ASX/Media Release

25 October 2018

Paradigm undertakes a A$9m placement to accelerate commencement of its phase 3 clinical trial program in 2019

Key highlights

- **Paradigm has successfully received commitments for A$9m in a placement which received substantial excess demand**
- **Paradigm is pleased to welcome 7 new institutional funds onto its register**
- **Paradigm will read out its phase 2b 110 patient osteoarthritis clinical trial in December 2018**
- **Funds raised in the placement will be used to accelerate the timeline to commencement of a phase 3 trial in 2019**
- **Paradigm has released data from 125 patients treated under the TGA 'special access scheme' demonstrating >50% reduction in pain.**
- **Proceeds from the placement will fund a further compassionate use program in the USA with the Pro Player's Elite Network (>11k retired NFL players and elite athletes).**
- **Subject to success of the phase 2b trial, Paradigm is now funded to accelerate the regulatory approval process to commencement of an FDA approved phase 3 trial in 2019.**

Paradigm Biopharmaceuticals (ASX: PAR) 25 October 2018: ASX listed biotechnology company Paradigm Pharmaceuticals Limited (ASX: **PAR**, "**Paradigm**" or the "**Company**") is pleased to announce that it has successfully received commitments for an A$9m placement ("**Placement**") to professional, institutional and sophisticated investors across Australia and Asia, including existing shareholders.

Bell Potter Securities Limited acted as lead manager to the Placement.

Paradigm Managing Director Paul Rennie said:

> "*We are extremely pleased with the support received from new and existing investors, indicating strong confidence in Paradigm's clinical program and upcoming catalysts. With pain reduction of more than 50% across 125 osteoarthritis patients the data from the TGA special access scheme continues to underpin the potential for our pentosan treatment. With two phase 2 clinical trials reading out before the end of 2018 it is an exciting and pivotal time for the Company. I take this opportunity to thank existing shareholders for their continued support and to welcome new investors to the Paradigm register*."

Placement

The Placement will consist of 13,235,295 shares at an offer price of A$0.68 per share. The offer price represents a 19.2% discount to the 30-day VWAP as at 22 October 2018 or a 6.8% discount to the closing price immediately before the Company's trading halt. The Placement will be undertaken in 2 tranches. The first tranche will raise approximately $4.1m through the issue of 6,093,329 shares under the Company's existing placement capacity (5,529,520 shares under ASX Listing Rule 7.1 and 563,809 shares under ASX Listing Rule 7.1A). The second tranche will raise approximately $4.9m through the issue of 7,141,966 shares subject to shareholder approval at the Company's AGM on 26 November 2018. All Placement shares issued will rank equally with existing ordinary shares. Settlement of tranche 1 is expected to occur on Wednesday 31 October 2018, with new shares allotted the next day. Settlement of tranche 2 is expected to occur on or around Thursday, 29 November 2018.

Use of proceeds

The funds from the Placement will be used to accelerate the timeline to the commencement of Paradigm's anticipated phase 3 trial of its osteoarthritis treatment. Additionally, the funds will be used by the Company to establish a presence in the USA and to fund a compassionate use program involving the US Pro Players Elite Network which includes over eleven thousand National Football League's (NFL's) past players. Paradigm remains on track to announce the read out from its phase 2B 110 patient trial in mid-December 2018. The proposed use of funds is outlined in further detail below:

Osteoarthritis ph3 trial – regulatory submissions to FDA/TGA	**A$1.5m**
Manufacturing PPS for Phase 3 clinical studies	**A$1.0m**
NFL Pro Player's Elite Network compassionate use program in USA	**A$1.0m**
Employ US Based staff x 2	**A$2.0m**
Working capital, offer costs and future IP acquisitions	**A$3.5m**
Total use of funds	**A$9.0m**

Timeline*

Indicative Timetable

Announcement of Placement	Thursday, 25 October 2018
Settlement of Tranche 1 shares	Wednesday, 31 October 2018
Allotment of Tranche 1 shares	Thursday, 1 November 2018
Annual General Meeting	**On or around Monday, 26 November 2018**
Settlement of Tranche 2 shares	**On or around Thursday, 29 November 2018**
Allotment of Tranche 2 shares	**On or around Friday, 30 November 2018**

** The timetable is indicative only and the Company reserves the right to amend the dates at its discretion and without notice, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth) (**Corporations Act**).*

About Paradigm Pharmaceuticals

Paradigm Pharmaceuticals Limited (ASX: PAR) is an ASX-listed biotechnology company focused on repurposing Pentosan Polysulfate Sodium (PPS), an FDA approved drug that has a long track record of safely treating inflammation and dissolving blood clots over 60 years.

The Company is currently undertaking a phase 2b randomised, double blind, placebo controlled multicentre trial investigating subjects with osteoarthritis and concurrent bone marrow edema lesions. The recruitment of the 110 subjects into the clinical trial commenced in November 2017 and concluded in August 2018. Paradigm will read out the results of this clinical trial in December 2018. There is a global trend for safe and effective non-opioid and non-steroid pain relief for chronic disease such as osteoarthritis which presents a huge market opportunity for Paradigm's PPS treatment.

Subject to successful phase 2b results, the Company is aiming to achieve fast track designation and begin conducting a phase 3 trial in the US in 2019, completing in 2020. Successful phase 2b trials and fast track designation would be expected to generate significant big pharma interest.

In July 2017 the Company commenced a phase 2A clinical trial to treat people recently infected with the Ross River virus. The results of this trial are also expected to be released in mid/late December 2018.

The Company continues to execute on its drug repurposing strategy. The key benefits of this strategy are lower costs, accelerated development timelines and higher success rates than the standard clinical development timeline.

To learn more please visit: www.paradigmbiopharma.com

For more information, please contact

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