



10 October 2017

Kate Kidman  
Principal Advisor, Listing Compliance (Melbourne)  
ASX Ltd

By Email

Dear Kate

We refer to your email of 10 October 2017 and respond to your questions and request for information as follows: -

1. Please explain how the information contained in the Announcement appeared in the Article.

In Paradigm's ASX Announcement of 11 September 2017, the Company announced that thirty people had been treated with PPS with clinical outcomes of reduced BMEL volume and significant reduction in pain and knee effusions.

Today's announcement was a follow up with data as foreshadowed in the previous ASX Announcement below: -

***"Paradigm Biopharmaceuticals Ltd (ASX:PAR) is pleased to announce the peer-reviewed publication of a patient case study which substantiates the potential of Pentosan Polysulfate Sodium (PPS) to treat Bone Marrow Edema Lesions (BMEL's) in people with osteoarthritis (OA).***

*The publication is a case-study of one subject. Over the past 12 months an additional thirty people with BMEL's and OA have been treated with PPS with similar clinical outcomes of reduced BMEL volume (on MRI), significant reduction in pain and knee effusions. Together these results provide the rational for Paradigm's randomised, double-blind, placebo-*

Paradigm BioPharmaceuticals Ltd  
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*controlled Phase 2b clinical trial to investigate PPS in subjects with BMEs and OA and is scheduled to commence later this year”.*

Accordingly in Paradigm's view, the ASX market was already fully aware on 11 September 2017 of the results of the 30 patient study. The ASX announcement published today was primarily used to reduce enquiry from existing Paradigm shareholders reading The Australian article today and wanting to understand if it was the same study as published on 11 September. Paradigm expects that the movement in share price today was as a result of investors reading the Company's announcement of 11 September today prompted by The Australian article today. Paradigm does not believe that the ASX announcement today of itself would support the share price increase (in the light of the announcement on 11 September).

2. What arrangements does the Company have in place to ensure compliance with listing rule 15.7?

The Company monitors its ASX listing rule obligations with a particular emphasis on continuous disclosure. We immediately publish any information which may be market sensitive. The company secretary assists in that compliance role and is in regular contact with the Company's CEO and non executive chair. Paradigm places a high importance on compliance and is fully compliant with the listing rules.

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 15.7?

The Company always remains fully compliant as per the listing rules.

4. Please confirm that the Company's responses to the above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

The above responses have been approved and authorised by the Chairman of the Board.

Kindest regards



Kevin Hollingsworth  
Company Secretary

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10 October 2017

Mr Kevin Hollingsworth  
Company Secretary  
Paradigm Biopharmaceuticals Limited  
Level 2  
517 Flinders Lane  
Melbourne VIC 3000

By Email

Dear Mr Hollingsworth

**Paradigm Biopharmaceuticals Limited (the “Company”)**

ASX Limited (“ASX”) refers to the following:

- A. The Company’s announcement entitled “Paradigm Reports Pain Reduction in 83% of Osteoarthritis Patients” lodged on the ASX Market Announcements Platform and released at 9:12am on 10 October 2017 (the “Announcement”), disclosing, inter alia, that of 24 patients treated with Pentosan Polysulfate Sodium (PPS) under the TGA Special Access System, joint pain was reduced in 83% and knee function was improved in 80% of all cases treated.
- B. The article appearing on page 19 of The Australian newspaper on 10 October 2017 entitled “High hopes for arthritis treatment” (the “Article”), stating (inter alia):

*“The Australian listed company will today reveal that its osteoarthritis drug has reduced joint pain by 83% and improved knee function by 80% in a study of 24 patients with osteoarthritis and bone marrow edema lesions.”*

- C. Listing rule 3.1 which states:

*“Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities, the entity must immediately tell ASX that information.”*

- D. Listing rule 15.7 which states:



*"An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgement that ASX has released the information to the market."*

E. Listing rule 18.6 which states:

*"On admission to the official list, an entity must comply with the listing rules."*

F. Page 6 of the Company's Corporate Governance Statement available on its website, stating (inter alia):

*"No member of the Consolidated Entity shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market."*

G. At the time of writing this letter today, the Company's securities are up 20% on the day to 42 cents.

Listing rule 15.7 prohibits an entity from releasing information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to ASX and received an acknowledgment that ASX has released it to the market.

As the Article appeared in The Australian newspaper prior to any announcement being released to ASX, it appears that the Company may be in breach of listing rules 3.1 and/or 15.7.

Having regard to the above, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. Please explain how the information contained in the Announcement appeared in the Article.
2. What arrangements does the Company have in place to ensure compliance with listing rule 15.7?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 15.7?
4. Please confirm that the Company's responses to the above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30am AEDT) on 11 October 2017.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail and not directly to the ASX Market Announcements Office.



ASX

Please feel free to contact me if you have any queries on the above.

Yours sincerely,

*[sent electronically without signature]*

**Kate Kidson**

**Principal Adviser, Listings Compliance (Melbourne)**