



28 March 2019

Cheng Tang

Senior Adviser, ASX Listings Compliance (Melbourne)

Dear Cheng,

In response to your questions outlined in the Letter, dated 27 March 2019 to Paradigm's Company Secretary Mr Kevin Hollingsworth, we provide the following information:

1. The Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in the Company's securities.
 - a. Not applicable
 - b. Not applicable
2. Not applicable.
3. The Company believes, however, that the following factors may provide a possible explanation for the recent trading in its securities:

As previously reported, Paradigm Biopharmaceuticals Ltd (ASX: PAR) intends to report on the secondary endpoints to its Phase 2b osteoarthritis randomised, double-blind, placebo-controlled, multicentred clinical trial (the Phase 2b OA Clinical Trial) in Q1/Q2 CY2019.

On the 18th and 20th December 2018, Paradigm reported the top-line results to the Phase 2b OA Clinical Trial. The top-line results were positive with the primary end-point being achieved.

At the same time it was disclosed that Paradigm would report the outcome of the Phase 2b OA Clinical Trial secondary endpoints in Q1/Q2 CY2019. As disclosed in the clinical trial protocol, the secondary endpoints that will be reported are:

1. Mean change in KOOS pain score from baseline to day 165 – which measures durability of effect for the drug up to approximately 6 months;
2. Mean percentage change in KOOS Activity of Daily Living (ADL) from baseline to day 165 – which measures daily activities such as walking, going up and down stairs etc;
3. Proportion of subjects with >50% reduction in KOOS pain from baseline to day 165 – which indicates the proportion of subjects receiving a very strong (>50%) clinically meaningful benefit;
4. Change in bone marrow lesion (BML) volume between pre-treatment MRI and post-treatment MRI at day 53 – is an objective and indisputable measure and indicates if the drug is working to slow the progression of the disease. An increasing BML indicates progression (worsening) of the disease whilst a decreasing BML indicates regression (improvement) of the disease.

The complete and final data set has not yet been received by the Company and there is nothing new to report. However, the Company will report on the Phase 2b secondary endpoints when the final data is ready for disclosure to the market.

Due to the comprehensive nature of this secondary endpoint data it is expected to be of significant interest to both the investment community and the pharmaceutical industry, hence the increasing attention the company is receiving in the lead up to the release of these results.

In addition, we also note technical analysis supports strong positive trading momentum, potentially further adding to the current interest in the company.

4. The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. We confirm that PAR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PAR with delegated authority from the board to respond to ASX on disclosure matters.

Please do not hesitate to contact me if further information is required.

Yours sincerely

Paul Rennie
Director and MD
Paradigm Biopharmaceutucials Ltd

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27 March 2019

Mr Kevin Hollingsworth
Company Secretary
Paradigm Biopharmaceuticals Limited

By email:

Dear Mr Hollingsworth

Paradigm Biopharmaceuticals Limited ('PAR'): Price Query

We note the change in the price of PAR's securities from a low of \$1.605 at close of trade yesterday to a high of \$1.90 today.

We also note the significant increase in the volume of PAR's securities traded today.

Request for Information

In light of this, ASX asks PAR to respond separately to each of the following questions and requests for information:

1. Is PAR aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

In responding to this question, please consider in particular whether PAR is aware of any information that its earnings for the 12 month period ending on 30 June 2019:

- (a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or
 - (b) if PAR has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, if PAR is not covered by analysts, its earnings for the prior corresponding period)?
2. If the answer to question 1 is "yes".
 - (a) Is PAR relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in PAR's securities would suggest to ASX that such information may have ceased to be confidential and therefore PAR may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
 3. If the answer to question 1 is "no", is there any other explanation that PAR may have for the recent trading in its securities?
 4. Please confirm that PAR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 5. Please confirm that PAR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PAR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT today Thursday, 28 March 2019**. If we do not have your response by then, ASX will likely suspend trading in PAR's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PAR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

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 at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to PAR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PAR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in PAR's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in PAR's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Cheng Tang
Senior Adviser, Listings Compliance (Melbourne)