time by the Board, subject to any variation under rules of the Plan, to reflect the then market value of the relevant Shares as at the time of allotment;

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.

Schedule 1: Application Form

APPLICATION FOR SHARES

To:
The Directors
Paradigm Biopharmaceuticals Limited
ACN 169 346 963
##
##

RECITALS:

A. Paradigm Biopharmaceuticals Limited ACN 169 346 963 ("**Paradigm**") has agreed on the terms and conditions of the Limited Recourse Loan Agreement with the Applicant (whom may be an employee or director of Paradigm) dated #[insert date] (**Loan Agreement**) to provide a loan (**Loan**) to the Applicant for the sole purpose of the Applicant subscribing for a number of ordinary shares in the Company (specified in the Schedule below) under the Paradigm Employee Share Plan dated 22 October 2014 (**Plan**). A copy of the Plan and the Loan Agreement has been provided to the Applicant.

B. The Loan will be secured by Paradigm against all of the resulting shares issued to the Applicant on subscription for the Loan Shares.

Application

1. I (being the person named in item 1 of the attached schedule) apply for that number of ordinary shares in Paradigm as detailed in the below Schedule at the issue price and expected issue date as detailed in that Schedule (**Loan Shares**). I understand that this Application for the Loan Shares is also an application for a Loan of the Loan Amount (specified in the Schedule) pursuant to the terms of the Loan Agreement. A copy of the Loan Agreement, executed by me, accompanies this Application.

2. I understand that Paradigm makes no representation or guarantee in respect of the investment in Loan Shares which are the subject of this Application.

3. I agree to hold the Loan Shares in Paradigm which are issued to me on acceptance of this Application subject to and be bound by the terms of the Plan, the Loan Agreement and the Constitution of Paradigm (as amended from time to time) and acknowledge that the Company has security over the Loan Shares as security for repayment of the Loan. I further acknowledge that the Loan Shares may only be sold by me where the Loan has been repaid in full.

4. I acknowledge that by signing this Application for the Loan Shares this Application constitutes the appointment by the Participant of the Company to be my attorney under a power of attorney and to do all acts or things in my name on my behalf which may be necessary for the purpose of giving effect to this Plan, including power to effect an application of all proceeds that would have otherwise been provided or due to me on a transfer, buy back or capital reduction of the Loan Shares solely in satisfaction of the Outstanding Loan Balance.

5. I acknowledge that:

   (a) a prospectus has **not** been prepared or lodged by Paradigm in respect of the offer of the Loan Shares to me nor an information memorandum in respect of my application for a Loan pursuant to the Loan Agreement;

(b) acknowledge that an investment in Paradigm is speculative and there is no guarantee that there will be any return on Loan Shares (whether by way of dividends or return of capital or any other manner whatever); and

(c) in addition to restrictions in the Loan Agreement and the Plan, secondary trading in Loan Shares may be limited and there is no guarantee that there will be any market (whether official or unofficial) for trading of Paradigm shares generally.

6. This Application is irrevocable and, except for the terms of the Loan Agreement, the Plan and as provided above, is unconditional.

7. The validity and construction of this Application and, where the Application is accepted, the terms on which Loan Shares are allotted to the Applicant is governed and construed in accordance with the laws of the State of Victoria.

SCHEDULE

1. Name and address of applicant:

2. Number of ordinary shares in Paradigm:

3. Issue price of an ordinary share: $ [insert]

4. Total Subscription Price (**Loan Amount**): $ [insert]

5. Intended issue date: [insert]

Dated: # # 2014

Execution

Signed Sealed and Delivered by
#[insert] in the presence of:

…….
Signature of Applicant

.....
Signature of witness

.....
Name of witness
(please print)