PARADIGM
Biopharmaceuticals

Prospectus

PARADIGM
BIOPHARMACEUTICALS LIMITED
ACN 169 346 963

To raise up to $8,000,000 by an Offer to the public comprising:

Underwritten Offer of 14,285,714 Shares at an issue price of $0.35 each totalling $5,000,000

Oversubscriptions of up to a maximum of $3,000,000

IMPORTANT INFORMATION:

This is an important document and it should be read in its entirety.

If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, solicitor or other professional advisor for assistance.

The Shares offered by this prospectus should be considered speculative.

LODGE CORPORATE PTY LTD

LEAD MANAGER & UNDERWRITER TO THE ISSUE

THIS IS A REPLACEMENT PROSPECTUS DATED 12 JUNE 2015.

IT REPLACES A PROSPECTUS DATED 29 MAY 2015 RELATING TO SHARES OF PARADIGM BIOPHARMACEUTICALS LIMITED ACN 169 346 963

Important Notices

LODGEMENT AND ALLOTMENT OF SECURITIES

THIS IS A REPLACEMENT PROSPECTUS DATED 12 JUNE 2015. IT REPLACES A PROSPECTUS DATED 29 MAY 2015 RELATING TO SHARES OF PARADIGM BIOPHARMACEUTICALS LIMITED ACN 169 346 963. In this replacement prospectus additional material has been included (a) to provide further background and risks regarding the s505(b)(2) application process and associated access by Paradigm to bene pharmaChem's drug master file; (b) to remove references to market sizes; and (c) to include the unaudited balance sheet of Xosoma Pty Limited as at 28 February 2015. Neither ASIC nor ASX or any of their officers, take any responsibility for the contents of this Prospectus.

EXPIRY DATE

No applications for Shares will be accepted nor will any Shares be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of 7 days from the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for a further period of 7 days. The purpose of the exposure period is to allow this Prospectus to be examined by market participants prior to the acceptance of the Applications. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Any Applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on Applications received during the exposure period.

SPECIFIC RISKS AS AN EARLY STAGE BIOTECHNOLOGY COMPANY

Applicants should carefully consider the risk factors that affect the Company specifically and generally the biotechnology industry in which it operates. Applicants should note that a company seeking to develop and commercialise a new therapeutic product and obtain regulatory approval and then secure market acceptance/market penetration is a very high risk endeavour.

Applicants should understand that an investment in a company seeking to develop a new product is both speculative and subject to a wide range of risks. Applicants may lose the entire value of their investment.

Details of the risk factors of which investors should be aware are described in more detail in Section 9 of this Prospectus.

FORWARD LOOKING STATEMENTS

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed in this Prospectus.

Notwithstanding the above, to the extent that there may be matters discussed in this Prospectus that are forward looking, such statements are only predictions and actual events or results may differ materially.

DISCLAIMER

The Offer does not take into account the investment objectives, financial situation and particular needs of investors. It is important that investors read this Prospectus in its entirety before deciding to invest in the Company and, in particular, in considering the prospects for the Company, that they consider the risk factors that could affect the performance of the Company. Investors should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional guidance from their stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest. Some risk factors that investors should consider are outlined in Section 9.

No person is authorised to give any information or to make any representation in connection with the Offer and issue of the Shares described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with the Offer.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantee that any specific objective of the Company will be achieved or that any particular performance of the Company or of its Shares, including those offered by this Prospectus, will be achieved.

ELECTRONIC PROSPECTUS

This Prospectus will be issued in paper form and as an electronic prospectus, which may be viewed online at the Company's website at www.paradigmbiopharma.com. The Offer is available to persons receiving an electronic version of this Prospectus in Australia. Applications can only be submitted on a paper Application Form accompanying this Prospectus or in its paper copy form downloaded in its entirety from www.paradigmbiopharma.com. The Act prohibits any person from passing the Application Form on to another person, unless it is attached to, or accompanied by, a complete and unaltered version of this Prospectus. During the Offer period, any person may obtain a hard copy of this Prospectus free of charge by contacting the Share Registry by telephone on 1300 723 167.

PRIVACY

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and if the Application is successful to administer the Applicant's shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclosure it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers including mailing house, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder in the Company, the Company is required to include information about the shareholder's (name, address and details of shareholding) in its public register, This information must remain in the register even if that person ceases to be a Shareholder in the Company. Information contained in the Company's registers is also used to facilitate dividends payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Under the Privacy Act 1988 (Cth) you may require access to your personal information that is held by or on behalf of the Company and/or Share Registry. You can request access to your personal information or obtain further details about the Company's privacy policies by contacting the Company or the Offer Information Line, details of which are set out elsewhere in this Prospectus.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process the Applicant's Application Form.

DEFINED TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Prospectus are defined in Section 12. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses this Prospectus or that assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in graphs, charts and tables is based on information available as at the date of this Prospectus.

JURISDICTION

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. This Prospectus has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

IF YOU HAVE ANY QUESTIONS

If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, solicitor or other professional advisor for assistance. The Company is unable to advise Applicants on the suitability or otherwise of an investment in the Company.

REPLACEMENT PROSPECTUS

This is a replacement prospectus dated 12 June 2015. It replaces a prospectus dated 29 May 2015 relating to the issue of Shares in Paradigm Biopharmaceuticals Limited ACN 169 346 963. **Applications for Shares will only be accepted on the Application Form attached to and accompanying this replacement prospectus.** The Application Form must not be handed on to any member of the public unless attached to this replacement prospectus.

Contents

Key Offer Information

Paradigm is seeking to raise under this Prospectus:

> Minimum Subscription (which is underwritten) of $5 million by the issue of 14,285,714 million Shares at an issue price of $0.35 each; and

> Maximum Subscription of $8 million by the issue of 22,857,143 million Shares at an issue price of $0.35 each.

	BASED ON THE MINIMUM SUBSCRIPTION OF $5 MILLION	BASED ON THE MAXIMUM SUBSCRIPTION OF $8 MILLION
Existing shares on issue*	41,627,839	41,627,839
Shares to be issued under ESP	3,600,000	3,600,000
Shares to be issued to Xosoma vendors	19,495,238	19,495,238
Shares offered under this Prospectus	14,285,714	22,857,143
Offer Price	$0.35	$0.35
Total number of Shares on completion of the Offer**	79,008,791	87,580,219
Gross Proceeds from the Offer	$5,000,000	$8,000,000
Indicative market capitalisation at the Offer Price	$27,653,077	$30,653,077

* This assumes conversion of existing preference shares which is triggered immediately prior to listing.

** In addition the Company has granted various options which expire 3 years from ASX listing of the Company with (i) 3,023,810 unlisted options at an exercise price of $0.375 per option; and (ii) 1,714,286 unlisted options at an exercise price of $0.50 per option and otherwise on the terms specified in the ASX Listing Rules.

KEY DATES

Prospectus lodged with ASIC	29 May 2015
Exposure Period Expires	12 June 2015
Opening Date	15 June 2015
Closing Date	10 July 2015
Expected date for allocation of Paradigm Shares	24 July 2015

* The Directors reserve the right to vary the Offer dates and to extend the Issue or to close it at an earlier date. The above dates are indicative only.

Message from the Chairman

Dear Investor,

I have pleasure in presenting this Prospectus and offering you the opportunity to become a shareholder in Paradigm Biopharmaceuticals Limited (**Paradigm**).

Paradigm is a drug repurposing company and our approach to market is driven by core competencies and experience at both board and executive level in the pharmaceutical compound *Pentosan Polysulphate Sodium* (**PPS**) and generally in clinical and commercial pharmaceutical development.

Over 30% of new drugs or biologics approved or launched globally represent drugs repurposed for new indications, reformulations or new combinations of existing drugs. Our approach is to take an existing approved drug, namely PSS, which has demonstrated safety in its approved indication/s, and repurposing that drug in a new patented therapeutic application. By following this approach, we anticipate achieving a reduction in the time, cost and risk associated in the clinical and commercial development pathway to taking new products to market.

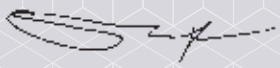
Our immediate commercial focus is on the repurposing of PPS for the treatment of Bone Marrow Edema (**BME**), a painful condition commonly referred to as bruising within the bone or 'bone bruising'. BME is a clinical condition that presently has no registered therapeutic options and, if untreated, can be associated with long term negative health consequences for the patient (including pain, disability and a greater likelihood of progression to osteoarthritis).

The Company also has a pipeline of additional indications covering the use of PPS to treat certain respiratory diseases including Allergic Rhinitis and Allergic Asthma, both of which represent significant addressable market opportunities. In addition the Company has a proprietary platform technology based on exosomes, which has numerous potential applications in the area of orthopedics (as a mono therapy or in combination with PPS).

This Prospectus highlights the intellectual property owned by the Company group and its potential portfolio of products. The main risk factors associated with an investment pursuant to this Prospectus are highlighted in Section 9.

On behalf of the Directors, I recommend this Offer to you and look forward to your support and participation as a shareholder.

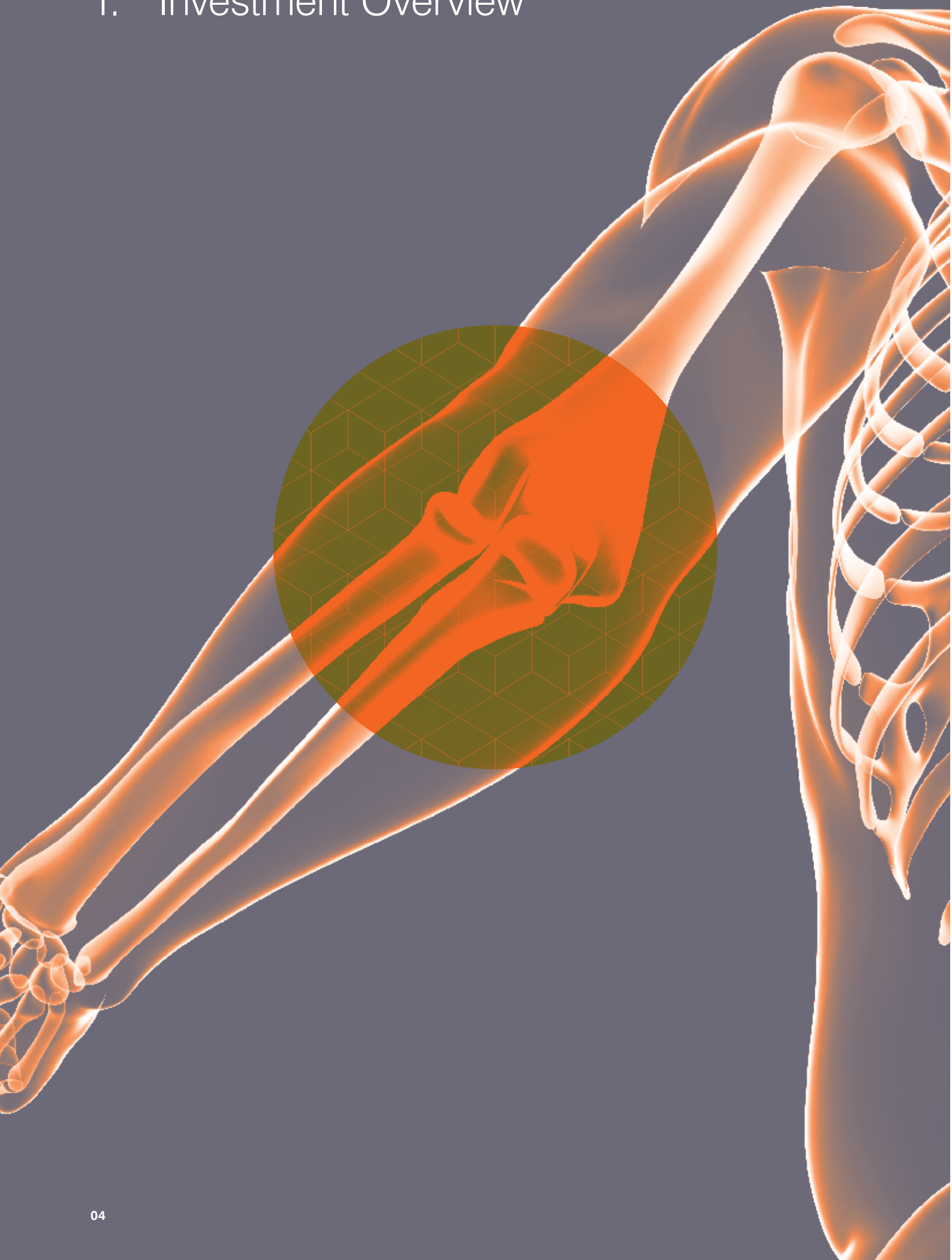
Yours faithfully



Mr Graeme Kaufman

Non-Executive Chairman

1. Investment Overview



TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
A. INTRODUCTION		
Who is Paradigm?	Paradigm is a biopharmaceutical company focused on repurposing the drug, Pentosan Polysulphate Sodium (**PPS**) PPS, which is non-steroidal, has anti-inflammatory properties and is considered to be capable for use in the treatment of many inflammatory diseases. Paradigm's initial focus is to repurpose PPS for the orthopaedic indication of Bone Marrow Edema or "bone bruising" (**BME**) and the treatment of the respiratory disease Allergic Rhinitis (**AR**) – both conditions which involve inflammatory pathways. The Company also has a proprietary platform technology based on exosomes. Exosomes are unique small bodies secreted by human cells and are thought to be responsible for part of the regenerative characteristics of stem cells. The Company plans to continue further development of exosomes in line with its other programs as potential mono therapies or in combination with PPS.	**Section 2.1**
Our approach – drug repurposing	As a drug repurposing company, we anticipate achieving a reduction in the time, cost and risk associated in the clinical and commercial development pathway to taking new products to market. Paradigm's approach is supported by its intellectual property portfolio around the treatment of BME and AR with PPS. This is supported by a long term supply agreement with bene pharmaChem in Germany. Furthermore, repurposing of marketed drugs can receive approval from the FDA in the United States through a type of NDA (new drug application) known as the section 505(b)(2) application under the US Federal Food, Drug and Cosmetic Act. In such NDA applications pursuant to section 505(b)(2), the applicant seeks to use data from investigations not conducted by the applicant (in the case of Paradigm, it is proposed to use data from bene pharmaChem under the supply agreement). The EMEA Article 10 of Directive 2001/83/EC is a similar approach in Europe. From 2007-09, 30-40% of drugs or biologics that were approved or launched for the first time in the US were either drugs repurposed for new indications, reformulations or new combinations of existing drugs. Drug repurposing also provides an advantage to patients and health insurance providers as this proven development pathway makes safer and more effective drugs available. There is no guarantee that the FDA will accept Paradigm's proposed application under section 505(b)(2).	**Section 2.3**
Significant addressable markets	Paradigm is targeting significant addressable markets with the aim to use the shortened development pathway utilising repurposed drugs. The Company's objective is to achieve a lower cost and a lower risk drug development path to market in areas where patients have chronic and acute inflammatory conditions.	**Section 3.1**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
B. INVESTMENT HIGHLIGHTS		
Lead drug repurposing candidate – PPS	New compounds or drugs often fail in clinical development because they are shown to be unsafe or that they don't work. Paradigm anticipates that by using an existing internationally approved drug (PPS) with a cGMP supply of PPS (as outlined below), the clinical safety risks typical with a new compound may be reduced – reflecting the extensive research and development of PPS by third parties in other applications.	**Section 2.5**
Lead clinical program addressing unmet medical needs	BME is a complex disorder causing excess fluid build-up inside the bone. BME typically occurs at the end of long bones adjacent to the cartilage of the hip, knee or ankle joints. BME is considered as a distinct clinical condition that is normally associated with constant bone pain, functional disability, quality of life issues and poor long-term prognosis for the affected joint. Unresolved BME is considered a potent risk factor for developing osteoarthritis. Additionally, there is a strong demand for new products to improve the management of Allergic Rhinitis and asthma **without** the use of corticosteroids. There is also a market demand for using the body's own reparative/ regenerative capacity to treat chronic diseases and provide alternative treatments to surgical procedures and/or long-term use of corticosteroids.	**Sections 2.8 and 3.3**
Manufacturing	The Company has entered into a long term supply agreement (20 years) with the German pharmaceutical company, bene pharmaChem, for the supply of FDA-approved cGMP-grade PPS. This is anticipated to overcome potential manufacturing and scale-up issues and is aimed at ensuring the clinical trials are conducted using PPS with the same pharmaceutical activities as would be available in commercial quantities.	**Section 11.7**
Experienced team	The executive team lead by Managing Director Mr Paul Rennie is experienced in clinical trial and drug development. Paul has worked in the industry for in excess of 20 years (most recently at Mesoblast Ltd). The Chairman of the Board, Mr. Graeme Kaufman, has over 30 years' experience including a period as Chief Financial Officer of CSL Ltd. In addition Paradigm has appointed a distinguished scientific team.	**Section 2.2 and 5**
Proprietary exosome platform technology opportunity	The Company also plans to research and develop 'cell-free' therapies for the regenerative medicine market based on its proprietary exosome platform technology. Paradigm has entered into an agreement to acquire Xosoma Pty Ltd (including the patent application PCT/AU2014/000953) and this acquisition will provide the Company with a novel technology and numerous potential pathways to market. Paradigm expects to initially focus development on the application of exosomes in the area of orthopaedics as a mono therapy or in combination with the Company's existing PPS drug repurposing program. Paradigm intends to undertake further research into exosomes to determine how their properties can be optimally leveraged, particularly with respect to joint health and/or the treatment of autoimmune diseases.	**Section 2.13**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
C. PARADIGM'S DIRECTORS		
Who are the directors of Paradigm?	**Mr Graeme Kaufman, Non-Executive Chairman (BSc, MBA)** – Graeme was previously Chief Financial Officer at CSL Limited and Executive Vice President of Corporate Finance at Mesoblast Limited. Currently Chairman of Bionomics Limited and IDT Limited and Non-Exec Director Cellmid Limited. **Mr Paul Rennie, Managing Director (BSc, MBM, MSTC, Grad Dip Commercial Law) –** Paul has been involved in drug development and a number of pre-clinical and clinical trial programs (was the inaugural COO of Mesoblast Ltd and most recently as Executive VP, New Product Development at Mesoblast Ltd). Mr. Rennie has worked full-time with Paradigm over the past year. **Mr Christopher Fullerton, Non-Executive Director –** Chris has extensive experience in investment banking, management and is a qualified chartered accountant. He has previously held non-executive roles in Bionomics Ltd, Cordlife Ltd, Health Communication Network Ltd and Global Health Ltd **Mr John Gaffney (LLM), Non-Executive Director –** John is a lawyer with over 30 years industry experience. He brings to the board a compliance and corporate governance background.	**Section 5.1**
Interests of the Directors or related parties in Paradigm	As at the date of this Prospectus and after the completion of the Offer, the interests of the Directors of Paradigm (both direct and indirect) in Paradigm Securities is outlined in Section 11.11.	**Section 11.11**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
D. KEY RISK FACTORS		
Risk of future funding requirements	Paradigm has limited financial resources and will need to raise additional funds from time to time. In certain circumstances, the Company's ability to successfully operate may be subject to its ability to raise funds together with other factors beyond the control of the Company and its Directors (including and without limitation to cyclical factors affecting the economy and financial and share markets generally). Further investors should note that the Expenditure Program and the milestones outlined in this Prospectus are in part based on receipt by the Company of payments under the Australian Government's Research & Funding scheme. If for any reason Paradigm was unable to raise future funding or it did not receive payments under the Australian Governments Research & Funding scheme – its ability to achieve the milestones under this Prospectus or to continue future development of its drug candidates would be significantly adversely affected.	**Section 9(a)**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
D. KEY RISK FACTORS		
Supply of cGMP product	While the Company has entered into a long term supply agreement with bene pharmaChem for the supply of PPS to Paradigm, that agreement is for an initial term of 10 years with an option for Paradigm to extend for a further 10 years provided that within the first 10 years Paradigm has obtained regulatory approval for the sale of a product incorporating PPS. Also under the bene PharmaChem supply agreement, Paradigm is obliged to purchase all PPS requirements in the Territories from bene pharmaChem and offer to bene pharmaChem the first right to supply Paradigm with PPS outside the Territories. There is a risk, if bene pharmaChem does not exercise its right of first refusal, that Paradigm will have to seek alternative PPS supplies. Commercially bene pharmaChem would receive from Paradigm a royalty on those commercial sales based on PPS supplied by bene pharmaChem to Paradigm. Further, there is a risk that Paradigm may not receive sufficient supply of PPS from bene pharmaChem. Failure to obtain an alternative supply or the inability to satisfy equivalence for that alternative supply could materially adversely impact on the Company's development program outlined in this Prospectus.	**Sections 9(b) and 11.7**
Intellectual property risks	There is no guarantee that the Company's intellectual property comprises all of the rights that the Company may require to freely commercialise its product candidates. The Company's existing intellectual property include its exclusive supply and intellectual property rights under the bene pharmaChem Supply Agreement (as detailed in section 11.7), its knowhow in drug re-positioning/ clinical trials and its exclusive data rights arising from its proposed clinical development work in the use of PPS. The Company has lodged various patent applications (as detailed in section 8) relating to the use of PPS in its targeted fields. Patent applications are commonly drafted with a very broad ambit scope of claims – as different claim scopes are often allowed in different jurisdictions. This approach is important initially so as not to unduly limit the potential coverage of the relevant patent application. An initial rejection by a patent examiner of such broad ambit claims is also commonly received (for example in the US usually over 90% of patent applications have an initial rejection) and then the applicant in conjunction with discussions with the patent examiner narrows the claims for that particular jurisdiction to achieve allowance of the more narrow claims and subsequent patent grant. In the US and China to date Paradigm has received an initial rejection of the broad ambit claims it has made in its BME patent application (PCT/AU2012/000091) and Paradigm has now proposed a more narrow basis of claim which fully addresses the initial rejection whilst providing protection for the likely commercial product and its uses (being the use of PPS in treating BME). However no assurance is given that the Company's patent applications will result in granted patents. Furthermore even though some of the Company's patent applications have already been successful (resulting in granted patents) investors should note that a competitor may at any time challenge granted patents and a court may find that the granted patent is invalid or unenforceable or revoked.	**Section 9(c), (j) and (k)**
Speculative nature of investment	The Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Paradigm has limited operating history and may face difficulties encountered by similar early stage companies. Paradigm does not produce any current revenue and applies its cash reserves to the development of its technology. The success of Paradigm is largely dependent on the results of its technology development, the outcome of its proposed human clinical trials and obtaining regulatory approvals. An investment in its Shares should therefore be considered very speculative.	**Section 9(d)**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
D. KEY RISK FACTORS		
Early clinical state of development	The Company's product candidates are at a relatively early clinical stage and substantial further clinical development is necessary beyond the limited clinical trials contemplated under the Expenditure Program. If the Company's product candidates are ultimately shown to be ineffective for therapeutic purposes, the Company's business, the value of its technology and resulting value of its Shares may be materially harmed.	**Section 9(e)**
Expenditure Program	Paradigm has not entered into contracts for a number of the material items covered by the Expenditure Program, nor does it have binding quotations in relation to such items. Rather the Directors have determined that following the successful close of the Offer, Paradigm will be well positioned to negotiate the exact terms for such contracts. It is possible that actual expenditure may be more than estimated by the Company in its anticipated Expenditure Program. This could, depending on the difference in actual costs incurred, require the Company to seek to raise additional funding. The Directors and management have relevant industry experience and have prepared the anticipated Expenditure Program based partly on discussions with or indicative quotes obtained from potential suppliers of those services and their own experience of the likely costs for those expenditure items. While the Directors are confident Paradigm will be able to source suitable suppliers, there is a risk that Paradigm may not be able to source those suppliers at the estimated expenditure in the Expenditure Program.	**Section 9(f)**
Regulatory requirements	Human clinical trials are subject to rigorous regulatory requirements and, even where the Company is approved to proceed under section 505(b)(2), it will take several years to complete those trials. There is a risk that the FDA may not approve Paradigm's proposed NDA application under section 505(b)(2) and this would require Paradigm to undertake more trials and cause a delay in Paradigm's development program. There is a material risk that Paradigm's product candidates may not ultimately satisfy the regulatory requirements nor gain approval, or that the approval process may take much longer than expected. While Paradigm has access to bene PharmaChem's drug master file for PPS, this is not on an exclusive basis and third parties may approach bene PharmaChem for access to the same drug master file – but such third parties would also need to overcome Paradigm's other intellectual property rights (including Paradigm's patent applications). As a result Paradigm may fail to commercialise or out-license any of its proposed products.	**Section 9(g)**
Key personnel	Paradigm currently employs or engages as consultants, a number of key members of its management and scientific team. The loss of any of these people's services could materially and adversely affect the Company and may impede the achievements of its research, product development and commercialisation objectives. The successful development of the Company will require the services of additional staff. There can be no assurance that the Company will be able to attract appropriate additional staff and this may adversely affect the Company's prospects for success.	**Section 9(h)**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
D. KEY RISK FACTORS		
No independent valuation	No independent valuation of the Company's intellectual property or generally the Company's Shares has been carried out for the purposes of this Prospectus.	**Section 9**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
E. DETAILS OF THE OFFER		
What is the Offer?	This Prospectus relates to an initial public offer of 14,285,714 Shares at an Offer Price of $0.35 per Share to raise a minimum of $5,000,000 (**Minimum Subscription**) and up to a maximum of $8,000,000 (**Maximum Subscription**).	–
Is the Offer underwritten?	Yes, the Minimum Subscription under the Offer is underwritten. Paradigm has appointed Lodge Corporate Pty Ltd as Lead Manager and Underwriter to the Offer. The Company will pay underwriting fees and disbursements as provided for under the Underwriting Agreement. Details of the Underwriting Agreement are set out in Section 11.8.	**Section 11.8**
What are the key dates relating to the Offer?	Applications may be lodged at any time after the Opening Date of the Offer on 15 June 2015, until 5.00 pm (AEST) on the Closing Date of the Offer on 11 July 2015.	**See the Key Offer Information Section**
What is the proposed capital structure and market capitalisation of the Company following the Offer?	See table below	–

	BASED ON THE MINIMUM SUBSCRIPTION OF $5 MILLION	BASED ON THE MAXIMUM SUBSCRIPTION OF $8 MILLION
Existing shares on issue*	41,627,839	41,627,839
Shares to be issued under ESP	3,600,000	3,600,000
Shares to be issued to Xosoma vendors	19,495,238	19,495,238
Shares offered under this Prospectus	14,285,714	22,857,143
Offer Price	$0.35	$0.35
Total number of Shares on completion of the Offer**	79,008,791	87,580,219
Gross Proceeds from the Offer	$5,000,000	$8,000,000
Indicative market capitalisation at the Offer Price	**$27,653,077**	**$30,653,077**

* *This assumes conversion of existing preference shares which is triggered immediately prior to listing.*

** *In addition the Company has granted various options which expire 3 years from ASX listing of the Company with (i) 3,023,810 unlisted options at an exercise price of $0.375 per option; and (ii) 1,714,286 unlisted options at an exercise price of $0.50 per option and otherwise on the terms specified in the ASX Listing Rules.*

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
E. DETAILS OF THE OFFER		
What is the purpose of the Offer and how will the proceeds of the Offer be used?	The primary purpose of the Offer is to raise funds to: • support the Company's Expenditure Program; • achieve listing on the ASX, to broaden the shareholder base and provide a market for the Shares; • to pay the expenses of the Offer; and • to provide working capital. It is intended that the funds raised under this Offer will be used as summarised in the Use of Funds Table below:	**Section 2.16**

USE OF FUNDS*	MINIMUM SUBSCRIPTION $5MILLION	MAXIMUM SUBSCRIPTION $8MILLION
Clinical, regulatory and implementation of proposed Open Labelled BME trial	$1,475,358	$2,108,108
Clinical, regulatory and implementation of proposed Allergic Rhinitis (AR) development	$500,000	$1,750,000
Acquisition payment to Glycan (see Section 11.6(a))	$400,000	$400,000
IP & Research & Development (including exosomes)	$400,000	$1,116,000
Working Capital	$1,658,750	$1,880,000
Expenses of the Offer	$565,892	$745,892
TOTAL	**$5,000,000**	**$8,000,000**

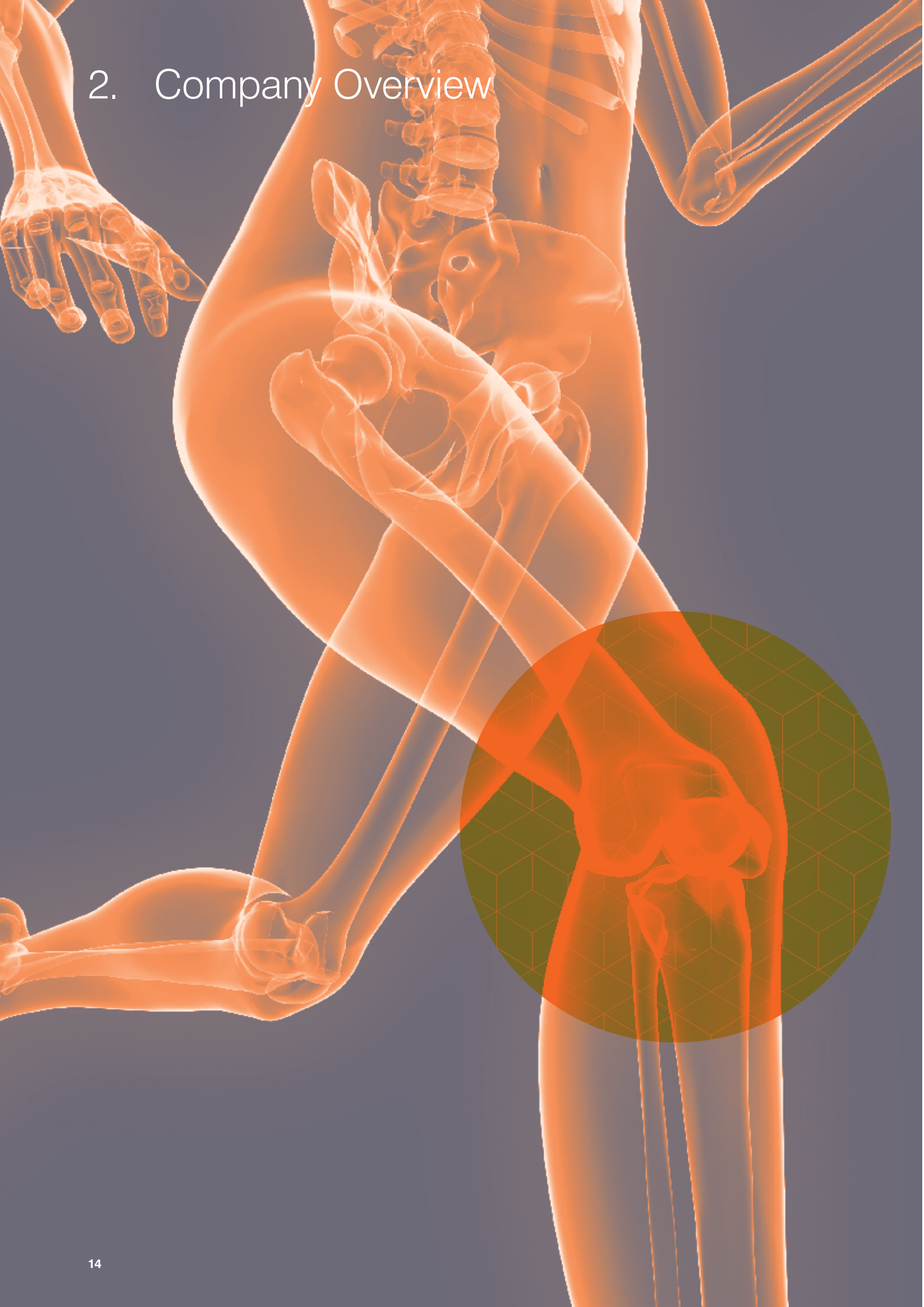
* *Note: This anticipated Expenditure Program may vary from the actual expenditure, reflecting the results of preclinical and clinical work as they come to hand. Further in addition to the anticipated Expenditure Program, the Company anticipates receipt by the Company of research and development payments under the Government's R&D program.*

Expenditure program	Based on the minimum capital raising, Paradigm intends to undertake an expenditure program over a 24 month period commencing from the Listing Date, as outlined in the Use of Funds Table above.	**Section 2.16**
Working capital	On raising the Minimum Subscription under this Prospectus, Paradigm will have sufficient working capital to carry out its objectives (as detailed in this Prospectus).	–
What are the costs of the Offer?	The maximum costs of the Offer are estimated at approximately $745,892 (exclusive of any applicable GST) based on the Maximum Subscription under this Prospectus. These costs will be paid by the Company out of the proceeds of the Offer and existing cash reserves.	**Section 11.13**

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
E. DETAILS OF THE OFFER		
Dividend policy	The Directors do not envisage that the Company will earn any material revenue or be in a position to declare any dividends in the foreseeable future. The financial prospects of the Company are dependent on a number of factors, including without limitation successfully completing its product development, successfully meeting primary endpoints in its clinical trials, regulatory clearance and marketing approvals and even where the clinical trials are successfully completed, market penetration of its lead products. There is no guarantee that the Company's development work will result in a commercial product. In the light of these factors and having regard to ASIC Regulatory Guide 170, the Directors consider at this stage the Company is unable to provide potential investors with reliable revenue, profit or cash flow projections or forecasts. An investment in human drug therapeutics is a long term investment, with long development time frames and NO dividends should be expected in the short term.	–
Taxation	The tax treatment and consequences of the Offer will vary depending on the particular circumstances of the Applicant. The Company accepts no liability or responsibility in relation to any taxation consequences connected to the Offer. Therefore regarding the appropriate tax treatment that applies to the Offer, it is the responsibility of any Applicant to satisfy themselves by consulting their own professional tax advisors prior to investing in the Company.	**Section 10**
Allocation policy	The Company reserves the right to authorise the issue of a lesser number of Shares than those for which an Application has been made or to reject any Application. Where no issue or allocation is made or the number of Shares issued is less than the number applied for, surplus Application money will be refunded without interest. If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The Company's decision as to whether to treat an Application as valid, and how to construe, amend or complete it, will be final. The Company's decision on the number of Shares to be allocated to an Applicant will also be final.	–
ASX listing application	Not later than 7 days after the date of this Prospectus, an application will be made to the ASX for Paradigm to be admitted to the Official List of the ASX and for the Official Quotation of the Shares. The fact that the ASX may admit Paradigm to its Official List is not to be taken in any way as an indication of the value or merits of Paradigm or of the Shares offered under this Prospectus. Official Quotation, if granted, will commence as soon as practicable after the issue of transaction holding statements to successful Applicants. If permission for quotation of the Shares is not granted within 3 months after the date of this Prospectus, all Application money will be refunded without interest.	–

TOPIC	DETAILS	WHERE TO FIND MORE INFORMATION
F. APPLICATIONS		
How do I apply for Shares?	By completing and submitting a valid Application Form accompanying this Prospectus. All Application money will be held on trust in a separate bank account that has been opened only for this purpose until the Shares to be issued in respect of the Offer are issued, or the Application money is refunded to the unsuccessful Applicants. Applications must be for at least 5,715 Shares at an aggregate subscription price of $2,000.25 or a greater number in multiples of 1,000 Shares at an additional subscription price of $350.00 for each additional 1,000 Shares. The Offer Price of $0.35 per Share is payable in full on Application. Cheques must be in Australian currency and made payable to **"Paradigm Biopharmaceuticals Limited – Share Subscription Account"** and crossed **"Not Negotiable**".	
Lodgement of Applications	Applicants should return their completed Application Forms together with their cheque for the Application money to: **Paradigm Biopharmaceuticals Limited Share Offer** **c/- Computershare Investor Services Pty Limited** **GPO BOX 52** **Melbourne VIC 3001**	–
Where can I find more information about this Prospectus or the Offer?	Further information can be obtained by reading this Prospectus in its entirety. For advice on the Offer you should speak to your stockbroker, accountant or other professional adviser. If you require assistance or additional copies of this Prospectus please contact the Company on (within Australia) or +61 3 9415 4291 (outside Australia).	–
Are there additional costs payable by Applicant?	No brokerage, commission, stamp duty or any other costs are payable by Applicants on acquisition of the Shares under the Offer.	–

2. Company Overview



2. Company Overview

2.1 About Paradigm

Paradigm is headquartered in Melbourne, Australia. The Company's focus is on drug repurposing and its lead repurposing candidate is the approved pharmaceutical compound Pentosan Polysulphate Sodium (**PPS**). PPS is non-steroidal and has anti-inflammatory properties, which have the potential for application in the treatment of several conditions associated with inflammation.

Paradigm's initial focus is to develop PPS for the orthopaedic indication of Bone Marrow Edema (**BME**) and the treatment of the respiratory disease Allergic Rhinitis (**AR**) – both conditions which involve inflammatory pathways and for which current therapeutics are lacking or sub-optimal.

Paradigm's drug repurposing and commercialisation strategy is supported by a long term (20 year) supply agreement with the German manufacturer of PPS, bene pharmaChem, together with the Paradigm group's intellectual rights.

Paradigm has filed patent applications in the seven global major pharmaceutical markets plus other countries over the use of PPS for the treatment of BME (see Section 8 Patent Report schedule 1 for complete details). Paradigm also owns patent applications over the use of PPS for treatment or prophylaxis of respiratory diseases including AR, Allergic Asthma and chronic obstructive pulmonary disease (**COPD**) – see Section 8 Patent Report schedule 2 for complete details.

The Company also has a proprietary platform technology based on exosomes. Exosomes are unique small bodies secreted by human cells and are thought to be responsible for part /all the regenerative characteristics of stem cells. The Company plans to continue further development of exosomes in line with its other programs as potential mono therapies or in combination with PPS. Schedule 3 of the same report contains details of the Xosoma IP.

2.2 Paradigm's team

Paradigm's execution of this strategy is driven by a team with significant experience in drug development and performing clinical studies including:

- Our Chairman **Mr Graeme Kaufman**, who has a broad experience in the development and commercialisation of pharmaceutical drugs (prior executive roles including CFO at CSL Ltd, executive VP of Mesoblast Ltd).
- Our Managing Director **Mr Paul Rennie**, who has been involved in drug development and a number of pre-clinical and clinical trial programs (was the inaugural COO of Mesoblast Ltd and most recently as Executive VP, New Product Development at Mesoblast Ltd). Mr Rennie has worked full-time with Paradigm over the past year.
- Our Chief Financial Officer and Company Secretary **Mr Kevin Hollingsworth**, who has previous experience with publicly listed biopharmaceutical start-ups such as Mesoblast Ltd and Patrys Ltd.

Consulting Scientists and Physicians:

Paradigm has entered into consultancy agreements with the scientists and physicians outlined below, but these persons are not employees of Paradigm. Rather the scientists and physicians are engaged by Paradigm on a non-exclusive basis on a month to month retainer that can be terminated at any time –

Assoc. Professor Janet Rimmer – is a leading respiratory physician and allergist, with extensive experience in eminent clinical, research and advisory roles in Australia and abroad.

Professor Jonas Erjefalt (Lund Sweden) – is a prominent global researcher in the respiratory and allergy fields. He is a respected scientist and has collaborated on the original pre-clinical respiratory studies with PPS.

Professor Paul Young (Woolcock Institute & Sydney University) – is a leading respiratory pharmaceutical scientist with extensive experience in respiratory drug and device development.

Dr Judith Jaeger – Board-certified respiratory physician with over 25 years clinical development experience with Big Pharma and small biotech companies and has a comprehensive knowledge in US FDA regulatory filings of respiratory and other allergic and anti-inflammatory drugs and biologics. Judith is based in New York.

Dr Keith Williams – as Founder and former CEO of Proteome Systems Ltd, Keith is a prominent Australian scientist and entrepreneur with broad experience in the biotechnology sector.

Dr Vasilis (Bill) Paspaliaris – as one of the Founders of Xosoma Pty Ltd, Vasilis is a highly experienced clinical pharmacologist and medical scientist with a current interest in regenerative medicine. He has championed the discovery and development of seven patented peptide and exosome extraction, activation and treatment methodologies.

2.3 Paradigm's approach – drug repurposing

Paradigm's approach to commercialisation is to focus on therapeutic products which may produce revenue in the near-term compared to the time-lines to revenue for traditional new drug development.

Our approach is to find new indications for the existing drug, develop new formulations or routes of administration, or combine existing drugs with other pharmaceutical or biological compounds to create a novel therapeutic product. The Company's research and development of novel therapeutics for chronic orthopaedic indications and chronic respiratory, inflammatory and autoimmune diseases has a focus on reduced use of corticosteroids, low cost products and more personalised point-of-care medicine. The Company aims to advance novel therapies with proven safety and efficacy and improve the convenience of treatment for these chronic diseases.

Paradigm's approach is supported by a commercialisation strategy that combines innovative drug repurposing with long term access to manufactured GMP product (refer Section 11.7) and intellectual property coverage on each indication in development (see Section 8).

Supporting the Company's approach, repurposing of marketed drugs can receive approval from the FDA in the United States through a type of NDA (new drug application) known as the 505(b)(2) application under the US Federal Food, Drug and Cosmetic Act. In such an NDA application the applicant seeks to use data previously submitted to the FDA by third parties to reduce the number of trials required of the applicant and does not require a "right of reference" from the original applicant (repositioned pipeline drugs will use the standard 505(b)(1) route). The EMEA Article 10 of Directive 2001/83/EC is a similar approach in Europe.

Under the Company's supply agreement with bene pharmaChem, Paradigm has a non-exclusive right to bene pharmaChem's drug master file on the active pharmaceutical ingredient PPS. While Paradigm has a right to access the bene pharmaChem's drug master file, Paradigm's right of supply from bene pharmaChem for PPS under the supply agreement is limited to the Territories (see section 11.7). Outside the Territories bene pharmaChem has a first right (but not the obligation) to supply all of Paradigm's requirements for PPS. Where bene pharmaChem does not exercise its right to supply Paradigm outside the Territories, Paradigm would have to seek alternative equivalent supplies of PPS from third parties.

Approval by the FDA under section 505(b)(2) of an NDA application by Paradigm to use bene pharmaChem's drug master file, is anticipated to shorten the size and number of trials (and as a result the associated costs) – in contrast to the number/size of clinical trials which would otherwise have to be undertaken by Paradigm.

Investors should note that there is no guarantee that the FDA will accept Paradigm's proposed application under section 505(b)(2) nor that any trials undertaken by Paradigm under a section 505(b)(2) approval will result in an approved commercial product.

2.4 Anticipated key advantages of using a 505(b)(2) approach

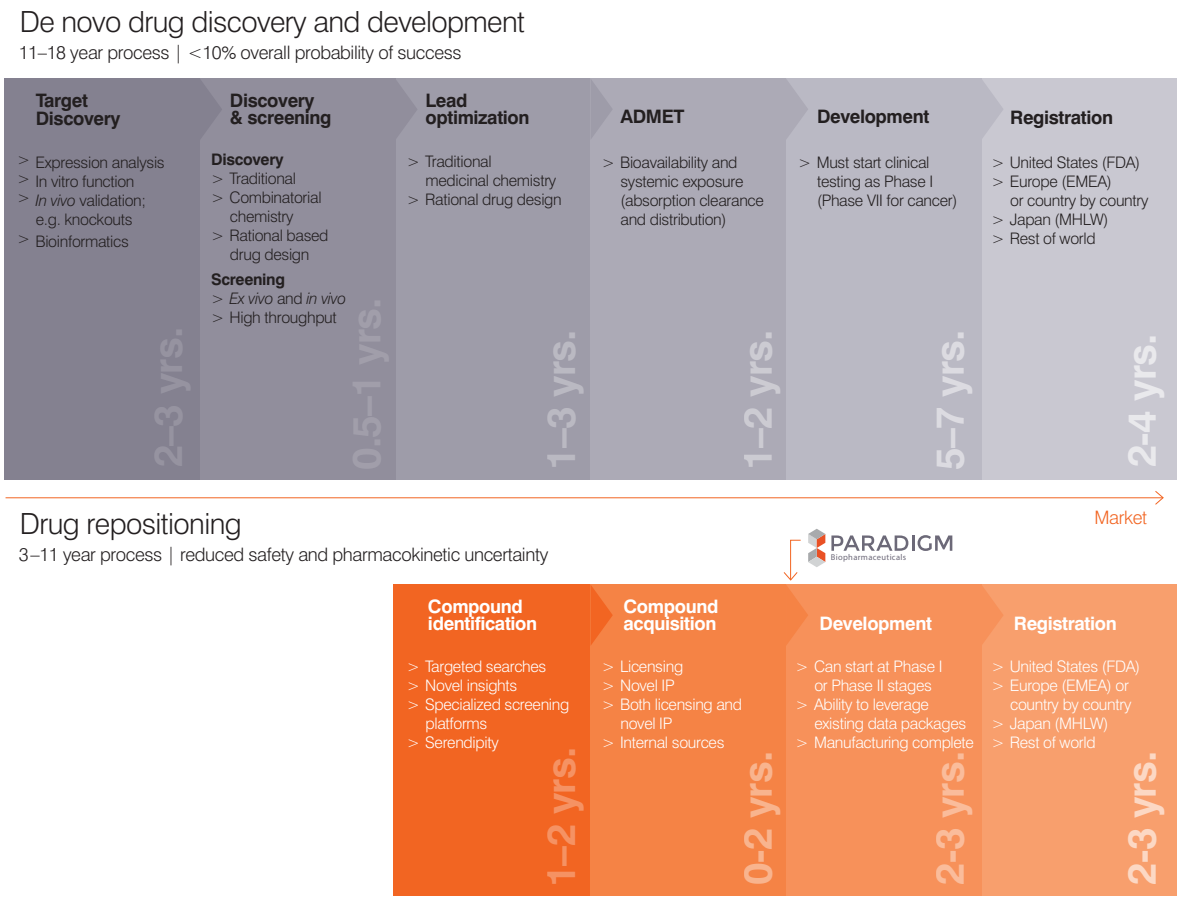
From 2007-09, 30-40% of drugs or biologics that were approved or launched for the first time in the US were either drugs repurposed for new indications, reformulations or new combinations of existing drugs.

The key advantage of the drug repurposing approach is that it generally reduces the time, cost, and risk compared with de novo drug development. In repurposing PPS to treat BME, Paradigm aims to overcome some of the traditional hurdles in new drug development including:

- **Safety data** – PPS generally has a known safely profile which Paradigm intends to leverage in its clinical development program. This safety profile for PPS may not always be the case and, in part, will also depend on the mode of delivery and indication of use.
- **Mechanism of action** – The mechanism of action (**MOA**) of PPS has been extensively studied and the results have been published in high ranking peer-reviewed scientific journals.

> **Manufacturing** – PPS is currently manufactured on a commercial scale by various suppliers and used in a number of countries for approved therapeutic applications. Paradigm intends to source its PPS from bene pharmaChem. Paradigm has a long term supply agreement with bene pharmaChem in certain jurisdictions and under that agreement access to the bene pharmaChem drug master file (**DMF**) and other preclinical and clinical safety data.

The figure below demonstrates drug repositioning (repurposing) versus traditional discovery and development:



2.5 Pentosan Polysulphate Sodium (PPS) – lead drug repurposing candidate

Paradigm has selected PPS as its lead drug repurposing candidate. PPS is a heterogeneous semi-synthetic drug manufactured from European beech-wood hemicelluloses by sulphate esterification. Its primary use over the last 60 years in Europe has been for the treatment and prevention of blood clots.

PPS produced by bene pharmaChem is a safe drug (and currently the only) medication that has been approved by the US FDA for treating the pain or discomfort of interstitial cystitis. Investors should note that the Company's proposed product candidate is intended to be administered by way of an injection (not delivered orally, as it is for interstitial cystitis), or via nasal delivery or via inhalation for respiratory applications.

As outlined above repurposing an approved drug means traditional hurdles for new chemical compounds are potentially already overcome or more easily addressed. In the case of PPS:

> Safety data in humans has been established by over 60 years of clinical use;

> MOA the subject of over 500+ peer review publications;

> Manufacturing on commercial scale at US FDA audited facility (pursuant to the bene pharmaChem Supply Agreement).

2.6 Regulatory status of PPS

Injectable PPS has been available for commercial sale on the German market since 1949. The approved indications for injectable PPS include prevention of thromboembolism and treatment of acute blood vessel occlusions. Paradigm intends to utilise injectable PPS in its proposed BME clinical trial.

The oral form of bene pharmaChem's PPS is approved by the TGA in Australia and the FDA in the USA and marketed there by Janssen Pharmaceuticals (a subsidiary of Johnson & Johnson), under the brand name Elmiron®, for the treatment of the bladder condition interstitial cystitis.

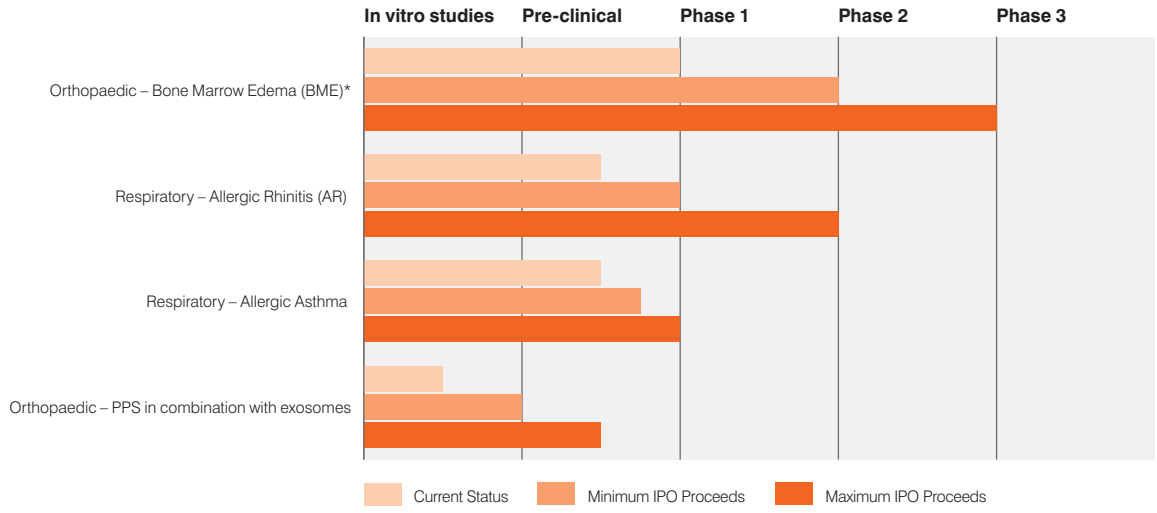
Currently injectable PPS is not approved for human use in Australia. However, injectable PPS is approved for use in numerous other countries, including four of the seven major pharmaceutical markets – Germany, France, Italy and Spain.

Investors should keep in mind that there is no guarantee the Company's clinical candidates will achieve the same results as achieved in other indications for PPS (which are already approved), or that the regulatory authorities will accept safety data from the prior use of PPS in other approved indications, for the Company's proposed therapeutic applications of PPS.

2.7 PPS product development pipeline

Proceeds from the Offer will be directed initially at repurposing PPS for the treatment of one orthopaedic indication (**BME**) and one respiratory disease (**AR**). Paradigm will also seek to advance pre-clinical activity on repurposing PPS for the treatment of Allergic Asthma, and furthering development the Company's exosomes platform to treat orthopaedic conditions.

The figure below outlines the current status of the Company's PPS programs and anticipated milestones through application of proceeds from the Offer:

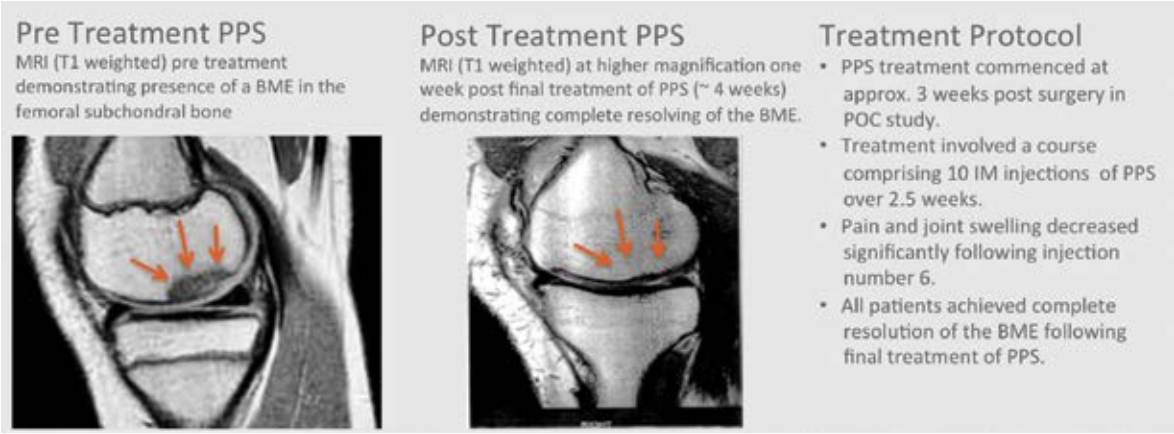


* *Minimum Subscription proceeds to enable completion of open label Phase 2A clinical study*

2.8 BME lead program

Proof of concept (**POC**) studies have been completed in five patients with traumatic BME. Patients were treated with PPS for knee related contusions, ligament and/or meniscal damage, and all five subjects in the study experienced complete resolution of the BME and associated pain. Refer to the figure below for more detail.

The figure below shows results for a BME proof of concept studies:



2.9 Proposed BME clinical development program

The Company intends to use proceeds from the Offer to undertake and complete an open labelled BME clinical trial of up to 60 patients in the 2016 calendar year. This trial is anticipated to confirm prior POC efficacy, together with optimal dosing of PPS and clinical endpoints – in preparation of regulatory submission for commencement of a double blinded placebo controlled Phase 2 clinical trial in patients with BME.

2.10 PPS respiratory products

Paradigm intends to use the proceeds of the Offer to further develop a nasal delivery product to treat AR. Development of the inhalable product for Allergic Asthma will occur once the development of the AR nasal delivery product is completed and has entered clinical trials.

AR is an allergic inflammation of the nasal airways. It occurs when an allergen, such as pollen, dust, or animal dander (particles of shed skin and hair) is inhaled by an individual with a sensitized immune system.

Allergic Asthma is a chronic disease characterized by recurrent attacks of breathlessness and wheezing, which vary in severity and frequency from person to person. PPS also has the potential to treat severe asthmatics who demonstrate inhaled corticosteroids resistance. PPS targets numerous pathogenic pathways that lead to asthma and, therefore, will target the varied asthma phenotypes. Unlike biologicals, PPS is expected (based on pre-clinical work to date) to have the advantage of repeated usage without loss of biological activity.

2.11 Advantages of PPS as drug repurposing candidate

BME applications:

There is a considerable scientific evidence to indicate PPS has a number of pharmacological mechanism of action (**MOA**s). In particular PPS's MOAs include suppression of cartilage degrading enzymes (**MMP**s), anti-inflammatory, fibrinolytic and lipolytic effects – which are thought to be relevant to the treatment of BME and its underlying cause.

PPS potentially may have the following competitive advantages in BME applications:

> ease of administration;

> it has been shown in high-ranking peer-reviewed scientific studies to have pharmacological effects which are important in joint health:

- it has been proven to be an effective fibrinolytic and lipolytic agent, which is important in clearing micro-thrombi and micro-emboli associated with both traumatic and non-traumatic BME*;*
- it has been proven to reduce the cartilage degrading enzymes MMPs (metalloproteinase MMP-3 & MMP-13) and ADAMTS-5 (a disintegrin and metalloproteinase with thrombospondin motifs abbr., ADAMTS)*;*

- it has been demonstrated to be as effective as steroidal anti-inflammatories, but without the side-effects of some steroid based anti-inflammatory therapies;
- it generally has a well-established safety profile in both oral and intramuscular injections.

As indicated above, these points should not be taken to be a guarantee that the regulatory authorities (for example FDA) will accept pre-existing safety data in other indications as satisfying the requirements for use of PPS in the Company's proposed clinical trials.

AR Allergic Rhinitis applications:

It is anticipated by the Company that compared to other agents used for the treatment of AR, PPS may have the following advantages:

- PPS may inhibit the release of histamine from mast cells in the nasal passage. PPS inhibition of histamine, secreted from the mast cells, is more potent than the clinically available mast cell stabilizer disodium cromoglycate (Cromolyn, IVAX Pharmaceuticals).
- PPS may have significant efficacy in reducing the total number of infiltrating leukocytes (eosinophils and neutrophils) in nasal passage after allergen challenge. A reduction in eosinophils is important in both the acute and chronic phases of the disease.
- PPS is expected to have an antagonistic (blocking) action against key pro-inflammatory cytokines (IL-4, IL-5 and IL-13), which target cell populations (TH2 cells, B cells, mast cells, eosinophils) involved in Allergic Rhinitis.
- PPS is also expected to have antagonistic action against eotaxin-1 (CCL11) and eotaxin-2 (CCL24) involved in the infiltration of eosinophils into the nasal passage.
- PPS has been seen in studies to have antagonistic action against the chemokines IL-8, MIP-1 alpha, MCP-1 therefore inhibiting the infiltration of leukocytes (eosinophils; neutrophils) to sites of allergen induced inflammation in the nasal passage.

2.12 Manufacturing

Paradigm has executed a long-term Supply Agreement with the German company, bene pharmaChem which originally discovered and developed PPS (outlined in greater detail in Section 11.7). The supply agreement provides Paradigm with PPS for the initial field of BME and the respiratory diseases in all the ASEAN markets.

Paradigm, under its agreement with bene pharmaChem, has also been granted a 'Right of Reference' to the bene pharmaChem drug master file (**DMF**) and other preclinical and clinical safety data. This data is anticipated to allow Paradigm (i) to expedite commencement of the clinical trials which are the subject of the Expenditure Program under this Prospectus; and (ii) to file a new drug application (NDA) with regulatory authorities relying on previously published safety data and bene pharmaChem's DMF.

2.13 Exosome platform technology

The Company's exosome platform technology is based on proprietary work completed by Dr Vasilis Paspaliaris in Melbourne, Australia. Paradigm entered into agreement to acquire Xosoma Pty Ltd (including patent application PCT/AU2014/000953 entitled "a method of producing exosomes") and provides the Company with novel technology and numerous potential pathways to market.

Paradigm anticipates its initial focus will be on the potential development of the use of exosomes in the area of orthopaedics (as a mono therapy or in combination with the Paradigm's drug repurposing program). Paradigm will undertake research into exosomes to determine how their properties can be optimally leveraged, particularly with respect to joint health and the treatment of autoimmune diseases.

2.14 Paradigm's IP

Paradigm's intellectual property rights consist of its patent position (outlined in Section 8), its trademarks and also its trade secrets:

- **Patents:** Paradigm's wholly owned subsidiary Paradigm Health Sciences Pty Ltd has been granted in Australia a patent entitled *"treatment of BME with polysulphide polysaccharides"* with the priority date of 2 February 2011 and WIPO application number WO2012/103588. Paradigm's BME patent application has been filed in over 32 countries including the major markets of the USA, Europe and Japan. In addition Paradigm has acquired patents and patent applications in respect of certain respiratory conditions from Glycan which includes a granted patent in Australia. The respiratory patent application is also being prosecuted in the USA and Europe. For more detail on Paradigm's intellectual property portfolio see Section 8 (F B Rice Patent Report).
- **Trademarks:** The Company has two trademarks Zilosul® and Rhinasul® intended to be used on its products for treating BME and Allergic Rhinitis, respectively.
- **Trade secrets:** The PPS manufactured by bene pharmaChem is protected by trade secrets. While the trade secrets are owned by bene pharmaChem, Paradigm has a licence to the bene pharmaChem's IP under the Supply Agreement. For details see the Manufacturing Section 11.7.
- **Understanding of PPS:** Paradigm has developed significant expertise in PPS and its use. This know-how is protected by Confidentiality Agreements with employees and contractors.

2.15 Pipeline IP

Paradigm proposes to file a new Australian provisional patent application which is directed to the use of exosomes, particularly the exosomes produced according to the method of PCT/AU2014/00953 in combination with other products such as pharmaceutical agents. One such pharmaceutical agent could be PPS.

The combination product, in either autologous or allogeneic form could be used to treat a range of conditions. For example, exosomes from the patient's blood could be isolated, light activated and then combined with PPS prior to injection. The combination product could be injected directly into the injured area of the body.

2.16 Overview of the Company's funding program using IPO funds

Minimum Subscription – $5 million

Paradigm has a minimum funding scenario where it raises $5 million under this Prospectus. This minimum funding together with the Company's anticipated R&D tax rebates from the Australian Government are expected to provide funding for a 24 month period with the objective that the Company will be able to undertake an open label trial in BME for up to 60 patients and also undertake early pre-clinical/clinical work on its nasal delivery of PPS product to treat Allergic Rhinitis together with limited research and development in its pipeline technology.

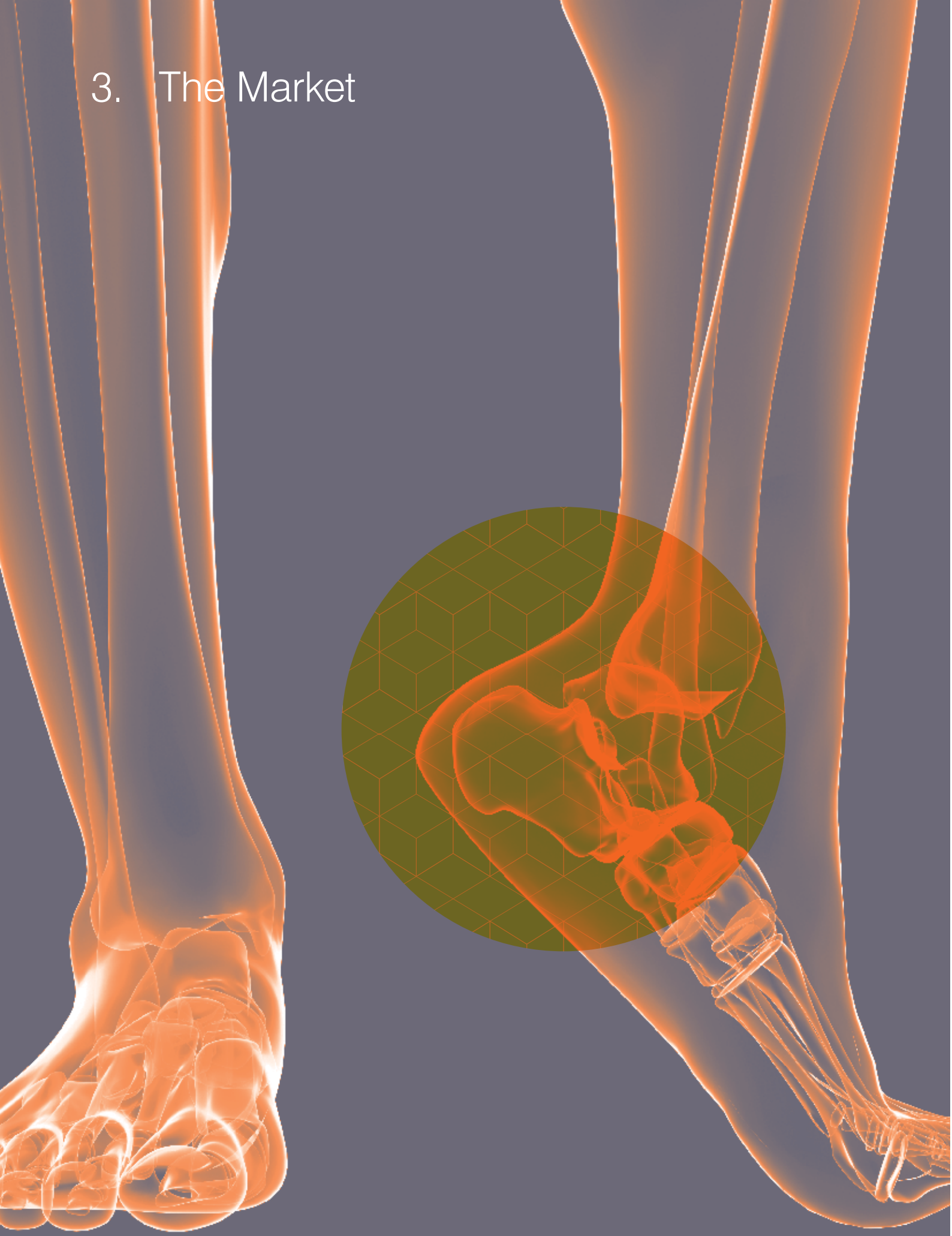
Paradigm owns significant *in vitro* and pre-clinical data on the use of PPS in industry standard models and assays used also by many of the large pharmaceutical companies.

Maximum Subscription – aggregate subscription up to $8 million

The Company will accept aggregate subscriptions (including oversubscriptions) up to a maximum of $8 million. At the maximum subscription under this Prospectus, together with the Company's anticipated R&D tax rebates from the Australian Government, the Company is expected to have funding for its program over a 24 month period.

This program is designed to undertake the open label BME trial for up to 60 patients and, using the results of this open label trial, to commence a proposed Phase 2 clinical BME trial. Where Paradigm raises the maximum aggregate subscription of $8 million, the program also provides funding for the Company to undertake a Phase 1 clinical trial for the nasal spray PPS formulation to treat Allergic Rhinitis, to continue development of a inhalable version of PPS for treating asthma and also limited research and development in its pipeline technology (including exosomes).

3. The Market



3. The Market

3.1 Introduction

Paradigm plans to target significant addressable markets with a potentially shortened development pathway utilising repurposed drugs. The Company aims to achieve lower cost, lower risk drug development path to market in areas where patients have chronic and acute inflammatory conditions.

3.2 BME market overview

BME is a very painful condition and if untreated can be associated with negative long term health consequences for the patient's affected joint – including progression to osteoarthritis.

BME was traditionally considered to be a self-limiting disease with remission of symptoms occurring between 9 and 12 months. Recent studies have highlighted BME as a potent risk factor of osteoarthritis.

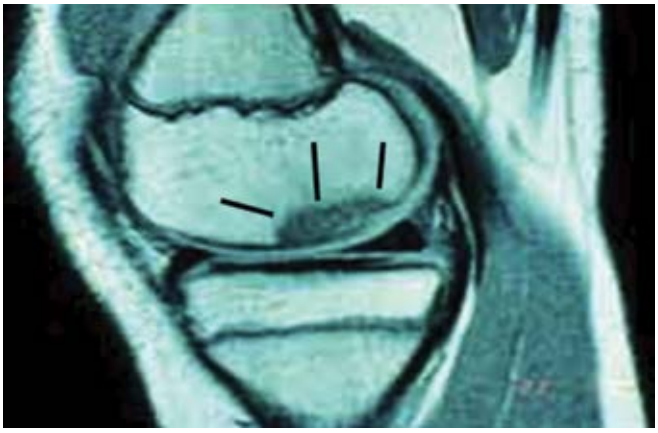
Over the last decade the increased use of magnetic resonance imaging (MRI) for musculoskeletal injuries has alerted clinicians to the existence of BME, a clinical condition previously undetected by conventional radiographic techniques (X-Rays).

BME is considered as a distinct clinical condition that is normally associated with:

- Constant bone pain;
- Functional disability;
- Quality of life issues; and
- Poor long-term prognosis for the affected joint.

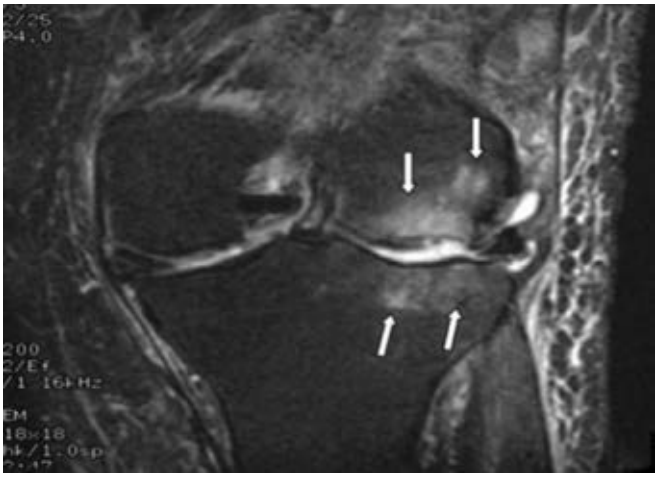
On a MRI scan, BME can be seen as an abnormality under the surface of the bone particularly in joints presenting with osteoarthritis or at the location adjacent to significant ligament or meniscus tears or bone contusions (for example in sporting injuries and accidents).

The figure below is a T1 weighted MRI scan of a knee joint with the BME highlighted by the dark lines:



3. The Market

The figure below is a T2 weighted MRI scan of a knee joint with the BME highlighted by the arrows:



3.3 BME Market Size

Currently there are no pharmaceutical products registered to treat BME or its underlying cause. BME has only recently been capable of identification with increased use of MRIs. As there are no approved treatments for BME, it is difficult to put hard numbers to its incidence, as the market for BME is still developing and has not been the subject of detailed reporting by clinicians.

Nevertheless in terms of market size it is clear that BME is a common medical problem worldwide that may arise from a wide variety of traumatic (mechanical) and to a lesser extent non-traumatic causes:

> **Traumatic** – By far the most frequent cause of BME arises from acute joint injuries including sporting injuries, car accidents or accidental falls leading to bruising within the subchondral bone (bone under the cartilage of a joint such as knee, hip or ankle).

> **Non traumatic** – bone bruising without an obvious traumatic event. For example, in rheumatoid arthritis edema (fluid build-up) inside the bone is commonly observed. BME is a signal of disease progression (rheumatoid arthritis), a marker of poor prognosis predicting joint damage and bone erosion.

One way to assess the market size for treating BME is by the incidence of some common acute traumatic injuries. The following are only two examples of such acute traumatic injuries from which market size may be estimated. In both cases, 80% of these injuries are associated with BME:

> Anterior cruciate ligament (**ACL**) injuries in the USA has an incidence rate of 40 ACL reconstructions per 100,000 people per year, equating to approximately 100,000 ACL reconstructions a year; and

> Tear of the meniscal cartilage in the knee in the USA has an incidence rate of 90 meniscal tears per 100,000 people per year; equating to approximately 300,000 meniscal injuries repaired a year.

Another way to assess the market size, for treating BME, is by the incidence and prevalence of people who have osteoarthritis with a history of joint trauma i.e. post traumatic osteoarthritis (**PTOA**). 12% or more of all patients with lower extremity osteoarthritis (**OA**) have a history of joint injury (ligament strain/rupture, meniscal tear or joint surface injuries). The number of patients, in the USA, with disabling PTOA of the hip, knee or ankle approaches 6 million and accounts for approximately 12% of annual expenditures for OA.

3.4 Commercial pharmaceutical company interest in BME

Vasoactive drugs and drugs blocking bone turnover (bisphosphonates) are being evaluated for treating BME.

Bayer Schering's (Berlin, Germany) drug Ventavis® (Iloprost) has been used in at least 3 pilot clinical trials investigating the safety and efficacy in patients with painful traumatic BME of the knee and/or ankle.

Roche's (Basel, Switzerland) drug Bonvia® (Ibandronate) has been used in at least 2 pilot clinical trials to investigate reduction of pain in patients with traumatic BME.

Importantly, Paradigm proposes in its clinical program to administer PPS intramuscularly – whereas both Iloprost and Ibandronate have been administered intravenously (IV) in the pilot clinical trials cited above (where the patient is required to be hospitalized for up to six days).

3.5 Allergic Rhinitis market overview

When an affected individual breathes a particular allergen, an early phase response is elicited within 30 minutes. Symptoms include intense nasal itching, runniness and sneezing. This early phase is mediated by the activation of mast cells, which are key immune cells involved in allergy. Mast cells release histamine, triggering most of the early symptoms.

The late phase response occurs after 6-8 hours, with symptoms of nasal swelling and blockage. These symptoms can then persist for as long as the allergen remains. This late phase is characterised by the accumulation of inflammatory cells into the nasal tissue. This process involves a complex inflammatory cascade, with a number of key inflammatory cells and molecules involved. Particularly, certain cells (eosinophils) and cytokines (IL-4, IL-5 and IL-3) have been identified as key players in this cascade.

3.6 Allergic Rhinitis treatment options

In most cases, treatment is managed at the pharmacy level, with 'over the counter' medications in oral and nasal formulations. These include:

Antihistamines

> Taken orally or intra-nasally

> 'First line' approach for mild forms.

> Work by blocking the early phase histamine response

> Not effective against late phase and chronic symptoms

> Oral anti-histamines may cause drowsiness or cardiac arrhythmias in some patients.

Corticosteroid nasal sprays

> Current 'mainstay' for more severe and persistent symptoms.

> Broad ranging anti-inflammatory activity, targeting both early and late phase inflammatory responses.

> Long-term usage causes concern for many patients, with side effects including thinning of the nasal lining, potential systemic effects including growth retardation in children and hormonal complications (Licari et al 2014).

Other treatment options

Cromolyn (disodium cromoglycate) nasal spray

> Works by blocking the release of histamine from mast cells.

> Effective in some patients, however less effective than the anti-histamine and corticosteroid sprays.

Decongestants (eg Phenyl-ephedrine)

> Work by reducing nasal blood flow, thus alleviating nasal swelling.

> Not effective for itching and sneezing.

> Usage is restricted to less than 5 days duration.

Ipratropium bromide nasal spray

> Works by reducing nasal secretions and runny nose

> No effective against itching, sneezing or congestion.

Advanced immune-modulatory therapies target specific aspects of the allergic immune response. A number of these (eg anti-leukotrienes, anti-IgE, anti-IL-4, anti-IL-13) are currently under development. Thus far, none have been as effective as existing treatments at relieving symptoms. Additionally, significant limitations include:

> Risk of potentially severe immune reactions

> High cost of production and uncertain cost effectiveness

> Requirement for consultation with, and administration by experienced medical practitioners

> Injectable form/dosing schedules – with the exception of Montleukast (oral), Pitrokinra (intra-nasal) and immunotherapy (sublingual route under investigation)

> Yet to prove significantly superior efficacy over corticosteroid therapy

> Efficacy is increasingly restricted to specific subsets of patients identified by diagnostic evaluation and typing.

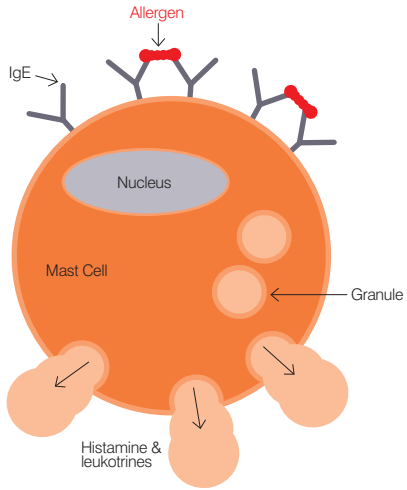
Thus, there remains a clear need for safe, efficacious and cost-effective treatment options for patients who continue to suffer symptoms despite the best available treatments, or those who suffer significant side effects. In fact, in a 2005 survey conducted by asthma and Allergy Foundation of America, more than half of patients surveyed were dissatisfied with their current medication, and 60% indicated they would be very interested in new treatments.

3.7 Allergic Asthma market overview

Paradigm also intends to continue development of a nebulised version of PPS for treating asthma.

There are various types of asthma but the most common presentation is Allergic Asthma. Family history of asthma and early exposure to allergens are important in the initiation of Allergic Asthma.

An attack of asthma begins when an allergen is inhaled. The allergen binds to allergen-specific IgE antibodies on the surfaces of mast cells in the lungs.



Binding of the allergen triggers the mast cells to release:

> Histamine; and

> Leukotrienes.

Together these substances:

> Cause the smooth muscle cells of the bronchi (the technical term for particular air-carrying tubes of the lung) to contract narrowing the diameter of the bronchi. This is the early stage.

> Create an accumulation of inflammatory cells – especially eosinophils and the production of inflammatory mucus. This is the late stage of the disease. With repeated attacks, the chronic inflammation causes the lining of the bronchi to become fibrotic (thickened and damaged).

60% of all asthma cases are Allergic Asthma. Non-allergic asthma accounts for the remaining 40% of cases. Non-allergic asthma has the same clinical symptoms of Allergic Asthma but it is caused by irritants rather than allergens. PPS may play a role in treating both allergic and non-allergic asthma.

3.8 Allergic Asthma treatment options

A physician has several current alternative treatments for asthma, the common approaches including:

Bronchodilators (beta-adrenergic agonists)

> These drugs (Albuterol for example) mimic the action of adrenaline.

> They relax the smooth muscle of the bronchi.

> They may be inhaled or given in oral form.

> While useful in the early stage of an attack, they provide no protection against the long term damage produced during the late stage.

Corticosteroids

> These drugs reduce the inflammation of the late stage of the response.

> They may be given in an inhaler (e.g., beclomethasone) or orally (e.g., prednisone).

Mast Cell Stabiliser – cromolyn sodium (disodium cromoglycate)

> Inhibits the release of histamine and leukotrienes from activated mast cells.

> It is used mainly used as a prophylaxis to prevent attacks (e.g., before exercise – if exercise triggers asthma attacks) but is of no use in the early stage of an ongoing asthma attack.

Mast Cell Stabiliser – leukotriene inhibitors

Two types of leukotriene inhibitors received FDA approval in 1996.

> Zileuton (Zyflo®) blocks leukotriene synthesis by inhibiting the action of a key enzyme (5-lipoxygenase).

> Montelukast (Singulair®) blocks the leukotriene receptors on the surface of smooth muscle cells and eosinophils.

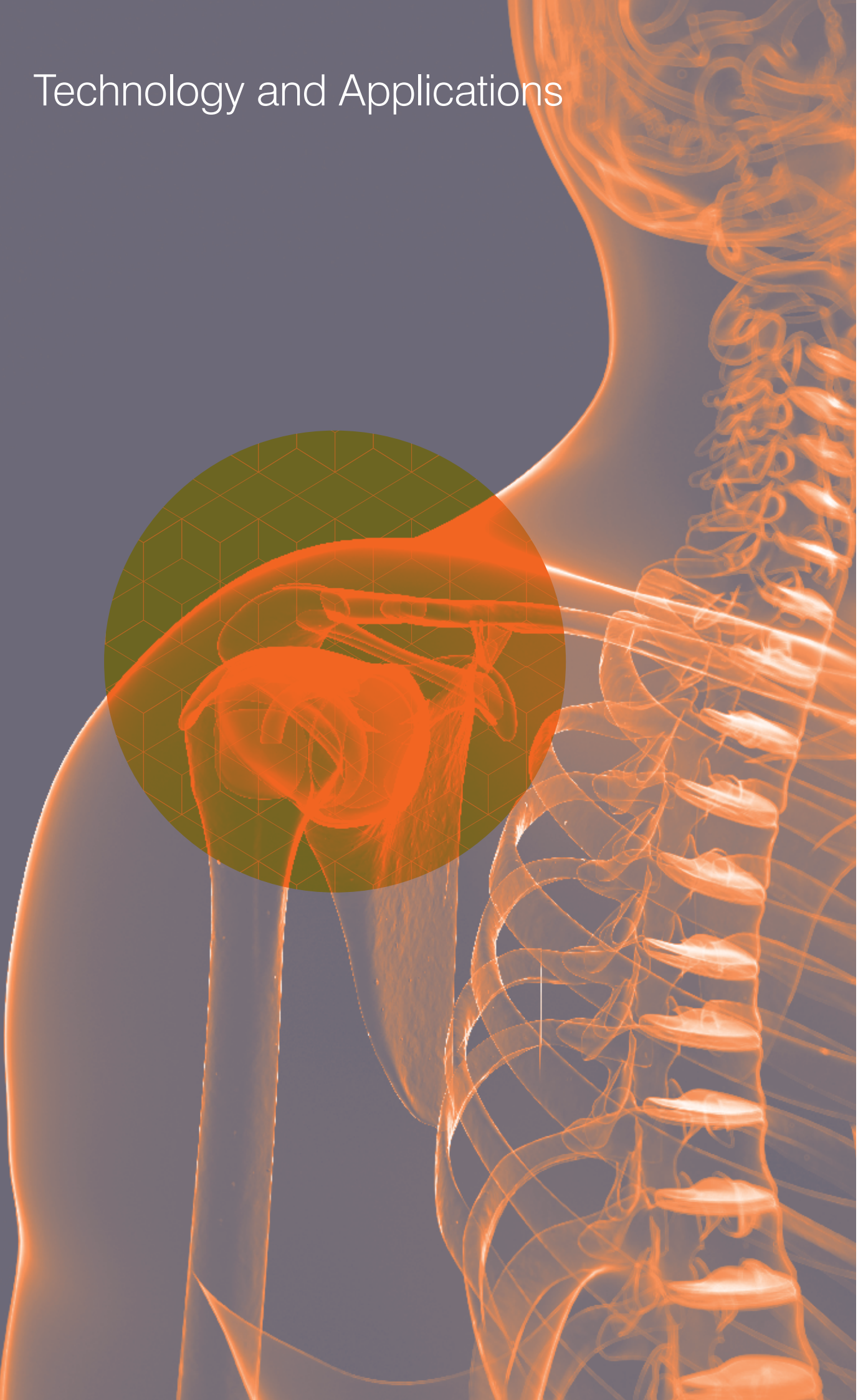
In the treatment of persistent asthma, randomised controlled trials have shown leukotriene inhibitors to be more effective than placebo but less effective than inhaled corticosteroids.

Recently developed biological treatments

> Anti-IgE antibodies. These interfere with the binding of IgE to mast cells. Omalizumab (Xolair®), is a humanized monoclonal antibody produced by recombinant DNA technology. Omalizumab® is considered to be an add-on therapy for patients with severe persistent Allergic Asthma inadequately controlled by high doses of standard inhaled treatments. Even at the lowest dosing it has a cost in the US of between $10,000 and $12,000 per annum. The dose constraints and delivery mechanism (subcutaneous injection) are an added disadvantage. Moreover, a warning from the US FDA has linked omalizumab injection to life-threatening anaphylaxis (rare) and more worrying in some patients this anaphylaxis is delayed, occurring between 2 to 24 hours after injection.

> Drugs like Lebrikizumab®, for example, bind to IL-13 keeping it from promoting IgE synthesis, mucus hypersecretion and airway hyperresponsiveness.

4. Technology and Applications



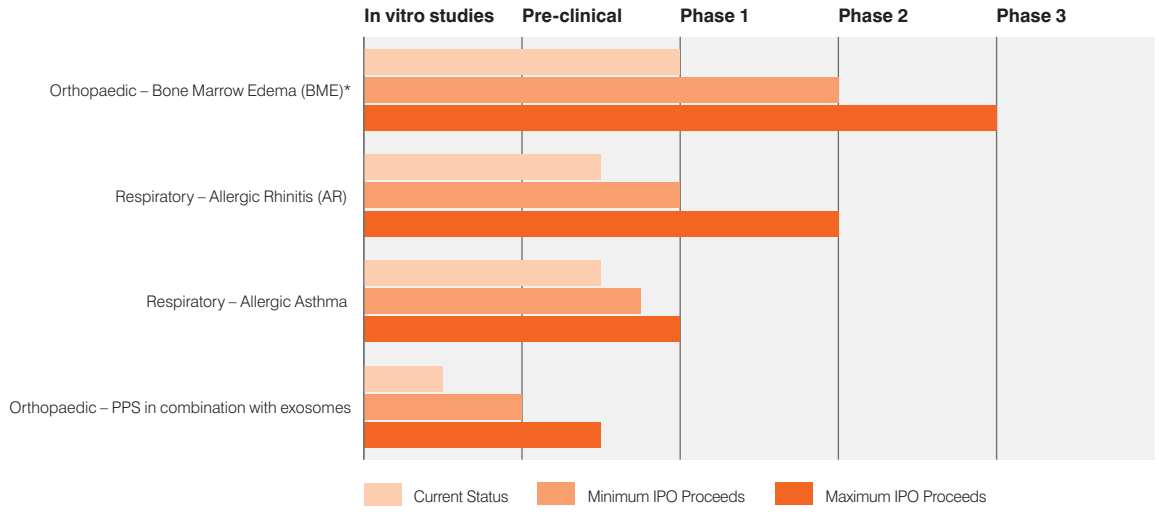
4. Technology and Applications

4.1 Paradigm's drug development pipeline

Paradigm intends to commence an open labelled clinical trial for the repurposing of PPS in treating traumatic BME in the first half of the 2016 calendar year and also plans to commence a Phase 1 clinical trial for the repurposing of PPS in treating AR in the second half of the 2016 calendar year.

Paradigm will also continue development of its proprietary exosomes platform to explore applications in the area of orthopaedics as a mono therapy or in combination with the Company's PPS repurposing program.

The figure below outlines the current status of the Company's drug development pipeline and anticipated milestones through application of proceeds from the Offer:



** Minimum Subscription proceeds to enable completion of open label Phase 2A clinical study*

4.2 PPS – lead drug repurposing candidate

PPS is a heterogeneous semi-synthetic drug manufactured from European beech-wood hemicelluloses by sulphate esterification. Its primary use over the last 60 years in Europe has been for the treatment and prevention of blood clots.

PPS is a safe drug (and currently the only) medication that has been approved by the US FDA for treating the pain or discomfort of interstitial cystitis. Investors should note that the Company's proposed BME product candidate is intended to be administered by way of an injection (not delivered orally, as it is for interstitial cystitis).

4.3 Proposed BME clinical development program

The Company intends to use proceeds from the Offer to undertake and complete an open labelled BME clinical trial of up to 60 patients in the 2016 calendar year. This trial is anticipated to confirm prior POC efficacy (refer Section 2.8 for further detail), together with optimal dosing of PPS and clinical endpoints – in preparation of regulatory submission for commencement of a double blinded placebo controlled Phase 2 clinical trial in patients with BME.

4.4 PPS Mechanism of Action (MOA)

There is a considerable scientific evidence to indicate PPS has a number of pharmacological MOAs in treating BME. In particular PPS's MOAs include suppression of cartilage degrading enzymes (MMPs), anti-inflammatory, fibrinolytic and lipolytic effects – which are thought to be relevant to the treatment of BME and its underlying cause.

4. Technology and Applications

The figure below is a PPS Mechanism of Action – multiple pharmaceutical activities:

BME SYMPTOM	CAUSE	PPS MOA
Inflammation	Inflammatory cytokines and chemokines	Anti-inflammatory agent especially anti-TNF-alpha, IL-1 ▼ TIMPS ▲
Cartilage degeneration	Release of cartilage degrading enzymes	Blocks cellular release of degrading enzymes
Cell death and necrosis	Mechanical stress results in oxidative stress	Anti-oxidant
Intraosseous blood clotting	Micro-fractures within the subchondral bone	Mild anticoagulant, fibrinolytic agent

4.5 PPS for treatment of Allergic Rhinitis (AR)

Allergic Rhinitis is a significant global health problem, affecting up to 30% of the population, with increasing incidence. Symptoms can significantly affect the quality of life for sufferers, and can significantly affect concentration and work performance. Depending on the particular allergen, symptoms may be seasonal or year-round.

The significant personal and economic impact of AR is increasingly acknowledged. In particular, with increasing evidence linking upper and lower respiratory allergic disease, there is a renewed emphasis on optimising the management of AR in order to reduce the severity and frequency of asthmatic symptoms. The need for improved management of AR is emphasised in the 2010 Allergic Rhinitis Impact on asthma (ARIA) guidelines, and there is thus considerable work ongoing in this field.

4.6 Rationale for the use of PPS to treat AR

Paradigm holds intellectual property covering the development of PPS in the treatment of certain respiratory conditions. In the first instance, Paradigm plans to pursue development of an intra-nasal therapeutic for AR.

The rationale for the development of PPS in the treatment of Allergic Rhinitis is based on findings of significant and dramatic therapeutic effects in AR and Allergic Asthma in a key pre-clinical trial:

In vivo use of PPS used in an animal model of AR:

Treatment with PPS in animal models of Allergic Rhinitis produced dramatic and statistically significant, dose dependant reductions in the allergic inflammatory response (as measured by eosinophil count, total inflammatory cell count and protein content of nasal fluid).

Significant reductions in airway hyper-responsiveness, airway resistance, lung compliance and leucocyte and protein exudation (BAL fluid) were also demonstrated in acute challenge animal asthma models.

In vitro functional studies on AR and AA cytokine targets:

PPS was shown to inhibit key cytokines IL-4, IL-5, IL-13, also inhibiting eotaxin, and Human Leucocyte elastase.

These findings were obtained in a series of experiments investigating the effect of a number of compounds. Of these, PPS was the most efficacious, and was comparable to the comparator budesonide, one of the leading available nasal corticosteroids.

Additionally, Paradigm has access to:

- Existing extensive safety and toxicology dossier obtained for oral and parenteral routes
- Scientific literature demonstrating mechanisms of action of PPS in other inflammatory conditions, which have specific relevance to Allergic Rhinitis. Key published mechanisms include potent mast cell stabilising effects (superior to that of Cromolyn), and potent anti-inflammatory effects on key mediators involved in Allergic Rhinitis
- Extensive PPS manufacturing experience to high quality GMP standards, through arrangements with bene-pharmaChem

For further details on the anticipated advantages in repurposing PPS to treat AR refer 2.11.

4.7 PPS for treatment of Allergic Asthma

Paradigm's intellectual property rights and pipeline also encompasses the use of PPS in treating Allergic Asthma. Under the maximum capital raising of $8 million under this Prospectus, Paradigm intends to continue development of a nebulised version of PPS for treating asthma.

Asthma is a chronic disease characterized by recurrent attacks of breathlessness and wheezing, which vary in severity and frequency from person to person. In an asthma attack the lung bronchi become constricted, reducing the diameter of airway passages, thereby making it difficult to inhale and especially exhale. The sufferer wheezes and coughs. Asthma attacks are most commonly caused by inhaled allergens into the lungs. Severe attacks can be life-threatening.

4.8 Rationale for the use of PPS to treat Allergic Asthma

PPS has the potential to treat severe asthmatics who demonstrate inhaled corticosteroids resistance. PPS targets many pathogenic pathways that lead to asthma and, therefore, will target the varied asthma phenotypes. Unlike biologicals, PPS is expected (based on pre-clinical work to date) to have the advantage of repeated usage without loss of biological activity.

4.9 Exosome platform technology

The Company's exosome platform technology is based on proprietary work completed by Dr Vasilis Paspaliaris in Melbourne, Australia. Paradigm entered into agreement to acquire the holding company Xosoma Pty Ltd (including the patent application PCT/AU2014/000953) in 2015, and provides the Company with a cutting edge technology and numerous potential pathways to market.

Paradigm expects to initially focus development on the application of exosomes in the area of orthopaedics as a mono therapy or in combination with the Company's drug repurposing program. Paradigm will undertake research into exosomes to determine how their properties can be optimally leveraged, particularly with respect to joint health and autoimmune diseases.

Exosomes are unique in that they can be:

- Naturally produced;
- Contain biologically active compounds; and
- Molecules are on their surface which can be used to target the exosome to specific tissues or cells.

In this context, native or slightly altered exosomes may satisfy the criteria for products that may be brought to market quickly, while also representing a cutting edge technology.

Paradigm will undertake research into exosomes to determine how their properties can be optimally leveraged, particularly with respect to joint health and autoimmune diseases.

4.10 Exosomes – the next small thing in regenerative medicine!

Exosomes are naturally occurring sub-microscopic circular sacs secreted by cells into the space outside the cell. Exosomes are secreted by most cell types in the body including stem cells. Mesenchymal Stem Cells (**MSC**'s) are an extensively used cell type in clinical trials today. The initial rationale for their clinical testing was based on their differentiation potential. However, the lack of correlation between functional improvement and cell engraftment or differentiation at the site of injury has led to the proposal that MSCs exert their effects not through their differentiation potential but through their secreted product, more specifically, exosomes. The contents of exosomes include proteins, nucleic acids and lipids. In the simplest terms, they can be viewed as tiny packages of biologically active molecules that promote cell survival and tissue repair.

4.11 What do exosomes do?

Exosomes are thought to play a key role in the communication between cells, both adjacent cells and cells further away. Exosomes may stimulate target cells by binding to a specific receptor on the target cell's surface. That interaction alone may stimulate changes in behaviour of the target cell or lead to the transfer of the exosome contents into the target cell, which also stimulates changes in behaviour. The interaction with and/or transfer of biologically active contents of the exosome, from particular originating cell types, are thought to be important in the suppression of inflammation and regeneration of injured/damaged cells.

4.12 Preparation and medical applications of exosomes

Exosomes are natural components and released by most cells in the human body.

Exosomes can be sourced from many different cell types but cells from the peripheral blood were used to develop the first exosome product by the scientists at Xosoma Pty Ltd (Xosoma). Monocytes, a type of immune white blood cell, are a rich source of exosomes.

A blood sample is collected from a patient which contains the originating cells. After their removal from a patient they can be activated to generate/secrete exosomes via the use of a purpose-built CE-Marked device. This photo activation of the exosomes is via a proprietary procedure developed by Xosoma scientists.

These tiny packages of biologically active molecules have the potential to be a viable alternative therapeutic agent to existing cell therapies as they offer considerable advantages.

4.13 Exosomes are normally secreted from cells in small numbers unless the originating cell is activated

Exosomes are generally secreted from cells in small numbers. The number of exosomes secreted can be increased if the originating cell is activated. Xosoma scientists filed a patent over a method to significantly increase the number of exosomes secreted from the originating cells via photo-activation. The photo activated peripheral blood cells secrete exosomes at a rate, per minute, of almost 100% over non-photo activated monocytes. The patented photo activation method increases the number of exosomes in a rapid, efficient, safe, inexpensive and targeted manner.

4.14 How could exosomes from photo activated monocytes be used in regenerative medicine?

Exosomes from photo activated peripheral blood cells have the potential to be used as either an autologous or an allogeneic 'Cell-Free' regenerative therapy. An autologous procedure is where the exosomes from the patient's cells are administered back to the same patient. An allogeneic procedure is where the exosomes from a patient's cells are administered to a genetically un-related recipient patient.

The process of using exosomes from photo activated peripheral blood cells as an autologous product is rapid and very elegant, and can be done in the following manner:

1. Whole blood sample collected from the patient;
2. The peripheral blood mononuclear cells (**PBMC**'s) are separated;
3. The PBMCs are photo activated accelerating the release of exosomes from them;
4. Exosomes purified from the PBMCs are sterilised;
5. Exosomes ready for injection back into patient.

The exosomes from photo activated PBMC's could be used in many of the procedures that adult stem cells are currently used in today, such as injection into arthritic joints or the areas of the lower back.

4.15 Potential benefits of exosomes

> For patients with chronic diseases many of the existing therapies, such as corticosteroids, are either less efficacious or have an increased risk of side effects with long-term use. Exosomes are natural and are anticipated to provide the patient with a therapeutic product with potentially less side effects than corticosteroids. Additionally, exosomes are likely to regenerate or repair damage tissue thereby treating the underlying pathology of the disease not just the symptoms;

> For patients administered with biological therapies, for the treatment of autoimmune diseases, they are inconvenient (intravenous administration) and are very expensive.

> Exosome therapy potentially has a short procedural time (minimally-invasive) for both the physician and patient making it a more convenient treatment and lower cost than most stem cell procedures;

> Exosomes may be sourced from the patient via a blood sample i.e. no biopsies are required making the exosome procedure less invasive/complex and very cost effective.

> Anticipated lower cost of goods,

> Only 'Cell-Free' exosomes are injected into the patient which is anticipated to make re-dosing possible;

> Manufacturing a clearly defined/characterised/reproducible product is possible;

> Unlike some Cell Therapies autologous exosomes are not produced in a laboratory. Exosomes are produced at the point-of-care.

> Compared to Cell Therapies which are not easily sterilized, exosomes are injected back to the patient as a 'Cell-Free' plasma-based sterile preparation;

> In addition to the expected advantages above, in the case of an allogeneic exosomes from photo activated monocytes the freezing requires no special treatment of exosomes (i.e. no added cryo-protectants) which could interfere with the therapeutic quality of the exosomes,

> Unlike most allogeneic cell therapies, it is anticipated that exosomes do not need to be stored in liquid nitrogen. This would make exosomes readily accessible for use and are safe, convenient and less expensive transport.

> Autologous or allogeneic products exosomes from photo activated monocytes are anticipated to be capable of manufacture on a large scale and not subject to the batch-to-batch variations – as sometimes seen in production of cells.

4.16 Exosome-based regenerative medicine products

It should be noted exosomes from photo activated monocytes are a potential platform technology, much in the same way stem cells are considered a platform technology.

4.17 Exosome-based stand-alone 'Cell-Free' regenerative medicine products:

Exosomes have the potential to be used as stand-alone "Cell-Free" autologous or allogeneic regenerative medicine products for veterinary or human use.

For example, exosomes extracted from the patient's own blood could be photo activated and re-administered to the patient to treat a range of autoimmune diseases such as rheumatoid arthritis, scleroderma, psoriasis, multiple sclerosis and Crohn's disease.

Autoimmune disorders arise from an overactive immune response against the body's own cells. Almost all autoimmune diseases are chronic and have no permanent cure. According to the National Institutes of Health, there are more than 80 different recognized types of autoimmune disease. Collectively, these conditions affect over 300 million patients world-wide and they represent a substantial healthcare and socioeconomic burden. The cause of many of these disorders remains unknown. Women constitute around 70%-75% of all autoimmune patients.

Common conditions involving immune system dysfunction include diabetes (Type 1), allergies, rheumatoid arthritis (RA), immune deficiency disorders, inflammatory bowel disease (e.g., IBD, Crohn's, ulcerative colitis), dermatological conditions (e.g., psoriasis, eczema), pulmonary conditions, scleroderma, and a range of others.

Inflammatory and immune conditions are caused by an acute or chronic malfunction in the immune system. In these conditions, cells of the patients' immune system begin to attack certain tissues or organs of their host i.e. the patient's own body, resulting in tissue damage, inflammation, pain and loss of function.

As stated above, there are over 80 separate diseases involving the immune system, there are a wide range of different therapeutic agents that have been developed to address these conditions, including commonly utilized non-steroidal anti-inflammatories (**NSAID**s), corticosteroids, immunosuppressive drugs (e.g., cyclosporine, tacrolimus, cyclophosphamide, prednisolone), disease modifying anti-rheumatic drugs (DMARDs) (methotrexate, leflunomide, hydroxychloroquine, sulfasalazine, gold and others), biologics (e.g., anti-IL-1, IFN-beta, anti-IL-6, anti-TNFalpha therapies) and others. In some cases drugs from different classes are combined. For example in addition to DMARDs biologic therapies are used as adjunctive therapy. Despite the range of therapies currently available, treatments that are consistently safe and effective are lacking for many indications. Other problems for patients with autoimmune disease is the inconvenient treatments, the high cost of treatment and the reduce efficacy or increased side-effects after prolonged use of some drugs. There is no recognized cure for chronic autoimmune disease.

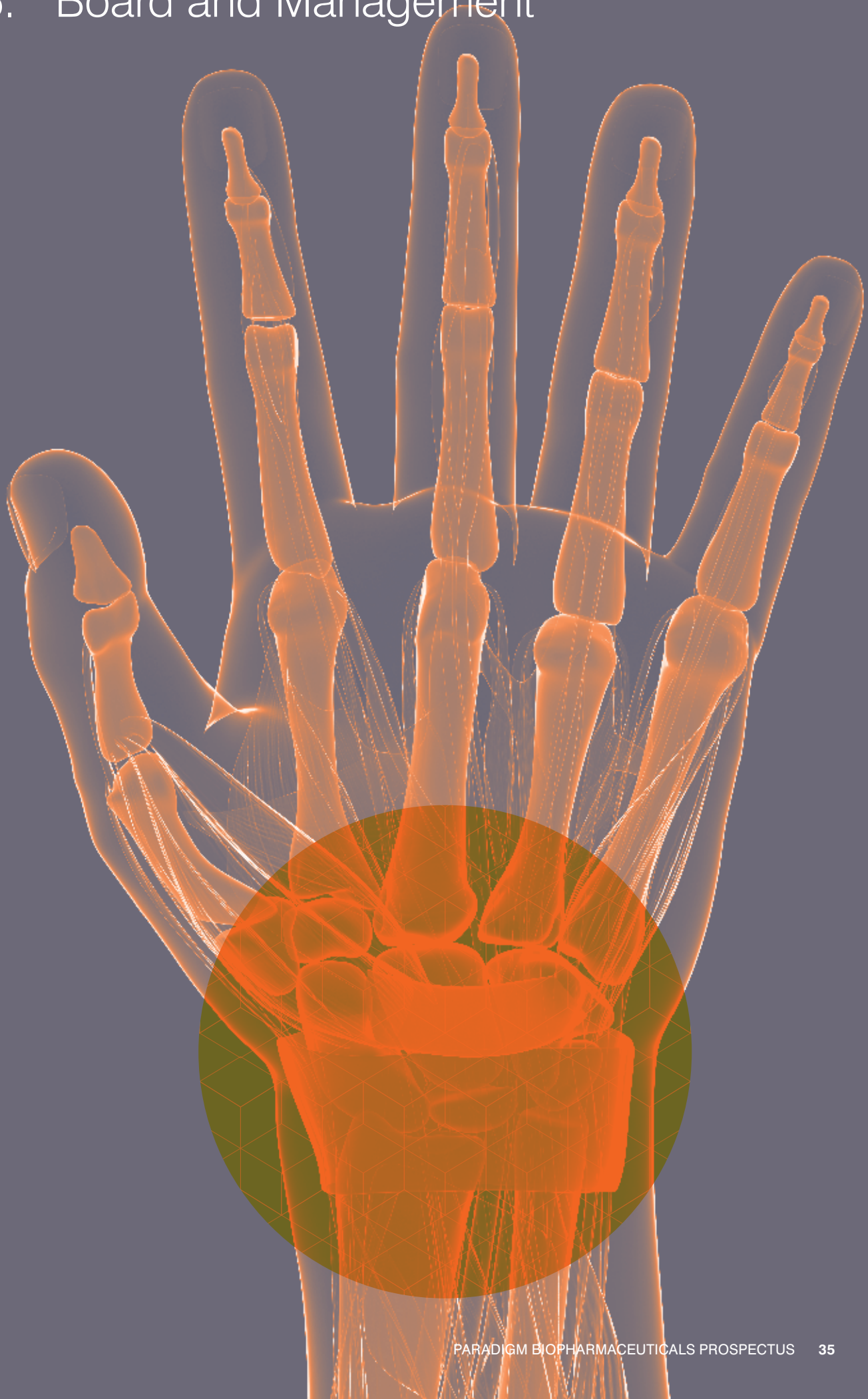
4.18 Exosomes + pharmaceutical combination product

Alternatively exosomes in autologous or allogeneic form could potentially be used in combination with pharmaceutical agents, including PPS which the Company is already developing.

For example, cells from the patient's blood could be isolated, photo activated and the harvested exosomes combined with PPS prior to injection. Alternatively, the originating cells (such as monocytes) could be incubated in the presence of PPS prior to photo activation.

The combination of exosomes and PPS means two therapeutic products combine with the objective to produce a synergistic therapeutic effect compared to the therapeutic effect of the therapies when administered separately. The combined product could be injected directly into the injured area of the body. The combination of exosomes and PPS could produce a very potent anti-inflammatory (anti-cytokine such as anti-IL-1, or anti-IL-6 or anti-TNFalpha) and chondroprotective (cartilage protective agent) therapy for the treatment of chronic orthopaedic indications such as the treatment of degenerative osteoarthritis or degenerative disc disease.

5. Board and Management



5. Board and Management

5.1 Our Board

Graeme Kaufman, Non-Executive Chairman

Graeme Kaufman BSc, MBA, has wide ranging experience across the biotechnology sector, spanning scientific, commercial and financial areas. His experience with CSL Limited, Australia's largest biopharmaceutical company included responsibility for all of their manufacturing facilities, and the operation of an independent business division operating in the high technology medical device market. As CSL's General Manager Finance, Mr Kaufman had global responsibility for finance, strategy development, human resources and information technology. Mr Kaufman has also served as an executive director of ASX-listed Circadian Technologies and a non-executive director of Amrad Corporation, and held the role of Executive Vice President Corporate Finance with Mesoblast Limited until 2013. He is currently Chairman of Bionomic Limited and IDT Australia Limited and non-executive director of Cellmid Limited.

Paul Rennie, Managing Director

Paul Rennie BSc, MBM, Grad Dip Commercial Law, MSTC, has sales, marketing, business development, operational and IP commercialisation experience in the biopharmaceutical sector. Paul's experience includes working for Boehringer Mannheim (now Roche Diagnostics), Merck KGGA as national sales and marketing manager and Soltec (FH Faulding Ltd) as their director of business development. Paul also led the commercialisation of Recaldent® a novel biopharmaceutical arising from research at the dental school, University of Melbourne. Paul took an R&D project from the laboratory bench to a commercial product now marketed globally as an additive to oral care products. More recently Paul worked in a number of positions with Mesoblast Ltd. Paul was the inaugural COO and moved into Executive Vice President New Product Development for the adult stem cell company. For the past year Paul has worked full time at Paradigm BioPharmaceuticals Ltd.

Christopher Fullerton, Non-Executive Director

Christopher Fullerton, BEc, has extensive experience in investment, management and investment banking and is a qualified chartered accountant. He is an investor in listed equities and private equity and his current unlisted company directorships cover companies in the property investment and agriculture sectors. Mr Fullerton's exposure to and experience in the fields of biotechnology and health care technology was gained through his non-executive chairmanships of Bionomics Limited, Cordlife Limited and Health Communication Network Limited and his non-executive directorship of Global Health Limited.

John Gaffney, Non-Executive Director

John Gaffney LL.M is a lawyer with over 30 years' experience and has undertaken the AICD Company Directors qualification. He brings to the board a compliance and corporate governance background and is experienced in financial services compliance. John also has corporate and commercial experience having worked with a major national law firm as a senior lawyer and also practised as a Barrister at the Victorian Bar. Previously John has been a non-executive director of a US based biotechnology company.

5.2 Our core scientific and clinical team

Paradigm has entered into consultancy agreement with the scientists and physicians outlined below, but these persons are not employees of Paradigm. Rather the scientists and physicians are engaged by Paradigm on a non-exclusive basis on a month to month retainer that can be terminated at any time –

Respiratory:

Assoc. Professor Janet Rimmer – leading respiratory physician and allergist, with extensive experience in eminent clinical, research and advisory roles in Australia and abroad.

Professors Jonas Erjefalt (Lund, Sweden) – is a prominent global researcher in the respiratory and allergy fields. He is a respected scientist who has collaborated on the pre clinical studies (Allergic Rhinitis and Allergic Asthma) with PPS.

Professor Paul Young (Woolcock Institute & Sydney University) – is a leading respiratory pharmaceutical scientist with extensive experience in respiratory drug and device development.

Dr Judith Jaeger – Board-certified respiratory physician with over 25 years clinical development experience with Big Pharma and small biotech companies and has a comprehensive knowledge in US FDA regulatory filings of respiratory and other allergic and anti-inflammatory drugs and biologics. Judith is based in New York.

Dr Keith Williams – as Founder and former CEO of Proteome Systems Ltd, Keith is a prominent Australian scientist and entrepreneur with broad experience in the Biotechnology sector.

The Company expect to engage other US based consultants with relevant FDA regulatory experience following completion of the Offer.

Exosomes:

Dr Vasilis (Bill) Paspaliaris – as one of the Founders of Xosoma Pty Ltd, Vasilis is a highly experienced clinical pharmacologist and medical scientist with a current interest in regenerative medicine. He has championed the discovery and development of seven patented peptide and exosome extraction, activation and treatment methodologies.

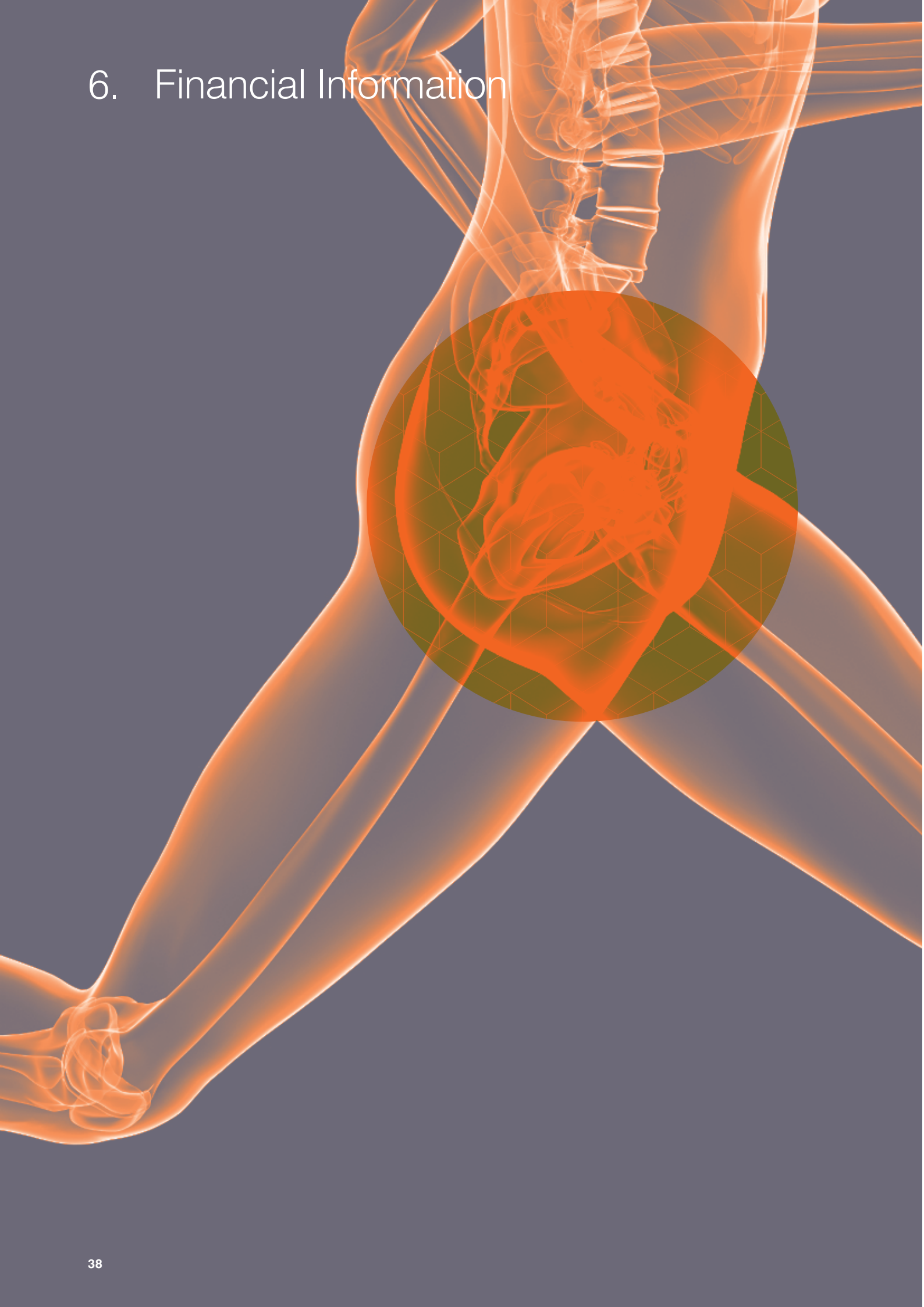
The Company expects to engage other consultants with scientific experience in the exosome field following completion of the Offer.

5.3 Proposed regulatory/clinical appointments

Paradigm has had discussions for the appointment of additional regulatory and clinical members to support the Company's Expenditure Program.

The Board believes it will be in a strong position to confirm such appointments after the successful fund raising under this Prospectus with the profile as a listed company.

6. Financial Information



6. Financial Information

Introduction

The Financial Information contained in this section includes the Historical Financial Information and Pro forma Historical Financial Information for Paradigm.

Historical Financial Information being:

> the Consolidated Statement of Financial Performance for the period from incorporation on 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015; and

> the Consolidated Statement of Financial Position as at 31 March 2015.

The Historical Financial information has been based on the audited accounts of Paradigm for the period from incorporation on 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015.

Pro Forma Historical Financial Information being the Pro Forma Historical Statement of Financial Position as at 31 March 2015.

The Pro Forma Historical Statement of Financial Position assumes the completion of the Offer and other transactions as outlined in Section 6.2.

The Historical Financial Information and Pro Forma Historical Financial Information has been reviewed by RSM Bird Cameron Corporate Pty Limited whose Independent Limited Assurance Report is contained in Section 7.

The information in this Section should also be read in conjunction with the risk factors set out in Section 9 and other information contained in this Prospectus.

Basis of Preparation and Presentation of the Financial Information

The Financial Information included in this Section has been prepared and presented in accordance with the recognition and measurement principals described in Australian Accounting Standards. Compliance with these standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards as adopted by the International Accounting Standards Board.

The Financial Information has been solely prepared for the purpose of inclusion in the Prospectus and is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Paradigm's significant accounting policies have been consistently applied throughout the periods and are set out in Section 6.1.

The Historical Financial information has been based on the audited accounts of Paradigm for the period from incorporation on 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015. RSM Bird Cameron audited the financial statements for the period from incorporation on 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015 and issued unqualified opinions for both periods.

The Pro forma Historical Financial Information is based on the audited financial statements of Paradigm for the nine month period ended 31 March 2015, after adjusting for certain pro forma transactions as outlined in Section 6.2.

Investors should note that past results are not a guarantee of future performance.

6. Financial Information

Historical Consolidated Statement of Comprehensive Income

Set out below is the historical audited Statement of Comprehensive Income of the consolidated entity for the period from 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015.

	PERIOD ENDED 31 MARCH 2015 AUDITED $	FROM 2-MAY-14 TO 30-JUNE-2014 AUDITED $
Other Income	5,859	–
Research & Development	(93,778)	–
Employee expenses	(549,380)	–
General Administration expenses	(193,155)	(38,573)
Loss before income tax	**(830,454)**	**(38,573)**
Income tax expense	–	–
Loss for the year	**(830,454)**	**(38,573)**
Other comprehensive income	–	–
Total comprehensive income attributable to members of the entity	**(830,454)**	**(38,573)**

Note: The Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the financial information.

Historical and Pro-Forma Consolidated Statement of Financial Position

Set out below is the historical audited Statement of Financial Position of the Consolidated Entity as at 31 March 2015 and the Pro-Forma Statement of Financial Position as at 31 March 2015. The Pro-Forma Statement of Financial Position has been prepared to illustrate the effects of the Offer and assumes completion of the Pro-Forma transactions set out in Note 6.2 as if they had occurred on 31 March 2015.

	NOTE	AUDITED CONSOLIDATED ENTITY 31-MAR-15 $	PRO-FORMA ADJUSTMENTS MINIMUM $	PRO-FORMA ADJUSTMENTS MAXIMUM $	UNAUDITED PRO-FORMA POSITION MINIMUM $	UNAUDITED PRO-FORMA POSITION MAXIMUM $
ASSETS						
Current assets						
Cash and cash equivalents	*6.3*	297,185	4,384,108	7,204,108	4,681,293	7,501,293
Trade and other receivables	*6.4*	371,231	(350,000)	(350,000)	21,231	21,231
Capital Raising Costs	*6.5*	477,808	(477,808)	(477,808)	–	–
Total current assets		**1,146,224**	**3,556,300**	**6,376,300**	**4,702,524**	**7,522,524**
Non-current assets						
Intangible assets	*6.6*	295,727	7,223,333	7,223,333	7,519,060	7,519,060
Total non-current assets		**295,727**	**7,223,333**	**7,223,333**	**7,519,060**	**7,519,060**
Total assets		**1,441,951**	**10,779,633**	**13,599,633**	**12,221,584**	**15,041,584**
LIABILITIES						
Current liabilities						
Trade and other payables	*6.7*	577,325	–	–	577,325	577,325
Total current liabilities		**577,325**	**–**	**–**	**577,325**	**577,325**
Net assets		**864,626**	**10,779,633**	**13,599,633**	**11,644,259**	**14,464,259**
EQUITY						
Issued capital	*6.8*	1	12,361,978	15,181,978	12,361,979	15,181,979
Preference shares	*6.8*	1,582,345	(1,582,345)	(1,582,345)	–	–
Reserves	*6.9*	264,600	484,400	484,400	748,800	748,800
Accumulated losses	*6.10*	(982,320)	(484,400)	(484,400)	(1,466,520)	(1,466,520)
Total equity		**864,626**	**10,779,633**	**13,599,633**	**11,644,259**	**14,464,259**

The Consolidated Pro-Forma Statement of Financial Position represents the Audited Statement of Financial Position as at 31 March 2015 adjusted for the Pro-Forma transactions outlined in Note 6.2 relating to the issue of shares pursuant to this Prospectus and other transactions. The Statement of Financial Position should be read in conjunction with the notes to the financial information.

6.1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial information are set out below.

(a) Basis of preparation

The financial information has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial information has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Principles of Consolidation

The consolidated financial statements comprise those of the Company, and the entities it controlled at the end of, or during, the financial period. The company and its controlled entities together are referred to in this financial report as the consolidated entity.

The acquisition of Paradigm Health Sciences Pty Limited ("PHS") on 5 June 2014 was treated as a common control transaction. Consequently, this transaction did not fall into the scope of AASB 3 – Business Combinations.

The acquisition of PHS has been accounted for using book value accounting whereby the assets and liabilities of PHS are recognised at their previous carrying amounts. No adjustments were made to reflect fair values and no new assets and liabilities of PHS were recognised at the date of the acquisition. The Consolidated Statement of Total Comprehensive Income for the period from incorporation on 2 May 2014 to 30 June 2014 includes the results of PHS for the entire period.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(b) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). The income tax expense or revenue for the period is the tax payable on taxable income for the current period based on the applicable income tax rate for Australia, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Income tax revenue in relation to refundable Research and Development tax offsets is only recognised following the lodgement and processing of the income tax return related to the offsets.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(c) Employee Benefits

Share-based compensation benefits

Issues of shares to employees with limited recourse loans under the Executive Share Plan (ESP) are considered to be share based payments in the form of options.

The fair value of options granted under the ESP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the limited recourse loan.

(d) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(e) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

(f) Intangible assets

(i) Intellectual property and licences

Intellectual property and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Intellectual property and licences are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(ii) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(g) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within the requisite terms specified by the supplier.

(h) Issued capital

Ordinary and preference shares of the Company (Preference Shares) are classified as equity.

Any incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

6.2 Pro-Forma Statement of Financial Position Adjustments

The Pro-Forma Statement of Financial Position as at 31 March 2015 has been prepared by adjusting the audited Statement of Financial Position as at that date to reflect the financial effects of the following transactions as if they had occurred at 31 March 2015:

(i) The receipt of $350,000 in relation to 600,000 Preference Shares subscribed for prior to 31 March 2015 at an issue price of $1.00 per Preference Share to raise funds for the general working capital of the Company up to the Listing Date. $250,000 was received before 31 March 2015.

(ii) The consolidation of the Company's share capital prior to undertaking the Offer by 0.7436238581.

(iii) The issue of 19,495,238 fully paid ordinary shares to shareholders of Xosoma Pty Ltd (ACN 164 399 740) ("Xosoma") as consideration for the acquisition of Xosoma pursuant to a share swap agreement).

(iv) The Offer of 14,285,714 fully paid ordinary shares (Minimum Subscription) at $0.35 each to raise $5,000,000 before expenses of the issue. The Pro-Forma adjustments assume that the Offer is fully subscribed. All shares issued pursuant to the Prospectus will be issued as fully paid.

(v) Payment of cash costs for brokerage fees of undertaking the Offer at the Minimum Subscription is $300,000 and if Maximum Subscription (as defined below) is achieved it will be $480,000.

(vi) Payment of legal fees of undertaking the Offer will be $165,354 if either Minimum Subscription or Maximum Subscription is achieved.

(vii) Payment of ASX listing fees of undertaking the Offer will be $82,513 if either Minimum Subscription or Maximum Subscription is achieved.

(viii) Payment of share register fees of undertaking the Offer will be $3,025 if either Minimum Subscription or Maximum Subscription is achieved.

(ix) Payment of accounting fees of undertaking the Offer will be $15,000 if either Minimum Subscription or Maximum Subscription is achieved.

(x) The Offer of 22,857,143 fully paid ordinary shares (Maximum Subscription) at $0.35 each to raise $8,000,000 before expenses of the issue. The Pro-Forma adjustments assume that the Offer is fully subscribed. All shares issued pursuant to the Prospectus will be issued as fully paid.

(xi) The transfer of prepaid Listing costs of $477,808 to the issued share capital account.

(xii) The conversion of 1,235,000 Preference Shares to Ordinary Shares in accordance with the formula outlined in the subscription agreement with each Preference Shareholder (Subscription Agreement) will occur upon a qualified IPO (as defined in the Subscription Agreement).

(xiii) The conversion of 600,000 Preference Shares to Ordinary Shares in accordance with the formula outlined in the subscription agreement with each Preference Shareholder (Subscription Agreement) will occur upon a qualified IPO (as defined in the Subscription Agreement).

(xiv) Remaining cash payment of $400,000 (USD$300,000 assuming exchange rate of AUD$1 = USD$0.75) for acquiring patents in relation to respiratory diseases of Glycan Biosciences, LLC upon successful completion of the Listing.

(xv) The Company buy-back of 1,338,523 post consolidation Shares issued prior to 31 March 2015 under the executive share plan (Loan Shares) to eligible employees (as defined under that plan) at the issue price of $0.35.

(xvi) The issue of 3,600,000 Shares under the executive share plan (Loan Shares) to eligible employees (as defined under that plan) at the issue price of $0.35 which vest immediately. The Loan Shares are acquired with a Limited Recourse Loan provided by the Company.

6.3 Cash and Cash Equivalents

	AUDITED 31-MAR-15 $	UNAUDITED PRO-FORMA MINIMUM $	UNAUDITED PRO-FORMA MAXIMUM $
Cash at bank and in hand	297,185	4,681,293	7,501,293
Cash at bank and in hand at 31 March 2015		297,185	297,185
Adjustments arising in the preparation of the pro-forma balance sheet are summarised as follows			
Final proceeds from issuing Preference Shares series 2 (note 6.2 (i))		350,000	350,000
Proceeds from the issue of 14,285,714/22,857,143 ordinary shares in relation to the Offer pursuant to the Prospectus (note 6.2 (iv)/note 6.2 (x))		5,000,000	8,000,000
Payment of total cash costs of undertaking the Offer (note 6.2 (v), (vi), (vii), (viii) & (ix))		(565,892)	(745,892)
Remaining cash payment of USD$300,000 for purchasing patents of Glycan Biosciences LLC (note 6.2 (xiv))		(400,000)	(400,000)
Total Pro-Forma adjustments		4,384,108	7,204,108
Pro-Forma balance		**4,681,293**	**7,501,293**

6.4 Trade and Other Receivables

	AUDITED 31-MAR-15 $	UNAUDITED PRO-FORMA MINIMUM $	UNAUDITED PRO-FORMA MAXIMUM $
Receivables	371,231	21,231	21,231
Receivables at 31 March 2015		371,231	371,231
Adjustments arising in the preparation of the pro-forma balance sheet are summarised as follows			
Final proceeds from issuing Preference Shares series 2 (note 6.2 (i))		(350,000)	(350,000)
Total Pro-Forma adjustments		(350,000)	(350,000)
Pro-Forma balance		**21,231**	**21,231**

6.5 Prepaid Capital Raising Costs

	AUDITED 31-MAR-15 $	UNAUDITED PRO-FORMA MINIMUM $	UNAUDITED PRO-FORMA MAXIMUM $
Prepaid capital raising costs	477,808	–	–
Prepaid capital raising costs at 31 March 2015		477,808	477,808
Adjustments arising in the preparation of the pro-forma balance sheet are summarised as follows			
Transfer prepaid costs of undertaking the Offer to issued equity (note 6.2 (xi))		(477,808)	(477,808)
Total Pro-Forma adjustments		(477,808)	(477,808)
Pro-Forma balance		–	–

6.6 Intangible Assets

	AUDITED 31-MAR-15 $	UNAUDITED PRO-FORMA MINIMUM $	UNAUDITED PRO-FORMA MAXIMUM $
Cost: Intellectual Property	295,727	7,519,060	7,519,060
Less: Accumulated amortisation	–	–	–
	295,727	**7,519,060**	**7,519,060**
Intangible Assets Balance at 31 March 2015		295,727	295,727
Adjustments arising in the preparation of the pro-forma balance sheet are summarised as follows			
Xosoma acquisition through Share swap agreement (note 6.2 (iii) and note 6.14)		6,823,333	6,823,333
Initial cash payment of USD$300,000 for purchasing patents of Glycan Biosciences LLC (note 6.2 (xiv))		400,000	400,000
Total Pro-Forma adjustments		7,223,333	7,223,333
Pro-Forma balance		**7,519,060**	**7,519,060**

6.7 Trade and Other Payables

	AUDITED 31-MAR-15 $	UNAUDITED PRO-FORMA MINIMUM $	UNAUDITED PRO-FORMA MAXIMUM $
Trade creditors and other payable	305,542	305,542	305,542
Related party loans	271,783	271,783	271,783
	577,325	**577,325**	**577,325**

The related party loans are interest-free and repayable on demand.

6.8 Issued Equity

	NUMBER OF SHARES	$
Ordinary shares		
Issued share capital at 31 March 2015	44,742,857	1
Adjustments arising in the preparation of the pro-forma balance sheet are summarised as follows		
Minimum		
Issued share capital at 31 March 2015	44,742,857	1
The consolidation of the Company's share capital prior to undertaking the Public Offer by 0.7436238581 (note 6.2 (ii))	33,271,856	1
Buy-back of ESP Shares (note 6.2 (xv))	(1,338,523)	–
Shares issued under Xosoma acquisition (note 6.2 (iii))	19,495,238	6,823,333
Shares issued under ESP (note 6.2 (xvi))	3,600,000	–
Fully paid ordinary shares issued in relation to Offer at $0.35 pursuant to the Prospectus (note 6.2 (iv))	14,285,714	5,000,000
Payment of total cash costs of undertaking the Offer (note 6.2 (v), (vi), (vii), (viii) & (ix)))	–	(565,892)
Transfer prepaid costs of undertaking the Public Offer to issued equity (note 6.2 (xi))	–	(477,808)
Preference Shares Series 1 Conversion to Ordinary Shares at the ratio of 1 Preference Share for 5.714286 Ordinary Shares (note 6.2 (xii))	7,057,143	1,050,630
Preference Shares Series 2 Conversion to Ordinary Shares at the ratio of 1 Preference Share for 4.395605 Ordinary Shares (note 6.2 (xiii))	2,637,363	531,715
Pro-Forma balance	**79,008,791**	**12,361,979**

	NUMBER OF SHARES	$
Preference Shares		
Share capital at 31 March 2015	1,835,000	1,582,345
Preference Shares Conversion to Ordinary Shares at the ratio of 1 Preference Share for 5.714286 Ordinary Shares (note 6.2 (xii))	(1,235,000)	(1,050,630)
Preference Shares Conversion to Ordinary Shares at the ratio of 1 Preference Share for 4.395605 Ordinary Shares (note 6.2 (xiii))	(600,000)	(531,715)
Pro-Forma balance	–	–
Equity Pro-Forma balance	**79,008,791**	**12,361,979**
Maximum		
Share capital at 31 March 2015	44,742,857	1
The consolidation of the Company's share capital prior to undertaking the Public Offer by 0.7436238581 (note 6.2 (ii))	33,271,856	1
Buy-back of ESP Shares (note 6.2 (xv))	(1,338,523)	–
Shares issued under Xosoma acquisition (note 6.2(iii))	19,495,238	6,823,333
Shares reissued under ESP (note 6.2 (xvi))	3,600,000	–
Fully paid ordinary shares issued in relation to Public		
Offer at $0.35 pursuant to the Prospectus (note 6.2 (x))	22,857,142	8,000,000
Brokerage costs of undertaking the Public Offer (note 6.2 (v), (vi), (vii), (viii) & (ix)))	–	(745,892)
Transfer prepaid costs of undertaking the Public Offer to issued equity (note 6.2 (xi))	–	(477,808)
Preference Shares Series 1 Conversion to Ordinary Shares at the ratio of 1 Preference Share for 5.714286 Ordinary Shares (note 6.2 (xii))	7,057,143	1,050,630
Preference Shares Series 2 Conversion to Ordinary Shares at the ratio of 1 Preference Share for 4.395605 Ordinary Shares (note 6.2 (xiii))	2,637,363	531,715
Pro-Forma balance	**87,580,219**	**15,181,979**

	NUMBER OF SHARES	$
Preference Shares		
Share capital at 31 March 2015	1,835,000	1,582,345
Preference Shares Conversion to Ordinary Shares at the ratio of 1 Preference Share for 5.714286 Ordinary Shares (note 6.2 (xii))	(1,235,000)	(1,050,630)
Preference Shares Conversion to Ordinary Shares at the ratio of 1 Preference Share for 4.395605 Ordinary Shares (note 6.2 (xiii))	(600,000)	(531,715)
Pro-Forma balance	–	–
Equity Pro-Forma balance	**87,580,219**	**15,181,979**

In addition the Company has granted various options which expire 3 years from ASX listing of the Company with (i) 3,023,810 unlisted options at an exercise price of $0.375 per option; and (ii) 1,714,286 unlisted options at an exercise price of $0.50 per option and otherwise on the terms specified in the ASX Listing Rules.

6.9 Reserves

	AUDITED 31-MAR-15 $	UNAUDITED PRO-FORMA MINIMUM $	UNAUDITED PRO-FORMA MAXIMUM $
Share Option reserve	264,600	748,800	748,800
Share Option reserve balance at 31 March 2015		264,600	264,600
Adjustments arising in the preparation of the pro-forma balance sheet are summarised as follows			
Buy-back of ESP Shares (note 6.2 (xv))		(264,600)	(264,600)
Fair Value of shares reissued to eligible employees under the plan (note 6.2 (xv))		748,800	748,800
Total Pro-Forma adjustments		**484,200**	**484,200**
Pro-Forma balance		**748,800**	**748,800**

Fair values at loan date are determined using a Black-Scholes pricing model that takes into account the issue price, the term of the loan, the share price at loan date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan.

The model inputs for options included as pro-forma adjustments were:

Issue price	$0.35
Loan date	29 May 2015
Expiry date	5 Years
Share price at loan date	$0.35
Expected dividend yield rate	0.0%
Risk-free interest rate	3.03%
Estimated volatility	90%

6.10 Accumulated Losses

	AUDITED 31-MAR-15 $	UNAUDITED PRO-FORMA MINIMUM $	UNAUDITED PRO-FORMA MAXIMUM $
Accumulated losses	(982,320)	(1,466,520)	(1,466,520)
Accumulated losses at 31 March 2015		(982,320)	(982,320)
Adjustments arising in the preparation of the pro-forma balance sheet are summarised as follows			
Buy-back of ESP Shares (note 6.2 (xv))		264,600	264,600
Fair Value of Shares issued to eligible employee under the plan (note 6.2(xv))		(748,800)	(748,800)
Total Pro-Forma adjustments		**(484,200)**	**(484,200)**
Pro-Forma balance		**(1,466,520)**	**(1,466,520)**

6.11 Related Party Disclosure

(a) The Directors of Paradigm at the date of this report are:

Graeme Roy Kaufman
Paul John Rennie
Christopher Fullerton
John Gaffney

(b) Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Section 11.11 of the Prospectus.

6.12 Contingent Liabilities

On 21/08/2014, Paradigm Biopharmaceuticals Limited has signed an Asset Sale Agreement with Glycan Biosciences, LLC for patents in relation to respiratory diseases. Upon successful completion of the Listing, Paradigm Biopharmaceuticals Limited will pay a remaining cash payment of $400,000 (USD$300,000 assuming exchange rate of AUD$1 = USD$0.75).

As part of the Assets Sale Agreement, Paradigm Biopharmaceuticals Limited is required to make a number of milestone payments and royalties' payments subject to certain milestones being met.

Further details in relation to the conditions required to trigger the above payments together with the details of the payments are set out in Section 11.6 of the Prospectus.

6.13 Commitments

The Consolidated Entity has no expenditure contracted for at the reporting date but not recognised as liabilities.

6.14 Purchase of Xosoma Pty Limited

The Consolidated Entity has entered into a Share Swap agreement to acquire 100% of the issued equity of Xosoma Pty Limited ACN 164 399 740 (**Xosoma**) in consideration for issue of 19,495,238 ordinary shares in the Company. Further details of the Share Swap Agreement are outlined in section 11.6(b).

Xosoma owns the patent application PCT/AU2014/000953 which is detailed in the F B Rice Patent Report in Section 8.

As Xosoma is not a business, as defined in AASB 3 – *Business Combinations*, this acquisition has been accounted for as an asset acquisition.

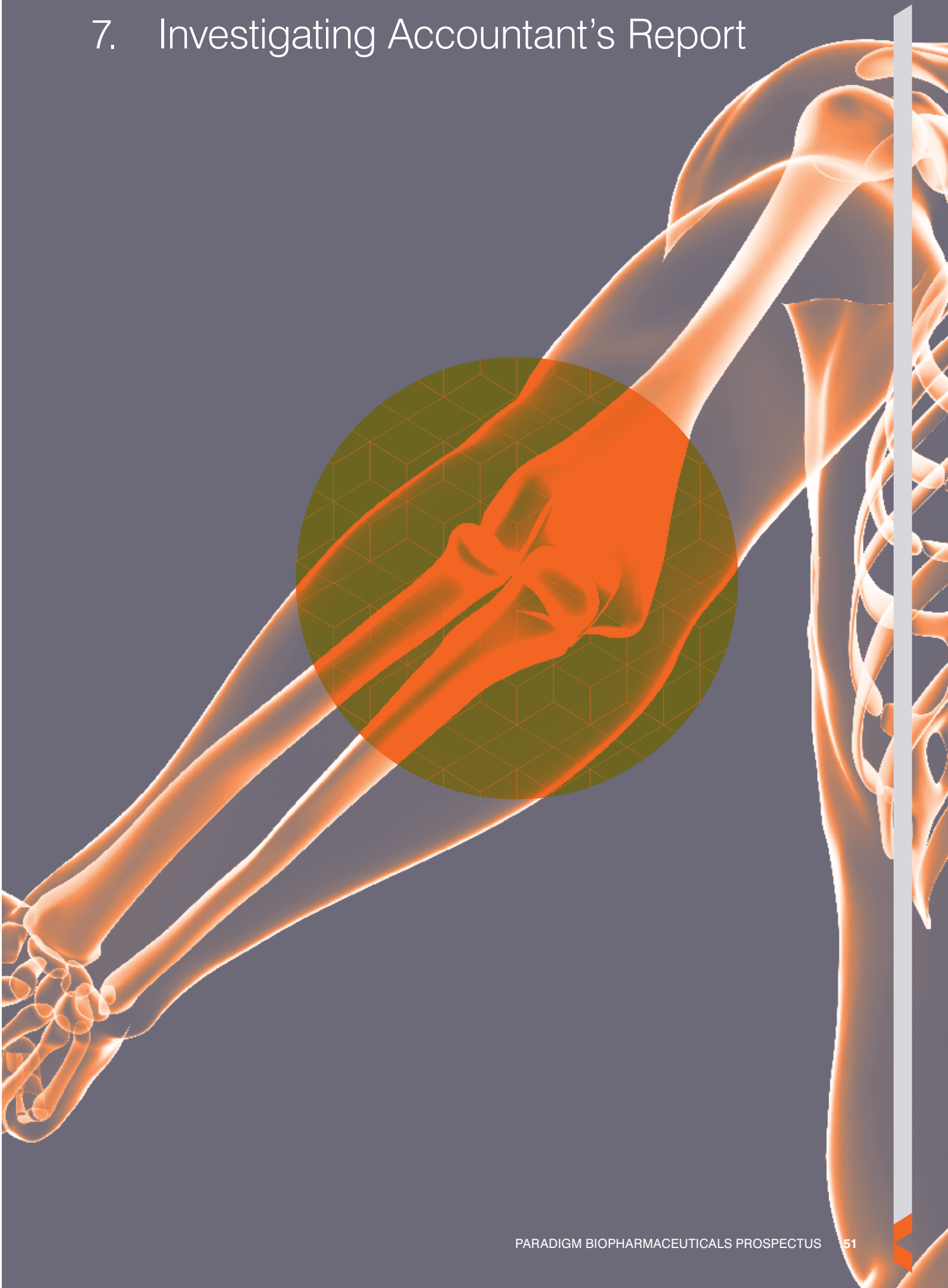
At the acquisition date, the only material assets owned by Xosoma related to its patent application (referred to above) and related intellectual property. The unaudited balance sheet of Xosoma Pty Limited as at 28 February 2015 is summarised below.

	$
Current Assets	
Cash on hand	4
Non-Current Assets	
Intangible Assets – Patent	25,371
Total Assets	**25,375**
Current Liabilities	
Trade Creditors	847
Non-Current Liabilities	
Related Entity Loan	26,093
Total Liabilities	**26,940**
Net Liabilities	**(1,565)**

In accordance with AASB 2 – *Share Based Payment*, the value of the patent application and related intellectual property has been valued indirectly by reference to the value of the equity issued as consideration for the acquisition.

The equity issued has been valued at $0.35 per share based on the Offer price and consequently, the value of the patent application and related intellectual property of Xosoma has been recognised upon acquisition at $6,823,333 (19,495,238 x $0.35).

7. Investigating Accountant's Report



7. Investigating Accountant's Report

RSM Bird Cameron Corporate Pty Ltd

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29 May 2015

The Board of Directors
Paradigm Biopharmaceuticals Limited

Dear Sirs

Investigating Accountant's Report

Independent Limited Assurance Report on Paradigm Biopharmaceutical Limited's Historical and Pro Forma Historical Financial Information

We have been engaged by Paradigm Biopharmaceuticals Limited ("Paradigm" or "the Company") to report on the historical financial information and pro forma historical financial information of Paradigm as at 31 March 2015 for inclusion in the Public Document dated on or about 29 May 2015 and relating to the proposed initial public offering ("IPO") of the Company ("the Public Document").

Expressions and terms defined in the Public Document have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (AFSL) under the *Corporations Act 2001*. RSM Bird Cameron Corporate Pty Ltd holds the appropriate: AFSL under the *Corporations Act 2001*.

Scope

Historical Financial Information

You have requested RSM Bird Cameron Corporate Pty Ltd to review the following historical financial information of Paradigm ("the responsible party") included in the Public Document:

- the Statement of Financial Performance for the period from incorporation 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015; and
- the Statement of Financial Position as at 31 March 2015.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The historical financial information has been extracted from the financial reports of Paradigm for the period from 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015, which were audited by RSM Bird Cameron Partners in accordance with the Australian Auditing Standards. RSM Bird Cameron Partners issued unmodified audit opinions on each of the financial reports. The historical financial information is presented in the Public Document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Pro Forma Historical Financial Information

You have requested RSM Bird Cameron Corporate Pty Ltd to review the pro forma historical Statement of Financial Position as at 31 March 2015 referred to as "the pro forma historical financial information".

The pro forma historical financial information has been derived from the historical financial information of Paradigm after adjusting for the effects of pro forma adjustments described in section 6.2 of the Public Document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the transactions to which the pro forma adjustments relate, as described in section 6.2 of the Public Document, as if those transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

Directors' responsibility

The directors of Paradigm are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the historical and pro forma historical financial information;
- a review of Paradigm's work papers, accounting records and other documents;
- enquiry of directors, management personnel and advisors;
- consideration of the pro forma adjustments described in section 6.2 of the proposed Public Document; and
- the performance of analytical procedures applied to the historical and pro forma historical financial information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in section 6 of the Public Document, and comprising:

- the Statement of Financial Performance for the period from incorporation 2 May 2014 to 30 June 2014 and the period from 1 July 2014 to 31 March 2015; and
- the Statement of Financial Position as at 31 March 2015.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6 of the Public Document.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, being the Statement of Financial Position as at 31 March 2015, is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 6 of the Public Document.

Restriction on Use

Without modifying our conclusions, we draw attention to section 6 of the Public Document, which describes the purpose of the financial information, being for inclusion in the Public Document. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this assurance report in the Public Document in the form and context in which it is included. RSM Bird Cameron Corporate Pty Ltd has not authorised the issue of the Public Document. Accordingly, RSM Bird Cameron Corporate Pty Ltd makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Public Document.

Declaration of Interest

RSM Bird Cameron Corporate Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this assurance report for which normal professional fees will be received. RSM Bird Cameron Partners is the independent auditor of the Paradigm and receives normal professional fees for those services.

Yours faithfully

RSM BIRD CAMERON CORPORATE PTY LTD

Jason Croall
Director

29 May 2015

8. Patent Report

8. Patent Report

PATENT REPORT

The Directors
Paradigm Biopharmaceuticals Limited
Level 2, 517 Flinders Lane
Melbourne VIC 3000

25 May 2015

Paradigm Biopharmaceuticals Limited: Intellectual Property Report

FB Rice Ref: 168465

Dear Sirs

REPORT SUMMARY

Set out below is our report (the "Report") detailing the current status of the patent applications being handled by FB Rice on behalf of Paradigm Biopharmaceuticals Limited ("Paradigm") for inclusion in a Prospectus to be lodged at the Australian Securities & Investments Commission.

The Report summarises the details and status of the pending patents and patent applications in Schedules 1, 2 & 3. To the best of our knowledge the Report is accurate as at its date, subject to the limitations and qualifications set out in Section 5 (in particular, subject to the sources of information described in Section 5.1).

2. INTELLECTUAL PROPERTY

2.1. Meaning of Intellectual Property

The term "intellectual property" refers to a group of registrable and non-registrable rights, including rights in patents, designs, trade marks, plant varieties, copyright, confidential information and trade secrets. Intellectual property has many of the characteristics possessed by real and personal property. In particular, intellectual property is an asset, which may be bought, sold, licensed, exchanged, or otherwise transferred as other forms of property. Accordingly, an intellectual property owner has the right to prevent the unauthorised use or sale of its property.

This Report is only directed to intellectual property which is in the form of patents and patent applications.

Patent and Trade Mark Attorneys

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2.2. Patents

Patent rights constitute an important component of intellectual property. Patents cover inventions and provide a monopoly in exchange for an inventor's full disclosure of the invention to the public. A patent provides protection for novel (new), inventive (non-obvious) and useful inventions for a fixed period, which is typically up to 20 years. For certain pharmaceutical inventions, this period may be extended. In addition, to maintain a pending application or patent in force, it is necessary to pay renewal fees, usually on an annual basis. Patents may be granted in relation to a wide range of subject matter, such as new or improved products, new uses for products and methods for doing things. Such subject matter must, however, be industrially applicable. A patent cannot be granted on a worldwide basis. Rather, patents must be obtained in every country where protection is required. Although there is a certain amount of harmonization as and between the patent granting procedures and standards throughout the world, there are differences regarding the test for patentability. Accordingly, the scope of a patent may vary from country to country and indeed a patent may not be granted in a particular country for failure to comply with the relevant standards.

2.3. Inventorship and Ownership

Typically, a patent for an invention may only be granted to the inventor(s), or to a person who has entitlement to the invention by way of assignment or other means. The ownership and entitlement of Paradigm to the patents and applications in Schedules 1 and 2 is discussed in more detail below in Section 4.1.

2.4. Patenting Process

In most countries of the world the process of protecting patent rights begins with the submission of a patent application comprising a patent specification describing the invention. Filing an Australian patent application (provisional or complete) or other initial patent application in a foreign country, which permits such a filing, satisfies this requirement. Countries that allow Australian applicants to file such applications include the United Kingdom and the United States.

A fundamental requirement of the patent system is that the invention is novel and inventive at the time of filing, relative to what was publicly known or used at the date of the application. Accordingly, it is imperative that the specification contains a full disclosure of the invention. A patent specification generally consists of a description of the invention and so-called claims, which define the scope of the invention. The description also typically provides background information, such as a description of existing products, manufacturing or testing methods or processes and related problems, which enable an examiner and others to assess the application for inventiveness.

Once the initial application has been filed, further applications in foreign countries must be filed within twelve (12) months, pursuant to an International Treaty called the Paris Convention, otherwise rights to the invention may be lost in those countries. In this regard, the Paris Convention provides that the filing of an initial patent application establishes a priority date for the invention in all other countries which are party to this Convention, including countries such as the United States, Japan and Australia, as well as jurisdictions such as the European Union and Eurasia.

The filing of further patent applications in foreign countries may be pursued individually or in some instances by filing an application with a regional patent office that does the work for a number of

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countries, such as the European Patent Office and the African Regional Industrial Property Organisation. Under such regional systems, an applicant requests protection for the invention in one or more countries, and each country decides as to whether to offer patent protection within its borders. The WIPO-administered Patent Cooperation Treaty ("PCT") provides for the filing of a single international patent application, which has the same effect as national applications filed in the designated countries. An applicant seeking protection may file one application and request protection in as many signatory states as needed.

It should be noted that at present there are only 148 countries that are party to the PCT and if patent protection is required in a country that is not party to the PCT then individual applications must be filed in these countries by the twelve (12) month anniversary of the initially filed application. An example of a country that is not a party to the PCT is Taiwan.

Applications filed individually in countries rather than via the PCT are examined under the national laws of those countries. However, a PCT application is considered under the terms of the PCT. Once the PCT application has been filed it is subjected to what is called an "international search", carried out by one of the major patent offices. The search results are then communicated to the patent applicant in an "international search report", which is a listing of published documents that might affect the patentability of the invention claimed in the international application. On the basis of the international search report the applicant may decide to withdraw the application. However, if the PCT application is not withdrawn, it is, together with the international search report, published by the International Bureau.

If the applicant decides to continue with the international application, then within thirty (30) months of the provisional patent application filing date, national patent applications need to be filed. In some countries such as Australia and regions such as Europe, the deadline is thirty-one (31) months. The applicant can also request preliminary examination, which is a report, prepared by one of the major patent offices that gives a preliminary and non-binding opinion on the patentability of the claimed invention.

Once the PCT process has been completed then the national or regional phase is undertaken, as the PCT application itself does not mature into patents. The applicant may choose to enter one or more of the countries designated in the original PCT application. Entry into the national phase is essentially the same as filing an application in the first instance. Thus, the standard documentation and fee requirements will need to be satisfied in each country, and in non-English speaking countries that will include translating the PCT specification into the language of the relevant country. Failure to enter the national phase within the thirty (30) month period will result in abandonment of the ability to secure patent protection in most PCT countries.

The national or regional applications progress under the jurisprudence and legislation of each country or region. In most jurisdictions, such as Australia, Europe, United States and Japan, examination by the relevant patent office comprises an examination of the art to which the invention pertains as it existed at the priority date of the application. This examination establishes what is referred to as the “state of the art". The patent application is measured against the state of the art and an assessment is made regarding whether the invention described in the application is novel, inventive and useful. Therefore, the time required to complete the process of examination differs from country-to-country and the scope or protection may differ depending upon the law of each country. In general, it will take several years from the date of application until the patent is actually granted. With respect to regional applications, like the European application, this involves filing a

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single application designating any of the countries that are signatories to the Convention covering that region. The single application is subjected to examination, and assuming that the application is allowed, it will proceed to the grant phase. The applicant can then elect to have patents validated in all or some of the originally designated countries, and the individual patents then function as though they were patents granted under standard national procedures.

2.5. Granted Patents: Renewal fees, validity, exploitation and enforcement

Once a patent has been granted renewal fees will need to be paid, otherwise the patent will cease. It should also be noted that grant of a patent does not guarantee that the patent is valid or enforceable, and FB Rice provides no assurance that Paradigm's pending patent applications will be granted or will be held valid and enforceable following grant.

Notwithstanding the issue regarding guaranteed enforceability, once a patent has been granted, the owner has the exclusive rights to use the patented technology throughout the lifetime of a patent. This means that the owner can decide to exclusively use it for their own benefit and prevent others from using it. Alternatively, they can allow others to use it under the terms of a license agreement. The terms of the license agreement generally define the limited scope of the use of the patent and the consideration to be paid for the use of it.

Enforcement of patent rights varies from country-to-country. The remedies for unauthorised use (patent infringement) available to the patent owner often include an injunction, which effectively stops further infringement of the patent, damages or account of profits, and costs.

3. PARADIGM PATENT PORTFOLIO AS AT 25 May 2015

3.1. Treatment of Bone Marrow Edema (Oedema) with Polysulfated Polysaccharides (PCT/AU2012/000091) in the name of Paradigm Health Sciences Pty Ltd

This patent family derives from a PCT application, namely PCT/AU2012/000091, which was filed on 2 February 2012. It claimed an earliest priority date of 2 February 2011, from an Australian provisional patent application 2011900325. This application proceeded through the International Phase and entered the Regional/National Phase in Australia, Canada, China, Europe, Japan, Malaysia, Singapore, India, Indonesia, South Korea, Thailand and the United States. A non-PCT application was filed in Taiwan. A patent has been granted in Australia.

The patent applications are all directed to a method for treating bone marrow oedema using polysulfated polysaccharides, particularly pentosan polysulfate including salts thereof.

Claims of this scope have been granted in Australia. However, it should be noted that neither the ISR nor the Written Opinion nor the grant of the Australian application are binding on any other jurisdiction.

Patent Applications are commonly drafted with a very broad ambit scope of claims - as different claim scopes are often allowed in different jurisdictions. This approach is important initially so as not to unduly limit the potential coverage of the patent application. An initial rejection by a patent examiner of such broad ambit claims is commonly received (usually in over 90% of patent applications) and then the applicant, in conjunction with discussions with the patent examiner, narrows the claims (which are the subject of the application) to achieve allowance of the claims and subsequent grant. In the US and China to date PHS has received an initial rejection of the broad ambit claims it has made in its

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patent application and PHS has now proposed a more narrow basis of claims which fully addresses the initial rejections whilst providing protection for the likely commercial product and its uses (being the use of PPS in treating BME). In our view such narrow claims have a reasonable likelihood of allowance resulting in granted patents.

3.2. Sulphated xylans for treatment or prophylaxis of respiratory diseases (PCT/AU2008/000774) in the name of Glycan Biosciences LLC

This patent family derives from an international application, namely PCT/AU2008/000774, which was filed on 30 May 2008. It claimed an earliest priority date of 31 May 2007, from an Australian provisional patent application 2007902930. This application proceeded through the International Phase and entered the Regional/National Phase in Australia, Canada, China, Europe, New Zealand and the United States.

Patents have been granted in Australia, China and New Zealand. Examination has commenced in Canada and Europe.

The patents and patent applications are all directed to a method for treating or preventing an inflammatory respiratory condition selected from the group consisting of asthma, allergic rhinitis and chronic obstructive pulmonary disease (COPD) using a sulfated xylan or a salt thereof.

Claims of this scope have been granted in Australia, China and New Zealand.

In Europe, the last examiner's report of 29 January 2015 was adverse in relation to the broadest claim scope. However, the examiner appeared willing to allow a narrower claim scope which would still provide protection for the likely commercial product and its uses. A timely response to this report is to be filed.

In the US a continuation application is in force awaiting examination.

In Canada an examiner's report has issued and a timely response was filed on or before 14 April 2015. The outcome of the response will likely not be known until at least October 2015.

3.3 A Method of Producing Exosomes (PCT/AU2014/00953) in the name of Xosoma Pty Ltd

This patent application was filed on 2 October 2014. It claimed an earliest priority date of 2 October 2013, from an Australian provisional patent application 2013903805. The application published on 9 April 2015 as WO 2015/048844 with an international search report (ISR).

It is relevant to review the ISR to determine if any claims have been found to be novel and inventive. From our review it is evident that broadly, the method for producing exosomes claimed in the patent application is novel and inventive as is the use of such exosomes to treat a patient.

However, patentability will ultimately be judged on a country by country basis once this application progresses from this international phase to the national phase in each of these countries. The time frame for progressing into the national phase is due by 2 April 2016.

3.4 Exosome based composition

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PHS propose to file a new Australian provisional patent application which is directed to the use of exosomes, particularly the exosomes produced according to the method of PCT/AU2014/00953 combination with other products such as pharmaceutical agents. One such pharmaceutical agent could be pentosan polysulfate sodium (PPS). The combination product, in either autologous or allogeneic form could be used to treat a range of conditions. For example, exosomes from the patient's blood could be isolated, light activated and then combined with PPS prior to injection. The combination product could be injected directly into the injured area of the body.

4. OTHER MATTERS

4.1. Patent Ownership & Entitlement

4.1.1 Treatment of Bone Marrow Edema (Oedema) with Polysulfated Polysaccharides (PCT/AU2012/000091)

Our investigations of the records of the various patent offices indicate that Professor Peter Ghosh is the inventor of all of the patent applications in Paradigm Health Sciences Pty Ltd (PHS) patent portfolio. PHS is recorded as the applicant for all of patents and applications in the patent family titled "Treatment of Bone Marrow Edema (Oedema) with Polysulfated Polysaccharides" (PCT/AU2012/000091).

We have reviewed the assignment documentation and are satisfied that PHS is the owner of all the patent applications in Schedule 1.

Further, it is important to note that there are legal mechanisms by which third parties can bring evidence that they have sole or joint entitlement to an invention and any patent application or patent obtained for that invention. We are unaware of the existence of any such third party in relation to thepatent and patent applications set out in Schedule 1.

To the best of our knowledge, to date, there has been no third party challenge to the validity or ownership of the patent applications.

4.1.2 Sulphated xylans for treatment or prophylaxis of respiratory diseases (PCT/AU2008/000774)

FB Rice has not reviewed any documentation regarding ownership of the family as set out in Schedule 2.

Nevertheless it is important to note that there are legal mechanisms by which third parties can bring evidence that they have sole or joint entitlement to an invention and any patent application or patent obtained for that invention. We are unaware of the existence of any such third party in relation to the patents and patent applications set out in Schedule 2.

To the best of our knowledge, to date, there has been no third party challenge to the validity or ownership of the patents and patent applications.

4.1.3 A Method of Producing Exosomes (PCT/AU2014/00953)

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FB Rice has not reviewed any documentation regarding ownership of the family as set out in Schedule 3.

Nevertheless it is important to note that there are legal mechanisms by which third parties can bring evidence that they have sole or joint entitlement to an invention and any patent application or patent obtained for that invention. We are unaware of the existence of any such third party in relation to the patent application set out in Schedule 3.

To the best of our knowledge, to date, there has been no third party challenge to the validity or ownership of the patent application.

4.2. Enforcement of Patents

Once a patent has been granted, the patent owner may initiate infringement proceedings against an alleged infringer of the property. It is important to note that infringement proceedings cannot be initiated on the basis of a pending application.

4.3. Third Party Rights
Filing a patent application does not mean that the applicant is free to commercially use an invention, as it is possible that the intellectual property rights of another party may be infringed by doing so. Typically, third party rights are identifed by conducting a Freedom to Operate (FTO) search in the country or counties it is proposed to commercialise an invention.

As at 25 May 2015, we are not aware of any litigation being commenced in respect to any patent or patent application referred to in this report. Nevertheless, an FTO has been conducted in Australia in relation to Treatment of Bone Marrow Edema (Oedema) with Polysulfated Polysaccharides (PCT/AU2012/000091). That search did not identify any third party patent rights that could be infringed by the commercialisation of the formulation to be marketed in Australia for the treatment of bone marrow oedema, consisting of:

Sodium pentosan polysulfate (PPS) = 100 mg,
Sodium phosphate = 2.2mg,
Sodium hydrogen phosphate = 6.8mg
(Adjust to pH = 6.5 with sodium hydroxide),
Water for injection, USP, qs. 1mL.

Whilst this search was limited to the Australian jurisdiction, there is a likelihood that FTO would be available in other countries. This arises out of the fact that pharmaceutical companies typically file in Australia and historically Australian patents are often relatively broad in scope. This implies that an Australian FTO should serve as a reasonably predictive model for other countries.

4.3. Validity of Patent Applications

The ultimate validity of the claims of a patent cannot be guaranteed. Various legal mechanisms exist to challenge the validity of patents and patent applications. For example, validity of a patent application may be challenged in the following ways:

(a) during examination;

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(b) in opposition proceedings once the application has been examined and found allowable;

(c) in court during revocation proceedings brought by a third party; or

(d) during infringement proceedings initiated against an alleged infringer.

As some of the patent rights set out in Section 3 are still pending patent applications and likely to undergo examination, it cannot be assumed that these applications (or any applications stemming from them) will proceed to grant or, if grant is achieved, that the claims will remain in their present form. It is possible, for example, that the scope of the claims of the patent applications may be restricted during examination of the application.

5. LIMITATIONS AND QUALIFICATIONS

5.1. Information sources

In preparing this report, in addition to reviewing our internal databases, we relied upon information contained in relevant publicly available databases and the searches conducted by the appropriate national and international patent offices with respect to the patents and patent applications in Schedule 1 and Schedule 2. FB Rice is not responsible for the accuracy of the information available in public databases and accordingly cannot guarantee the accuracy of this information.

5.2. Jurisdictional requirements

Each jurisdiction has its own laws and particular requirements that need to be met for the grant and maintenance ofa patent. Accordingly, the assessment patentability varies from jurisdiction-to-jurisdiction, and inventions, which may be granted and registrable in one jurisdiction, may be excluded from grant and registration in another. Moreover, the different jurisdictional requirements may result in variation of the scope of patent protection obtained for the same patent in different jurisdictions. The outcome of examination of the patent application by the office of one jurisdiction is not binding on the office of any other jurisdiction. Similarly, international PCT searches and examination reports are not binding on national patent applications during examination in the national phase. Examination of patent applications often occurs at different times in different jurisdictions. This means there is also a risk that a patent may be granted on an application in one jurisdiction, and that a third party patent may subsequently be cited during examination of another patent application that has been filed elsewhere.

In some jurisdictions there is a duty to disclose certain information to the relevant patent office. This information can include relevant prior art information known to the applicant or its agents or search results issued in respect of corresponding foreign applications. Failure to disclose such information may adversely affect the validity and/or enforceability of the patent.

We further note that there may be changes to patent law in a particular jurisdiction from time-to-time, which may have an impact on patents in the relevant country. For example, the Australian Government recently enacted the Intellectual Property Law Amendments (Raising the Bar) Act 2012 (Cth), which represents a significant amendment to Australian patent law. In particular, the Act raises the requirement for patentability and the description requirements for patent specifications. It applies to all Australian patent applications for which a request for examination was filed on or after 15 April 2013. For example, this new Act applies to patent application no. 2014200346 as set out in

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Schedule 2.

5.3. Patentability search limitations

A patentability search, such as international searches carried out by various patent offices under the PCT procedure, cannot be guaranteed to locate all prior art that may exist which is potentially relevant to the assessment of novelty and inventive step of a claimed invention. Such searches are generally computer-based searches and are dependent on the database search strategy and the coverage provided by the databases used. For example, the databases may not cover older published documents and/or certain jurisdictions. Further, all patentability searches are subject to the accuracy of records, as well as the indexing and classification of the subject matter comprising the records. The scope of each search is also dependent on the search strategy utilised and, for example, the keyword(s) selected for the search.

Accordingly, although patentability searches provide a reasonable indication of patentability, it is not possible to guarantee that every relevant prior art record has been located and considered. As a result, any conclusions regarding the validity of the claims of a particular patent based on patent office searches should be regarded as indicative rather than conclusive.

Further, non-provisional patent applications are not normally published until at least 18 months from the earliest acceptable priority date. Accordingly, a patentability search would not normally identify any third party patent application that is potentially relevant to the assessment of patentability that have a priority date which is less than 18 months prior to the date of the patentability search. Delays between official publication and the incorporation of information into the relevant database can also occur, which means that some documents may not be located in a patentability search.

5.4. Patentability of an invention

Besides documentary prior art, public use of an invention and non-confidential oral disclosures before the priority date of a patent application may also be relevant to the assessment of patentability of invention to which the patent application relates. As patentability searches are conducted on published documents, they would not locate such other forms of prior art disclosures.

Commercialisation or secret use of an invention in a jurisdiction by, or with the authority of, a patent applicant (or their predecessor in title) before the priority date of a patent application that has been filed in the jurisdiction by the applicant in respect of the invention, can also be relevant to the patentability of intervention and the validity of any patents that may ultimately be granted on the application. Such commercial exploitation or secret use would not normally be identified by documentary patentability searches of publicly accessible databases.

5.5. Opposition Proceedings

Some jurisdictions, such as Australia, allow for accepted patent applications to be opposed by a third party. Others, for example Europe, have post-grant opposition. Successful opposition proceedings may result in some or all of the claims of an application being refused. Successful opposition proceedings to a granted patent may result in some or all of the claims being held invalid or restricted in breadth.

5.6. Entitlement to claimed priority date

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In Australia, for subject matter contained in a non-provisional patent application to be entitled to the priority date established by a corresponding priority patent application or provisional patent application there must be a "real and reasonably clear disclosure" of the subject matter in the priority application. Similar provisions apply in other jurisdictions. Subject matter disclosed in a non-provisional patent application that is not contained in a corresponding priority application is generally only entitled to the filing date of the non-provisional application as a priority date.

5.7. Renewal fees

Paradigm recognizes that renewal fees must be paid in order to maintain its patents. At the time of preparing this Report, no renewal fees are currently overdue. The attached schedules 1, 2 & 3 set out the relevant renewal dates.

5.8. Qualifications & Independence

FB Rice is a firm of patent and trade mark attorneys that provide advice in relation to all aspects of intellectual property. FB Rice has extensive experience protecting and defending intellectual property rights and commercializing products and services. FB Rice provides a comprehensive intellectual property service through its patent and trade mark attorney practices, law firm, consultancy arm and through its partnership with a major international renewal service.

FB Rice has no interest in Paradigm, other than fees for professional work done.

FB Rice has no involvement in the preparation of the Prospectus by Paradigm, other than the preparation of this Report. FB Rice is therefore considered independent of Paradigm for the purpose of preparing this Report and gives its consent for inclusion of this Report in the Prospectus.

The person responsible for preparing this Report is Paul Whenman, partner in FB Rice.

SCHEDULE 1

Paradigm Health Sciences Pty Ltd

PCT/AU2012/00091

Treatment of bone marrow edema (oedema) with polysulfated polysaccharides

Country	Official No.	Case Status	Renewal Due
Taiwan	101103252	Application pending	Not yet due
Europe	12741560.2	Application pending	02-Feb-2016
United States of America	13/983,406	Under examination	Not yet due
Japan	2013-552065	Application pending	Not yet due
Canada	2,826,166	Application pending	02-Feb-2016
People's Republic of China	201280007433.9	Under examination	Not yet due
India	6541/CHENP/2013	Application pending	Not yet due
Malaysia	PI2013701355	Application pending	Not yet due
Thailand	1301004283	Application pending	Not yet due
Australia	2012212398	Granted	02-Feb-2016
Republic of Korea	2013-7022985	Application pending	Not yet due
Indonesia	W-00201304009	Application pending	Not yet due
Singapore	201305826-8	Application pending	Not yet due

SCHEDULE 2

Glycan Biosciences LLC

PCT/AU2008/000774

Sulphated xylans for treatment or prophylaxis of respiratory diseases

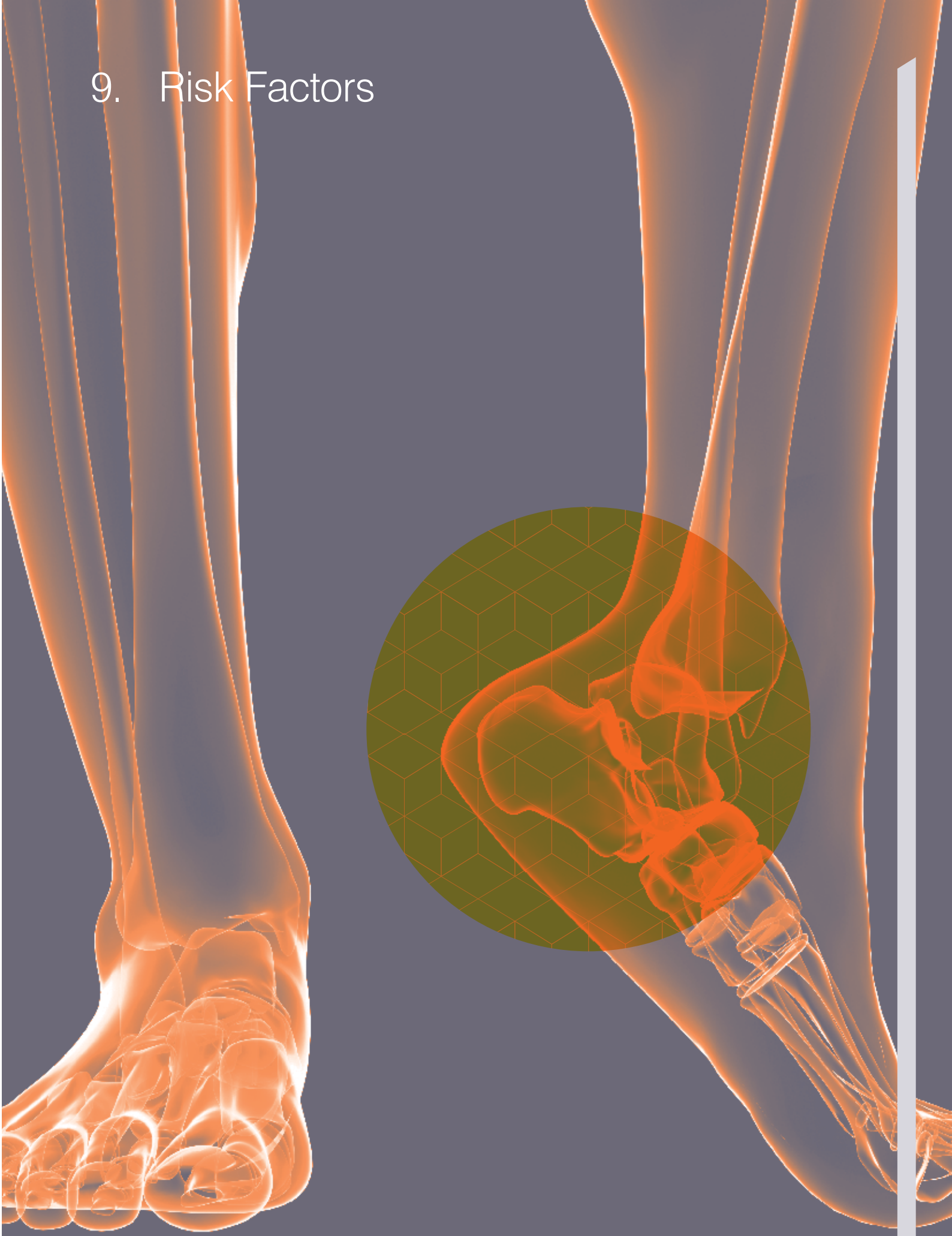
Country	Official No.	Case Status	Renewal Due
Europe	08748030.7	Under examination	30-May-2016
United States of America	14/716,302	Application pending	Not yet due
Canada	2,689,027	Under examination	30-May-2016
People's Republic of China	101686996	Granted	30-May-2016
Australia	2008255565	Granted	30-May-2016
Australia	2014200346 (Divisional child of 2008255565)	Application pending New *Patents Act* will apply	30-May-2016
New Zealand	581544	Granted	30-May-2016
New Zealand	599928	Granted	30-May-2016
New Zealand	601148	Granted	30-May-2016

SCHEDULE 3

PCT/AU2014/000953
A Method of Producing Exosomes

Country	Official No.	Case Status	Renewal Due
Patent Cooperation Treaty	WO 2015/048844	Published with search report	N/A

9. Risk Factors



9. Risk Factors

This section identifies some of the major risks associated with an investment in the Company in descending order of the Company's assessment of the combined likelihood of a factor to occur balanced against the severity of impact of the factor occurring. Intending Applicants should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for shares.

(a) **Sufficiency of funding:** The funding proposal (incorporated in the Company's Expenditure Program) detailed in this Prospectus is based on the Company's best estimation of cash flow projections and estimated expenditures for a 24 month period post Listing. Further investors should note that the Expenditure Program and the milestones outlined in this Prospectus are in part based on receipt by the Company of payments under the Australian Governments Research & Funding scheme. The Company has limited operating history and may face difficulties encountered by similar early stage companies. Paradigm has finite financial resources and will need to raise additional funds from time to time to finance the complete development and commercialisation of its products and its other longer-term objectives. The Company's product development activities may never generate revenues and the Company may never achieve profitability. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all. If for any reason Paradigm was unable to raise future funding or it did not receive payments under the Australian Governments Research & Funding scheme – its ability to achieve the milestones under this Prospectus or continue future development of its drug candidates would be significantly affected.

(b) **Risk of supply of cGMP product:** The Company has engaged a third party cGMP (Good Manufacturing Practice) contract manufacturer for PPS (bene pharmaChem). The manufacturing of PPS is very complex and associated with uncertainties in relation to issues such as the price of manufacture, impurities and manufacturing capacity for large scale manufacturing. Further, the bene pharmaChem supply agreement is only for an initial term of 10 years with an option for Paradigm to extend for a further 10 years provided that within the first 10 years Paradigm has obtained regulatory approval for sale of a product incorporating PPS.

Also under the bene PharmaChem supply agreement, Paradigm is obliged to purchase all PPS requirements in the Territories from bene pharmaChem and offer to bene pharmaChem the first right to supply Paradigm with PPS outside the Territories. There is a risk, if bene pharmaChem does not exercise its right of first refusal, that Paradigm will have to seek alternative PPS supplies. Commercially bene pharmaChem would receive from Paradigm a royalty on those commercial sales based on PPS supplied by bene pharmaChem to Paradigm.

While bene pharmaChem has significant experience in the manufacture of cGMP commercial quantities of PPS and the Company has the ability to order significant forward quantities of PPS, should difficulties or delays occur in the cGMP production of PPS or the supply agreement be terminated for any reason – the timing of the clinical development and/or commercialisation as outlined in the Prospectus may be affected and may have an adverse impact on the financial performance of the Company.

(c) **Intellectual Property:** There is no guarantee that the Company's intellectual property comprises all of the rights that the Company may require to freely commercialise its product candidates. The Company's existing intellectual property include its exclusive supply and intellectual property rights under the bene pharmaChem Supply Agreement (as detailed in section 11.7), its knowhow in drug re-positioning/clinical trials and its exclusive data rights arising from its proposed clinical development work in the use of PPS.

The Company has lodged various patent applications (as detailed in section 8) relating to the use of PPS in its targeted fields. Patent applications are commonly drafted with a very broad ambit scope of claims – as different claim scopes are often allowed in different jurisdictions. This approach is important initially so as not to unduly limit the potential coverage of the relevant patent application. An initial rejection by a patent examiner of such broad ambit claims is also commonly received (for example in the US usually over 90% of patent applications have an initial rejection) and then the applicant in conjunction with discussions with the patent examiner narrows the claims for that particular jurisdiction to achieve allowance of the more narrow claims and subsequent patent grant. In the US and China to date Paradigm has received an initial rejection of the broad ambit claims it has made in its BME patent application (PCT/AU2012/000091) and Paradigm has now proposed a more narrow basis of claim which fully addresses the initial rejection whilst providing

protection for the likely commercial product and its uses (being the use of PPS in treating BME). However no assurance is given that the Company's patent applications will result in granted patents.

Furthermore even though some of the Company's patent applications have already been successful (resulting in granted patents) investors should note that a competitor may at any time challenge granted patents and a court may find that although a patent has been granted it is invalid or unenforceable or revoked. It is possible a court may find that the Company's entitlement is subsequently revealed not to have existed, may not have any exclusive patent rights or any patent rights at all and may be prevented from developing and/or commercialising its products. If the Company's intellectual property rights are ever challenged it may also not have the funds to oppose the challenge.

(d) **Speculative nature of investment:** Any potential investor should be aware that subscribing for Shares involves various risks. The Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. The success of the Company is largely dependent on the outcome of its proposed human clinical trials of its products. An investment in Shares of the Company should therefore be considered very speculative.

(e) **Innovative technological development – early clinical state of development:** The Company's product candidates are at a relatively early clinical stage and further substantial clinical development is necessary. No guarantee can be provided that the proposed clinical work will be successful or result in an approved product.

(f) **Expenditure program:** Paradigm has not entered into contracts for a number of the material items anticipated to be covered by the Expenditure Program (except for certain preclinical, clinical and cGMP manufacturing expenditures), nor does it have binding quotations in relation to such items. Rather, the Directors have determined that following the successful close of the Offer, Paradigm will be well positioned to negotiate the exact terms for such contracts. Paradigm has however indicative quotations for many of the major expenditures items. The Directors and executive team have extensive experience and have prepared the anticipated expenditure described in Sections 1 and 2.16 based on discussions with potential suppliers of those services and their own experience of the likely costs for those expenditure items. While the Directors are confident Paradigm will be able to source suitable suppliers, there is a risk that Paradigm may not be able to source those suppliers at the estimated expenditure in Sections 1 and 2.16.

(g) **Clinical trials – regulatory requirements:** Human clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory and legal requirements. In addition, trial design can change which may have adverse impact on cost and time of the Company's proposed clinical trials. Clinical trials of the Company's products, even where the Company is able to utilise section 505(b)(2) approach, will take several years to complete. There is a risk that the FDA may not approve Paradigm's proposed NDA application under section 505(b)(2) and this would require Paradigm to undertake more trials and cause a delay in Paradigm's development program. Clinical development of the Company's products may fail for a number of other reasons, including lack of efficacy or adverse side effects. Failure can occur at any stage of the trials, requiring the Company to abandon or repeat clinical trials. The Company and/or the relevant regulatory authorities, Human Research Ethics Committees and Institutions where the clinical trials are conducted, may suspend the Company's clinical trials at any time if it appears that the trials are exposing the trial participants and or the staff involved in conducting the clinical trial to unacceptable health risks. Alternatively there is the risk that despite conducting the relevant clinical trial in compliance with regulatory requirements, the results of the trial do not support any further development or result in a rejection by the relevant regulator. As a result Paradigm may fail to commercialise or out-license any products. Investors should also note that while Paradigm has access to bene PharmaChem's drug master file for PPS, this is not on an exclusive basis and third parties may approach bene PharmaChem for access to the same drug master file – but such third parties would also need to overcome Paradigm's other intellectual property rights (including Paradigm's patent applications).

(h) **Reliance on key personnel:** The Company currently employs and has plans to recruit additional key management and scientific personnel; the Company's future depends on retaining and attracting suitably qualified personnel. The Company has included in its employment with key personnel provisions aimed at providing incentives and assisting in the recruitment and retention of such personnel. It has also, as far as legally possible, established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor or compete directly with the Company. Despite these

measures, however, there is no guarantee that the Company will be able to attract and retain suitably qualified personnel, and a failure to do so could materially and adversely affect the business, operating results and financial prospects.

(i) **Dependence on service providers:** The Company intends to operate a significant amount of its key clinical activities through a series of contractual relationships with independent contractors and suppliers. The Company relies on and will continue to rely on a number of its contractors for their expertise in manufacture and clinical development. All of the Company's contracts carry a risk that the third parties do not adequately or fully comply with its or their respective contractual rights and obligations. Such failure can lead to termination and/or significant damage to the Company's product development efforts.

(j) **Trade secrets:** The Company relies on trade secrets, which include information relating to the manufacture, development and administration of its therapeutic products. The protective measures employed may not provide adequate protection for those trade secrets. This could erode the Company's competitive advantage and materially harm its business. The Company cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology.

(k) **Infringement of third party intellectual property:** If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products.

(l) **Currency risk:** Revenue and expenditures in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. The Company's payment obligations to its cGMP supplier are in a foreign currency. There are also milestone payments which may become payable to Glycan (but not expected during the period covered by the Expenditure Program). Accordingly, payment will be made in those countries' currencies, and may exceed the budgeted expenditure if there are adverse currency fluctuations against the Australian dollar. The Company has no plans at this stage to hedge its foreign currency payments.

(m) **Competition:** The biotechnology and pharmaceutical industries are highly competitive, and include companies with significantly greater financial, technical, human, research and development, and marketing resources than the Company. There are companies that compete with the Company's efforts to discover, validate and commercialise therapeutic products or product candidates. The Company's competitors may discover and develop products in advance of the Company and/or products that are more effective than those developed by the Company. As a consequence, the Company's current and future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.

(n) **Healthcare insurers and reimbursement:** In both domestic and foreign markets, sales of products are likely to depend in part upon the availability and amounts of reimbursement from third party health care payer organisations, including government agencies, private health care insurers and other health care payers such as health maintenance organisations and self-insured employee plans. There is considerable public policy and government pressure to reduce the cost of therapeutic products, particularly biologics, and government and other third party payers are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement for new therapeutic products and by refusing, in some cases, to provide any coverage for uses of approved products for disease indications for which the FDA has not granted marketing approval. No assurance can be given that reimbursement will be provided by such payers at all or without substantial delay, or, if such reimbursement is provided, that the approved reimbursement amounts will be sufficient to enable the Company to sell products developed on a profitable basis.

(o) **Product liability:** As with all new therapeutic products, even after the granting of regulatory approval, there is no assurance that unforeseen adverse events or manufacturing defects will not arise. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of the regulatory approval for the relevant products and/or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage.

No independent valuation

No independent valuation has been undertaken of Paradigm for the purposes of the listing. Valuations of biotechnology before commercial use can be imprecise.

Market for Shares

Prior to the Offer there has been no public market for the Shares. No assurance can be given that an active market will develop in the Shares or that the Shares will trade at or above the Offer Price after the Shares have been listed on the Official List and after Official Quotation.

Share market volatility

Regardless of the performance of the Company, the day to day performance of the share market and general share market conditions may affect the Company and the price at which it's shares trade on a share market, such as the ASX. The share market has in the past and may in the future be affected by a number of matters including:

- Economic conditions, in general terms and in particular to the industry that a business operates in,
- interest rates,
- market confidence,
- supply and demand for money,
- currency exchange rates,
- general economic outlook and
- changes in government policy.

Prospective information

No assurance as to future profitability or dividends can be given as they are dependent on successful product development, future earnings and the working capital requirements of the Company.

There can be no guarantee that the assumptions on which the financial forecasts and development strategies of the Board, or those upon which the Company bases its decisions to proceed, will ultimately prove to be valid or accurate. The forecasts and development strategies depend on various factors many of which are outside the control of the Company.

Changes in interest rates, exchange rates, government budgetary measures, relevant taxation and other legal regimes and Government policies may adversely affect the Company.

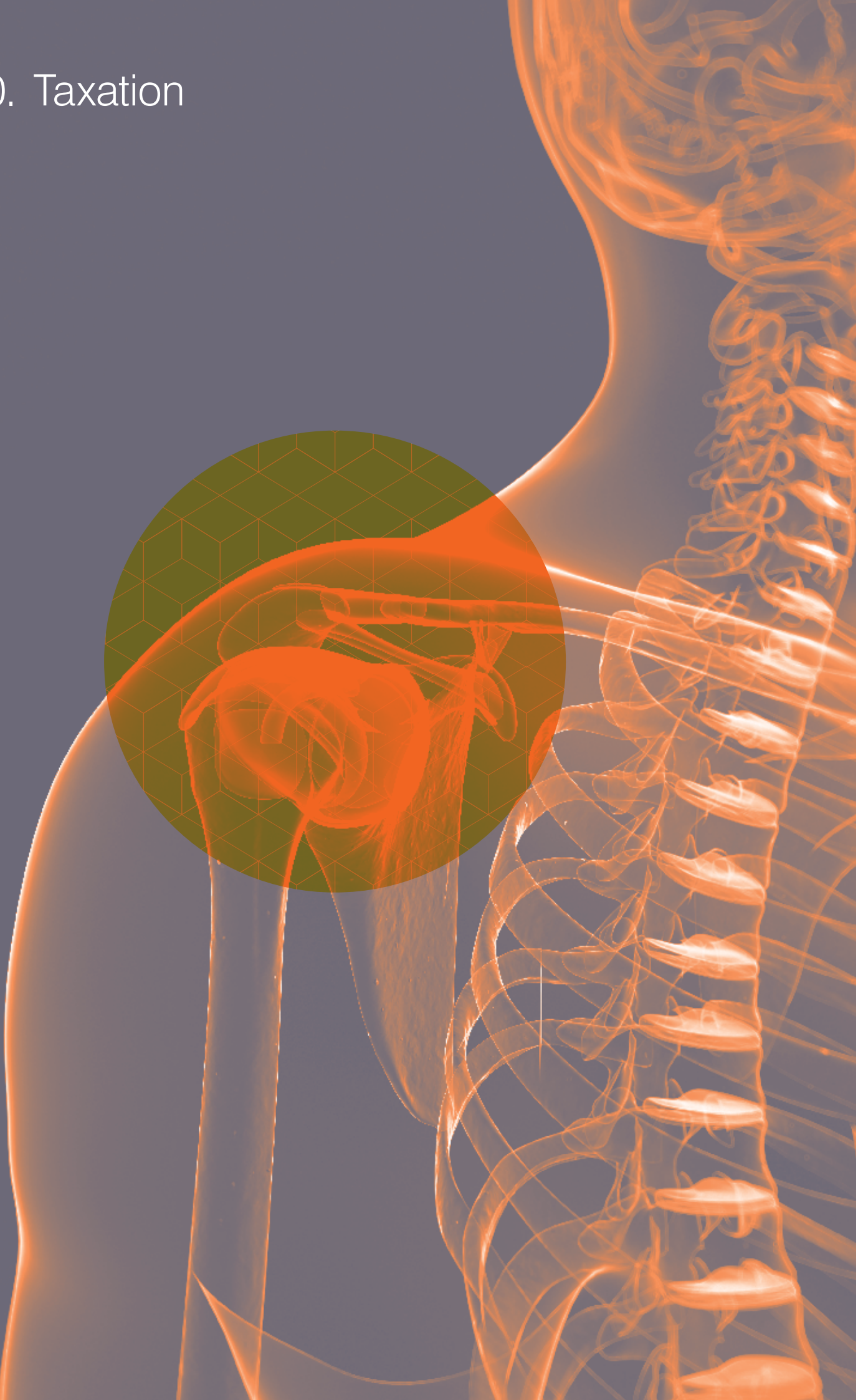
The Directors expect that the proceeds of the public capital raising and borrowings will provide sufficient capital resources to enable the Company to achieve its current business objectives. The Directors can give no assurance, however, that such objectives can be met without future financing or, if future financing is necessary, that it can be obtained on favourable terms.

Concluding comments

The above list of risk factors ought not to be taken as an exhaustive one of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Investment in the Company must be regarded as highly speculative and neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of the Shares, including those offered by this Prospectus, will be achieved.

10. Taxation



10. Taxation

The following taxation summary provides a general overview of the Australian tax implications to Australian resident and non-resident investors who acquire and hold the Shares under the offer contained in this Prospectus. This summary is based on the tax laws of Australia as at the date of this Prospectus.

The Australian tax laws are complex and the following is not intended to be a complete statement of the possible implications for investors. It is your responsibility to be satisfied as to the particular taxation treatment that applies to your investment. You should seek independent professional advice with respect to the tax consequences applicable to your individual circumstances before investing.

The following discussion assumes you hold the Shares on capital account. A different treatment may apply if you hold the Shares on revenue account, for example if you are a share trader.

10.1 Australian investors

Capital gains tax

Australian income tax laws contain a capital gains tax (**CGT**) regime. Shareholders who hold Shares on capital account will be subject to the CGT regime on disposal of those Shares. For CGT purposes, you acquire your Shares on the date the Shares are issued or allotted to you. The cost base and reduced cost base of Shares acquired is generally the amount you pay to acquire the Shares plus any incidental costs of acquisition and disposal of the Shares.

Gains on the disposal of Shares held on capital account will be subject to the CGT provisions. A capital gain will arise where the capital proceeds received exceed the cost base of the Shares. Conversely, you incur a capital loss where the capital proceeds received on disposal are less than the reduced cost base of the Shares.

Capital losses made in the same or prior years can typically be offset against any capital gains made in the current year. Any remaining net capital gain is included in assessable income and taxed. Where a net capital loss is incurred it may be carried forward indefinitely and offset against future capital gains subject to the loss recoupment rules.

Individuals and trusts in certain circumstances may be entitled to a 50% discount on capital gains derived where they have held the Shares as a CGT asset for 12 months or more before their disposal. Complying superannuation funds and life insurance companies holding the Shares as virtual pooled superannuation trust assets are entitled to a discount of 33.3%. Any discount would apply only after capital losses are first applied against the capital gain. Companies are not entitled to the discount.

Stamp duty

No stamp duty is payable on the issue or transfer of Shares. Under current stamp duty legislation, no stamp duty would be payable on subsequent transfers of the Shares as long as the Shares remain quoted on the ASX.

Taxation of dividends

Australian resident individuals

Dividends paid to you will be included in your assessable income in the income year they are paid. Dividends you receive may be franked or unfranked. Franked dividends have "franking credits" attached and reflect the Australian corporate tax paid on the profits out of which the dividends are paid. The dividends and any franking credits attached should be included in your assessable income.

You will be entitled to a tax offset equal to the franking credits received, provided you are a "qualified person". In general terms, to be a qualified person two tests must be satisfied being the "holding period rule" and the "related payments rule". These rules will, in broad terms, be satisfied where you have held the Shares at risk for at least 45 continuous days (excluding the dates of acquisition and disposal).

Australian resident trusts

Where dividends are paid to Australian resident trusts, the ultimate beneficiaries of the dividends (where they are Australian residents) will generally be entitled to a tax offset based on their share of the franking credit attached to the dividend.

10. Taxation

The tax treatment of the dividend will depend on the type of beneficiary receiving the distribution, for example whether the beneficiary is an individual, a corporate entity or a trustee. Where it is the trust itself that is subject to tax on the dividend, then it may be entitled to offset the tax payable against the franking credit.

The benefit of the franking credit will be lost where the trust has a net loss or does not have any net income. However if the trust has at least $1 of net income, the franking credits will be able to be passed onto those beneficiaries who are presently entitled to income of the trust.

The trustee of a non-fixed trust may be required to make a family trust election in order to enable beneficiaries to utilise the franking credits.

Australian resident companies

Corporate shareholders may also be entitled to a franking credit in their franking account equal to the franking credit attached to the dividend paid. Such credit can be attached to dividends paid by the corporate shareholder to its shareholders. Certain types of taxpayers, including individuals and superannuation funds, are entitled to a refund of any excess franking credits. Companies are not able to claim a refund for excess franking credits.

Australian resident superannuation funds

The tax treatment of dividends for Australian resident superannuation funds is generally the same as that described above with respect to Australian resident individuals. Australian resident superannuation funds are generally entitled to a tax refund if franking credits exceed tax payable.

Unfranked dividends will be included in assessable income of all Australian resident shareholders.

Goods and services tax

Under current law, Goods and Services Tax is not payable on the issue or transfer of Shares.

10.2 Non-Resident Investors

Capital gains tax

The information in this section is based on the assumption that the assets of Paradigm do not principally consist of real property in Australia.

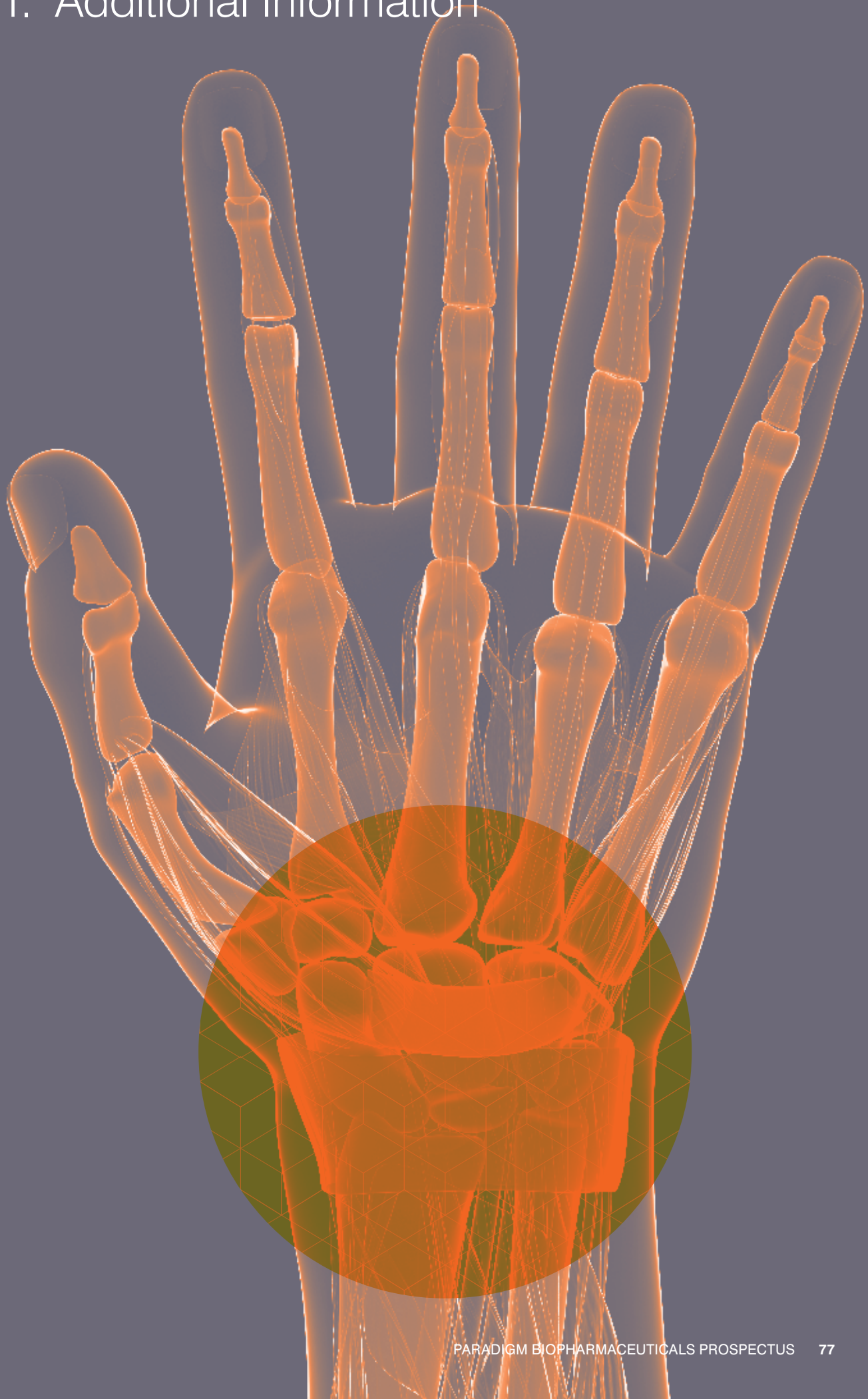
Non-resident shareholders will not have to pay Australian tax on any capital gain that arises upon the disposal of their shareholdings.

Taxation of dividends

Dividends you receive will not be subject to dividend withholding tax to the extent the dividend is franked. However, dividend withholding tax may apply to that part of the dividend that is unfranked. The rate of dividend withholding tax rate is 30%, however this may be reduced (usually to 15%) where Australia has a Double Taxation Agreement with the Country in which the shareholder is a resident.

Non-resident investors should consult their own tax advisor for the taxation implications in their own domestic jurisdiction of this offer.

11. Additional Information



11. Additional Information

11.1 Company information

The Company was incorporated on 2 May 2014 under the Corporations Act as a public company limited by shares. The Company will be taxed as a public company and its statutory accounts will be made up to 30 June annually. In 2014 the Company acquired Paradigm Health Sciences Pty Ltd pursuant to a Share Swap Agreement. In April 2015 the Company entered into an agreement to purchase Xosoma Pty Ltd (see section 11.6(b)) which is to complete on Paradigm raising the Minimum Subscription amount under this Prospectus and obtaining conditional approval from the ASX for admission to the ASX Official List.

11.2 Company's Constitution:

Rights attaching to Shares: The Shares offered under this Prospectus are fully paid ordinary shares in the capital of Paradigm. A summary of the more significant rights attaching to the Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Paradigm members.

- **Ranking** – The Shares will be ordinary shares and will rank equally in all respects with the ordinary shares in Paradigm on issue prior to the date of this Prospectus.
- **Reports and notices** – Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution of Paradigm and the Corporations Act.
- **General meetings** – Subject to any preferential or special rights attaching to any shares that may be issued by Paradigm in the future, members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of Paradigm. Members may requisition general meetings in accordance with the Corporations Act and the Constitution of Paradigm.
- **Voting** – At a general meeting of Paradigm every ordinary member present in person, or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held.
- **Reduction of capital** – Subject to the Corporations Act and ASX Listing Rules, Paradigm may resolve to reduce its share capital by any lawful manner as the Directors or shareholders may approve.
- **Winding up** – Members will be entitled in a winding up to share in any surplus assets of Paradigm in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.
- **Transfer of Shares** – Shares in Paradigm may be transferred in any form authorised by the Corporations Act or approved by the Directors and in the manner prescribed by the Constitution of Paradigm, the Corporations Act, the ASX Listing Rules or the SCH Business Rules. The Directors may, subject to the ASX Listing Rules and the SCH Business Rules, request the SCH to place a holding lock to prevent any SCH transfer of shares. The Directors may refuse to register a paper based transfer of a share in particular circumstances.
- **Issue of further Shares** – The Directors control the allotment, issue, grant of options in respect of and disposal of shares. Subject to restrictions on the allotment of shares and grant of options to Directors or their associates and the Corporations Act, the Directors may allot, grant options or otherwise dispose of shares on such terms and conditions as they see fit.
- **Takeover approval provisions** – Any proportional takeover scheme must be approved by those members holding shares included in the class of shares in respect of which the offer to acquire those shares was first made. The registration of the transfer of any shares following the acceptance of an offer made under a scheme is prohibited until that scheme is approved by the relevant members.
- **Application of ASX Listing Rules** – On admission to the Official List of the ASX then, despite anything in the Constitution of Paradigm, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require a Constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

11.3 CHESS

The Company will apply to be admitted to participate in CHESS, in accordance with the ASX Listing Rules and the SCH Business Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

The Company will not issue certificates to Shareholders. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), which sets out the number of Shares allotted to the Shareholder under this Prospectus. For Shareholders who elect to hold the Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Shareholder under this Prospectus. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide Shareholders with a holding statement that confirms the number of Shares (as the case may be) held.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number in the case of a holding on the CHESS sub-register or Shareholder Reference Number in the case of a holding in the issuer-sponsored sub-register. Following distribution of these initial holding statements to all Shareholders, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

11.4 Restricted securities and escrow arrangements

ASX may, as a condition of granting the Company's application for Official Quotation of its Shares, classify certain of its Existing Shares as restricted securities. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of the ASX and for such period as the ASX may determine. The terms of any such restriction or escrow arrangements will be determined by the ASX in accordance with the ASX Listing Rules. Details of any such restriction or escrow arrangements will be disclosed prior to commencement of Official Quotation of the Company's Shares.

11.5 Index to material contracts

The following contracts are considered by the Directors to be material for the purposes of this Prospectus or may be relevant to a potential investor and have been divided into the following categories:

- Section 11.6 – Material acquisition contracts: the Glycan purchase agreement (pursuant to which Paradigm acquired certain patents and intellectual property rights from Glycan) and the Xosoma Share Swap Agreement (under which Paradigm is to acquire all of the issued share capital of Xosoma Pty Ltd).
- Section 11.7 – Material contracts relating to other operational agreements with the Company (bene pharmaChem supply agreement).
- Section 11.8 – Underwriting Agreement with Lodge Partners.
- Section 11.9 – other operational agreements.

11.6 Material acquisition contracts

(a) Glycan Asset Purchase

In August 2014 Paradigm entered an asset purchase agreement (**Purchase Agreement**) with Glycan Biosciences LLC, of Philadelphia, USA (**Glycan**) pursuant to which Paradigm agreed to purchase Glycan's unencumbered legal title to its intellectual property rights in certain patents and patent applications (described below) together with all supporting documents, specifications, relevant information and data and test results relating to the Patent, including all in vitro and in vivo reports (collectively **Patents**).

The Patents comprise International Patent Application PCT/AU2008/000774, the national patent applications based on PCT/AU2008/00077 (as described in Section 8) and any and all patents issued there from in any country; any and all divisions, continuations, continuations-in-part, patents of addition, reissues, extensions, registrations, European validated patents, re-examinations, any provisional applications, supplementary protection certificates or the like and all international equivalents of the above. At this stage Paradigm intends to apply the Patents in order to produce products for the treatment of respiratory diseases (**Products**).

Paradigm will complete transfer of the title to the Patents subject to satisfaction of various conditions – which relate to Paradigm being satisfied as to its due diligence of the Patents, Paradigm raising the IPO funding proposed pursuant to this Prospectus and securing conditional approval from the ASX for the listing of Paradigm. The Purchase Price comprises a cash payment of AU$533,000 (US$400,000 assuming exchange rate of AU$1 = US$0.75) of which US$100,000 has been paid by Paradigm and the balance is payable within 14 days after completion. In addition Glycan is entitled under the Purchase Agreement to various milestone and royalty payments related to first patient recruitment in a Phase 1 clinical trial and upon annual net sales of Products exceeding US$100 million.

Paradigm has agreed with Glycan that if Paradigm successfully achieves the primary end points for a Phase I clinical trial in respect of a Product, then thereafter Paradigm is to use commercially reasonable efforts to continue to develop, commercialize, market and sell the Products. If Paradigm discontinues any prosecution of any of the patent applications, Glycan has an option to acquire any such discontinued patent at cost from Paradigm.

Prior to completion Glycan must ensure that the Patents are maintained, prosecuted and protected in accordance with normal and prudent practice, including consulting and seeking Paradigm approval for all material decisions concerning the patents. Glycan will also for a period of 3 months following completion provide Paradigm with some technical assistance in relation to the patents, including access to Glycan's know how.

Glycan provided Paradigm with the customary commercial warranties afforded a purchaser, including warranties as to legal title, no encumbrances, complete assignment of all relevant intellectual property rights, no withholding of any material information and no current or pending litigation concerning the Patents. Glycan is also bound by the usual obligations to maintain confidentiality concerning the Patents.

(b) Xosoma Share Swap Agreement

In April 2015 Paradigm entered into a share swap agreement with the Xosoma vendors under which Paradigm is to acquire all of the issued shares in Xosoma Pty Ltd.

Xosoma Pty Ltd owns the patent application PCT/AU2014/000953 which is detailed in the F B Rice Patent Report in Section 8.

The Xosoma vendors have warranted to Paradigm their authority to sell the Xosoma shares, they have unencumbered title to the Xosoma shares and that all information set out in the Xosoma shares swap agreement and information which they or any of their agents or advisers have given to Paradigm or any of its advisers relating to Xosoma Pty Ltd was prepared with reasonable care and is, and was when given, complete and accurate in all material respects. Likewise Paradigm has given corresponding warranties to the Xosoma vendors.

On completion of the acquisition, Paradigm would own 100% of Xosoma Pty Ltd and the Xosoma vendors will receive 19,495,238 Paradigm shares.

Completion of the acquisition of the Xosoma shares is conditional on Paradigm raising the minimum amount under this Prospectus and Paradigm obtaining conditional approval from the ASX for the admission of Paradigm to the ASX Official List.

11.7 Other operational agreements

bene pharmaChem Supply Agreement with Paradigm

Paradigm has entered a 10 year supply agreement (with an option to extend for a further 10 years provided that within the first 10 years Paradigm has obtained regulatory approval for sale of a product incorporating PPS) with bene pharmaChem. (**Supply Agreement**) which includes the following key terms:

> **Within the Territory:**

Pursuant to the Supply Agreement, Paradigm has agreed to exclusively purchase from bene pharmaChem and bene pharmaChem has agreed to supply exclusively to Paradigm, PPS (in bulk ware form) for use within the **Territory** (Australia, New Zealand, Philippines, Indonesia, Thailand, Singapore, Vietnam, Taiwan, Myanmar (Burma), Brunei (Darussalam), Cambodia, Laos and Malaysia) within the **Field** (Bone Marrow Edema, asthma, Rhinitis and chronic obstructive pulmonary disease). In addition to the agreed purchase price, Paradigm agrees to pay bene pharmaChem a commercial rate of royalties on net sales of products by Paradigm (made by Paradigm using this PPS) throughout the term of the Agreement.

> **Outside the Territory:**

Where Paradigm pursues regulatory approval for commercial sale of products incorporating PPS outside the Territory and within the Field, bene pharmaChem has a first right of refusal for 90 days to supply Paradigm with bene pharmaChem PPS, in which case bene pharmaChem can decide (with respect to outside the Territory):

1. to exclusively supply Paradigm and Paradigm will exclusively purchase from bene pharmaChem all requirements for bulk ware form of PPS, in which case the purchase price and royalty rate remain the same as for the initial Territory above, or
2. to non exclusively supply Paradigm and Paradigm will exclusively purchase from bene pharmaChem, the PPS, in which case the purchase price and royalty rate are both reduced significantly, or
3. not to supply Paradigm any PPS in bulk ware form, in which case Paradigm is free to source PPS bulk ware from any other supplier other than bene pharmaChem and no royalty is payable to bene pharmaChem.

Under the Supply Agreement bene pharmaChem's PPS is to be manufactured in a cGMP production facility (which is owned by bene pharmaChem) and audited by the US FDA.

The Supply Agreement includes a grant to Paradigm of a 'Right of Reference' to the bene pharmaChem drug master file (**DMF**) and other preclinical and clinical safety data. This data is anticipated to allow Paradigm to (i) expedite commencement of the clinical trials, which are the subject of the Expenditure Program under this Prospectus and (ii) file an new drug application (NDA) with regulatory authorities relying on previously published safety data and bene pharmaChem's DMF.

11.8 Underwriting Agreement

The Company has entered into the Underwriting Agreement with Lodge Corporate Services Pty Ltd (**Underwriter**). Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Offer on the terms and conditions set out in the Underwriting Agreement and has reserved the right to appoint sub-underwriters.

The Company provides warranties to the Underwriter in relation to its power to enter into and comply with the Underwriting Agreement and to make the Offer.

The Company indemnifies the Underwriter, its related bodies corporate and each of the directors, employees and agents thereof against any material claim, judgment, damage, loss, liability or expense (including legal costs) in connection with, or resulting from, the issue of the Prospectus; a breach of any of the provisions of the Underwriting Agreement; any notice, advertisement, report or other information published in relation to the Company, the Offer or the Prospectus whether or not with the approval of any other Indemnified Party; and the issue of the Prospectus, or any conduct by any person in connection with the issue of the Prospectus or proposed allotment of shares that is false or misleading or deceptive or likely to mislead or deceive.

The Underwriting Agreement provides for payment of an underwriting fee of 6% of the amount raised under this Prospectus. Certain other "out of pocket" expenses as referred to in Underwriting Agreement are also payable.

The Underwriting Agreement sets out a series of termination events. If one or more of the events listed in the Underwriting Agreement occur, the Underwriter may in certain circumstances by written notice to the Company terminate the underwriting. Those events include, but are not limited to, the following:

- (Supplementary Prospectus); The Underwriter reasonably forms the opinion that a supplementary or replacement prospectus must be lodged with ASIC in accordance with the Corporations Act and the Company does not do so in the form, with the content and within the time reasonably required by the Underwriter or that any Supplementary or Replacement Prospectus lodged with ASIC contains new information that is, or is likely to be, materially adverse to prospective investors or is materially adverse to the likely success of the Issue;
- (ASIC Stop Order): ASIC holds or gives notice of intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an order under sections 739(1), 739(3) or 739(4) of the Corporations Act;
- (Court Order): An order is made in connection with the Prospectus or the Issue including under sections 1324 and 1325 of the Corporations Act;
- (Criminal Offence): Any director, Chief Executive Officer, Chief Financial Officer or general manager of the Company or a Related Body Corporate of the Company is charged with an indictable offence relating to a financial or corporate matter;
- (Consent withdrawal): If any person, other than the Underwriter, who has previously consented to being named in the Prospectus, withdraws that consent whether publicly or not;
- (Breach): The Company defaults under any provision of the Underwriting Agreement including a material breach of any representation, warranty or undertaking and that default or breach is either incapable or remedy or is not remedied within 5 Business Days of it occurring;
- (Material adverse change): If on or before the Closing Date there is any material adverse change in the assets, liabilities, financial position, profits, losses or prospects of:
  - the Company; or a Related Party of the Company,
  - including any adverse change in the assets, liabilities, financial position, profits, losses or prospects of any Related Party of the Company from those respectively disclosed in the Prospectus;
- (All Ordinaries Index): Either the All Ordinaries Index or the ASX 200 is, for three consecutive business days, at a level which is 10% or less than the level at the close of trading on the business day immediately preceding the date of this Agreement;
- (Health Care Index): The S&P/ASX 200 Health Care Index of the ASX falls, at any time on any three successive trading days, to a level which is more than 10% below the S&P/ASX 200 Health Care Index's level at the close of business on the Business Day prior to this Agreement;
- (Legislation): There is:
  - introduced into the Parliament of the Commonwealth of Australia or of an Australian State or Territory a law;
  - any official announcement on behalf of the Government of the Commonwealth of Australia or of the Government of an Australian State or Territory, ASIC (or its delegates) the Reserve Bank of Australia or any Commonwealth financial authority that a law or regulation will be introduced or policy adopted (as the case may be) with effect from the date of the announcement or within three months afterwards;
- (Hostilities): There is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs, involving any one or more of Australia, the United Kingdom, New Zealand, Canada, Indonesia, Japan, the People's Republic of China (including Hong Kong), the Middle East or the United States Of America; or
- (Insolvency Event): An Insolvency Event occurs with respect to the Company or a Related Body Corporate of the Company.

The Underwriter disclaims all responsibility, whether to the Company or to third parties, for all claims arising out of advice given by the Underwriter based upon information provided to the Underwriter by the Company which is materially misleading, inaccurate or incomplete and denies liability to the Company or to third parties in connection with the Offer except for liability that has resulted primarily from the Underwriter's action or inaction, negligence or wilful misconduct, breach of contract or fraud.

If the Underwriter terminates the Underwriting Agreement, the Company is not obliged to pay the Underwriting fee but remains liable to reimburse the Underwriter for any out of pocket fees expenses and charges incurred by the Underwriter in connection with the Underwriting Agreement, the Prospectus or Offer.

11.9 Operational agreements

Agreements: Staff and Consultants

The Company has entered into agreements with staff and consultants. Each of these agreements contains a confidentiality clause. The terms of those agreements with regards to confidentiality are standard in that they impose restrictions on the disclosure of confidential information and restrictions on the use of confidential information, except for the purposes for which it has been disclosed. The agreements are subject to the usual exclusions in relation to information that was in the public domain when disclosed, that comes into the public domain after disclosure, other than as a result of the recipient's breach of the agreement or was in the recipient's possession when disclosed. Some agreements contain other exclusions relating to disclosure required by law to the extent required to be so disclosed.

Directors' deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. The key features of this deed may be summarised as follows:

- to the extent permitted by law, the Company:
  - (a) indemnifies each of the Directors against any liability (excluding liability for legal costs) incurred by the Director as an officer or former officer of the Company;
  - (b) indemnifies the Director against any reasonable legal costs incurred as a result of the Director defending an action for any liability incurred by the Director as an officer or former officer of the Company;
  - (c) releases the Director from any present, future or contingent claims that arise directly or indirectly from the Director's position acts or omissions as an officer or former officer of the Company;
- the Company must, where possible, maintain appropriate insurance cover in favour of the Director during the term of the Director's appointment for at least a period of seven years after the Director ceases to be an officer of the Company on terms that are reasonably prudent to the Company;
- the Director, during his or her appointment and for a period of ten years after the Director ceases to be an officer of the Company, may inspect any books and records of the Company in certain circumstances and for particular purposes; and
- the Director is entitled to retain any board documents, including minutes of board meetings or committees. These documents will become the property of the Director at the time they are supplied to the Director. Notes of board meetings or other communications made by the Director will remain the property of the Director.

Executive Share Plan

The Company has adopted an executive share plan (**Plan**) to foster an ownership culture within the Company and to motivate senior management and Directors to achieve performance targets of the Company. Selected senior management of the Company and the Directors are eligible to participate in the Plan at the absolute discretion of the Board.

Shares allotted and issued under the Plan must rank equally in all respects with other Shares from the date of allotment and issue, subject to satisfaction of any applicable disposal restrictions.

The aggregate number of Shares which may be issued pursuant to the Plan, (when aggregated with all Shares issued under all other employee incentive plans), shall not at any time exceed 7.5% of the total number of issued Shares. The Company may offer with an invitation to participate in the Plan, a limited recourse loan to assist in funding the issue price in respect of the relevant Shares. The loan may be interest free, with a maximum repayment term of up to 5 years and trading in the relevant Shares would be restricted until the loan is repaid. The Shares issued may be subject to vesting conditions. In the event the relevant employee/director ceases to be engaged by the Company, the loan must be repaid or the Shares returned to the Company for cancellation as repayment of the loan.

The issue price of Shares issued and to be issued under the Plan 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.

11.10 Corporate governance

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and monitoring of the business and affairs of the Company on behalf of its members.

The Company is cognisant of the Principles of Good Corporate Governance and Best Practice Recommendations as published by ASX Corporate Governance Council and acknowledges that the 8 principles set out therein are fundamental to good corporate governance. The Board will comply with Listing Rule 4.10 which requires the Company to provide a statement in its annual return disclosing the extent to which those best practice recommendations are following in any reporting period and to identify any recommendations not followed and provide reasons for their not being followed.

The Board believes that the structure of the Company, its management and business practices provide a basis of governance which meets the essential corporate governance principles articulated by ASX in that publication.

One of the key objectives of the Board is to ensure timely, transparent and accurate communication with all members and compliance with all regulatory requirements. To this effect the Board has established a number of Committees.

The Board has formally adopted a Corporate Governance Policy for the Company. Under this Policy, the Board will establish:

- An Audit and Risk Committee whose primary function is to monitor and review the effectiveness of the Company's control environment in the areas of operational risk, legal and regulatory compliance and financial reporting. The Audit and Risk Committee also has the responsibility for the review of the Company's Corporate Governance Policy.
- A Nomination and Remuneration Committee whose primary function is to review the composition of the Board to ensure that the Board has an appropriate mix of expertise and experience, review the fees payable to both executive and non-executive directors and review and advise the Board in relation to chief executive officer succession planning.

11.11 Directors' Share qualifications, remuneration and interests

Except as disclosed in the Prospectus, no Director or proposed Director of the Company, or firm in which a Director or proposed Director is a partner, has any interest, nor has had any interest for registration, or has received or is entitled to receive any sum for services rendered by either him or the firm to induce him to become or qualify him as a Director, or otherwise in connection with the promotion or formation of the Company or in the property proposed to be acquired by the Company in connection with its promotion or formation.

Shareholding qualifications & remuneration

The Directors are not required under the Constitution of the Company to hold any Shares in order to qualify as Directors.

The Constitution provides the Directors are entitled to remuneration for their services as Directors as determined by the Company in general meeting. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for any disbursements or any other out of pocket expenses incurred as a result of the directorship or any special duties.

Directors' interests in securities

Set out below are details of the interests of the Directors in the Shares and other securities of the Company immediately prior to lodgement of the Prospectus with the ASIC for registration. Interests include those held directly and indirectly.

NAME	POSITION	ANNUAL REMUNERATION	SHARES DIRECTLY HELD (INCLUDING UNDER THE COMPANY'S SHARE PLAN)
Graeme Kaufman	Non Executive Chairman	$110,000**	1,200,000
Paul Rennie	Managing Director	$280,000*	21,214,543
Christopher Fullerton	Non Executive Director	$55,000**	600,000
John Gaffney	Non Executive Director	$55,000**	600,000

Other interests of Directors

* The Company has entered into an executive employment contract with Mr Paul Rennie as managing director under which Mr Rennie will be paid the annual base remuneration as outlined above together with superannuation entitlements and short term incentives based on key performance indicators which in aggregate cannot exceed 25% of the annual base remuneration.

** The Shares detailed above as held by Messrs Kaufman, Fuller and Gaffney have been allotted under the Company's Executive Share Plan (see Section 11.9) and the Company provided an interest free limited recourse loan for the purchase price of these Shares, repayable on the expiry of 5 years. Additionally, 600,000 shares included in the share details above for Mr Rennie were issued on the same terms under the Company's Executive Share Plan.

11.12 Interests and consents of experts

Except as disclosed in this Prospectus:

> No expert, or firm in which any expert is a partner, has any interest that existed when a copy of the Prospectus was lodged with the ASIC for registration, nor had any such interest within 2 years before lodgement of the Prospectus for registration, in the promotion of the Company or has received or is entitled to receive any sum for services rendered by the expert or the firm in connection with the promotion or formation of the Company, or in any property proposed to be acquired by the Company in connection with the promotion or formation.

> No amounts have been paid or agreed to be paid to any expert, or any firm in which any expert is a partner, for services rendered in connection with the promotion or formation of the Company.

11. Additional Information

In accordance with the terms of their engagement RSM Bird Cameron Corporate Pty Ltd has prepared its Investigating Accountant's Report which forms part of this Prospectus. In aggregate, RSM Bird Cameron Corporate Pty Ltd (as Investigating Accountant for the Company) and RSM Bird Cameron Partners (as auditors for the Company) will be paid $15,000 (plus GST) for services provided in connection with this Offer and may receive further payments in accordance with its normal time based charges.

In accordance with the terms of their engagement, K&L Gates as Legal Advisors for the Company will be paid $145,354 (plus GST) for services provided in connection with this Offer and may receive further payments in accordance with its normal time based charges.

In accordance with the terms of their engagement, F B Rice as Patent Attorneys for the Company will be paid $20,000 (plus GST) for the provision of its Patent Attorney Report (which forms part of this Prospectus) and may receive further payments in accordance with its normal time based charges.

In accordance with the terms of their engagement, Lodge Corporate Pty Ltd as Lead Manager and Underwriter will be paid aggregate fees of up to 6% plus GST of the amount raised under this Prospectus depending upon the amount raised pursuant to the Offer) for management fees and commission in connection with this Offer.

RSM Bird Cameron Corporate Pty Ltd – Investigating Accountant

RSM Bird Cameron Corporate Pty Ltd has given and not withdrawn its written consent to being named as Investigating Accountant for Paradigm in the Prospectus in the form and context in which it is named and the issue of the Prospectus with its Investigating Accountant's Report dated 29 May 2015 in the form and context in which it is included and to all references to that report in the Prospectus in the form and context in which those references are included.

RSM Bird Cameron Corporate Pty Ltd has only participated in the preparation of the Prospectus to the extent of preparing its Investigating Accountant's Report. RSM Bird Cameron Corporate Pty Ltd was not involved in the preparation of any other part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

Except as provided above RSM Bird Cameron Corporate Pty Ltd does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

RSM Bird Cameron Partners – Auditor

RSM Bird Cameron Partners has given and not withdrawn its written consent to being named as Auditor for Paradigm in the Prospectus in the form and context in which it is named.

RSM Bird Cameron Partners was not involved in the preparation of any part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

RSM Bird Cameron Partners does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

K&L Gates

K&L Gates has given and not withdrawn its written consent to be named herein as Australian legal advisers to Paradigm in the form and context in which it is so named. K&L Gates does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

F B Rice

F B Rice has given and not withdrawn its written consent to be named herein as Patent Attorneys to Paradigm in the form and context in which it is so named. Other than the expert report contained in Section 8, F B Rice does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

Computershare Investor Services Pty Limited– Share Registry

Computershare Investor Services Pty Limited (**Computershare**) has given and not withdrawn its written consent to be named herein as the share registry to Paradigm in the form and context in which it is so named. Computershare does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

Lodge Corporate Pty Ltd

Lodge Corporate Pty Ltd has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named.

Lodge Corporate Pty Ltd was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Lodge Corporate Pty Ltd makes no express or implied representation or warranty in relation to Paradigm Limited, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Lodge Corporate Pty Ltd. To the maximum extent permitted by law, Lodge Corporate Pty Ltd expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

11.13 Costs of the Offer

If the Offer proceeds, the total estimated costs of the Offer, including legal fees incurred, registration fees, fees for other advisors, prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately $565,892 if the minimum funds are raised under the Offer. The costs of the Offer will be approximately $745,895 if the maximum funds are raised under the offer.

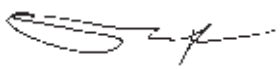
11.14 Legal Proceedings

There is no litigation of a material nature or threatened which may significantly affect the Company or its activities.

11.15 Authorisation

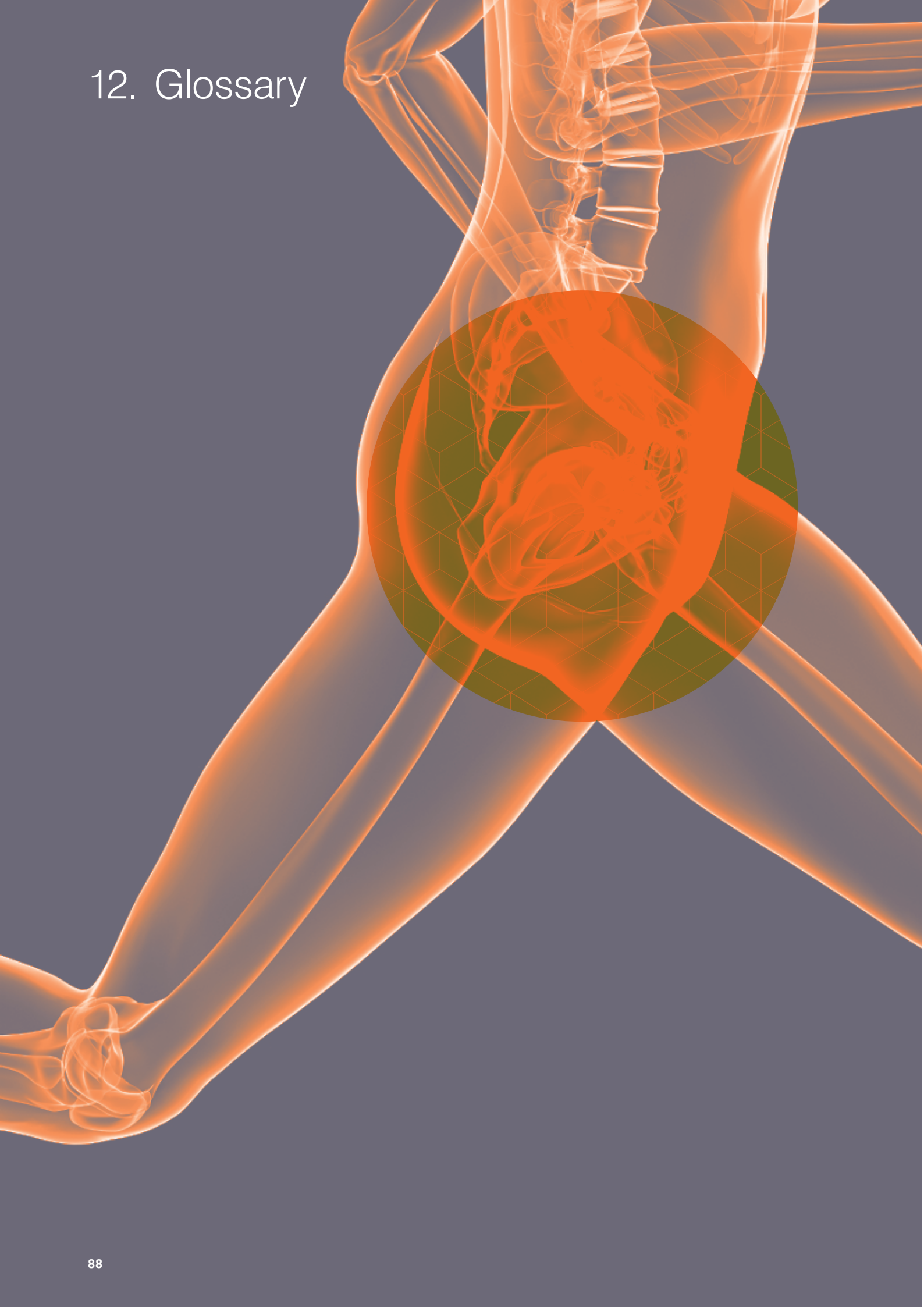
This Prospectus is issued by the authority of the Board of the Company.

Dated: 12 June 2015



Mr Graeme Kaufman
Non-Executive Chairman
Paradigm Biopharmaceuticals Limited

12. Glossary



12. Glossary

In this Prospectus, unless the context otherwise requires:

$ or A$	means Australian dollars.
AEST	means Australian Eastern Standard Time.
Applicant	means a person who makes an application for Shares.
Application	means an application for Shares under this Prospectus made by an Applicant under an Application Form.
Application Form	means the form accompanying or attached to this Prospectus by which an Applicant may apply for Shares.
ASIC	means the Australian Securities and Investments Commission.
ASTC	means the ASX Settlement and Transfer Corporation Limited ACN 008 504 532.
ASTC Settlement Rules	means the settlement rules of ASTC from time to time.
ASX	means the ASX Limited ACN 008 624 691.
ASX Listing Rules	means the official listing rules of the ASX.
Board	means the board of directors of the Company.
Business Day	means a day that is not a Saturday or Sunday or a public holiday in Victoria.
BME	means bone marrow edema (or often commonly referred to as bruising of the bone).
CHESS	means the clearing house electronic sub-register system.
Closing Date	means the date on which the Offer closes.
Company or Paradigm	means Paradigm Biopharmaceuticals Limited ACN 169 346 963 and where applicable it's wholly owned subsidiary Paradigm Health Sciences Pty Ltd.
Constitution	means the constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Cth).
Directors	means the directors of the Company from time to time.
Existing Shares	means the issued Shares immediately prior to the allotment of Shares under the Offer.
Expenditure Program	means the anticipated expenditures to be incurred by the Company and funded by the capital raising under this Prospectus as detailed in Sections 1 and 2.16.
Exposure Period	means the period of 7 days (or 14 days if extended by ASIC) after the lodgement of the Prospectus with the ASIC during which the Company may not accept Applications.
FDA	means the U.S. Food and Drug Administration.
Glycan	means Glycan Biosciences LLC, of Philadelphia, USA.
Interstitial cystitis or bladder pain syndrome	is a chronic inflammatory condition of the submucosal and muscular layers of the bladder.

12. Glossary

IP	means intellectual property, or intellectual property rights, as the context requires.
Lead Manager and Underwriter	means Lodge Corporate Pty Ltd ACN 125 323 168.
Listing or Listed	means the admission of the Shares to quotation on the ASX in accordance with ASX Listing Rules.
Listing Date	means the date Listing occurs.
MOA	means mechanism of action.
NDA	means new drug application under section 505(b)(2) of US Federal Food, Drug and Cosmetic Act
Offer	means the offer of up to 14,285,714 million ordinary Shares (with acceptances of oversubscriptions up to a further 8,571,429 Shares) under this Prospectus.
Offer Price	means $0.35 per Share.
Official List	means the official list of the ASX.
Official Quotation	means official quotation of the Shares on the Official List.
Opening Date	means the date the Offer opens as described in Section 1.
Phlebitis	is the inflammation of a vein, usually in the legs. It most commonly occurs in superficial veins.
POC	means Proof of Concept.
Prospectus	means this replacement prospectus dated 12 June 2015.
PPS or Pentosan Polysulphate Sodium	is semi-synthetic drug manufactured from European beech-wood hemicellulose by sulphate esterification.
SCH Business Rules	means the business rules of the Securities Clearing House established under the Corporations Act for settlement of transactions of securities of a company for which Clearing House Electronic Sub-Register System approval has been given.
Share	means a fully paid ordinary share in the issued capital of the Company.
Shareholder	means a person who holds Shares.
Share Registry	means Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Territories	means the territories in which Paradigm must acquire its supply of PPS from bene pharmaChem (as outlined in section 11.7).
TGA	means Therapeutics Goods Administration.
Thrombosis	means a blood clot that forms in a vein, for example a deep vein thrombosis (DVT) is a blood clot that forms in the legs.
Thrombosis prophylaxis	means prevention of Thrombosis (blood clot in the vein).
Xosoma Pty Ltd	means Xosoma Pty Ltd ACN 164 399 740.
Xosoma vendors	means Vasilis Paspaliaris, Peter Milonas, MJGD Nominees Pty Ltd and Irwin Biotech Nominees Pty Ltd.

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PARADIGM
Biopharmaceuticals

ACN 169 346 963

For all enquiries:

(within Australia) 1300 723 167
(outside Australia) +61 3 9415 4277

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Replacement Prospectus dated 12 June 2015 which replaces a Prospectus dated 29 May 2015 and any relevant supplementary prospectus (if applicable) (the Prospectus), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Number of Shares in Paradigm Biopharmaceuticals Limited (**Paradigm**) at A$0.35 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name Telephone Number - Business Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Make your cheque, bank draft or money order payable to 'Paradigm Biopharmaceuticals Limited - Share Subscription Account'.

By submitting this Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Paradigm.

See overleaf for completion guidelines ➔

How to complete this Application Form

A **Number of Shares applied for**
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 5,715 Shares (A$2,000.25). Applications for greater than 5,715 Shares must be in multiples of 1,000 Shares (A$350.00).

B **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A$0.35.

C **Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) particpants should complete their name identically to that presently registered in the CHESS system.

D **Postal Address**
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F **CHESS**
Paradigm will apply to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Paradigm and allocated a Securityholder Reference Number (SRN).

G **Payment**
Make your cheque, bank draft or money order payable in Australian dollars to '**Paradigm Biopharmaceuticals Limited - Share Subscription Account**' and cross it '**Not Negotiable**'. Cheques must be drawn from an Australian bank. Cash will not be accepted.
The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided.
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented any may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Paradigm is upon and subject to the terms of the Prospectus and the Constitution of Paradigm, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (**CIS**) by no later than 5.00pm AEST on 10 July 2015. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Paradigm Biopharmaceuticals Limited Share Offer
Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor Paradigm accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

PARADIGM
Biopharmaceuticals

ACN 169 346 963

For all enquiries:

(within Australia) 1300 723 167
(outside Australia) +61 3 9415 4277

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Replacement Prospectus dated 12 June 2015 which replaces a Prospectus dated 29 May 2015 and any relevant supplementary prospectus (if applicable) (the Prospectus), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Number of Shares in Paradigm Biopharmaceuticals Limited (**Paradigm**) at A$0.35 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name Telephone Number - Business Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Make your cheque, bank draft or money order payable to 'Paradigm Biopharmaceuticals Limited - Share Subscription Account'.

By submitting this Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Paradigm.

See overleaf for completion guidelines ➔

How to complete this Application Form

A **Number of Shares applied for**
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 5,715 Shares (A$2,000.25). Applications for greater than 5,715 Shares must be in multiples of 1,000 Shares (A$350.00).

B **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A$0.35.

C **Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) particpants should complete their name identically to that presently registered in the CHESS system.

D **Postal Address**
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F **CHESS**
Paradigm will apply to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Paradigm and allocated a Securityholder Reference Number (SRN).

G **Payment**
Make your cheque, bank draft or money order payable in Australian dollars to '**Paradigm Biopharmaceuticals Limited - Share Subscription Account**' and cross it '**Not Negotiable**'. Cheques must be drawn from an Australian bank. Cash will not be accepted.
The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided.
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented any may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Paradigm is upon and subject to the terms of the Prospectus and the Constitution of Paradigm, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (**CIS**) by no later than 5.00pm AEST on 10 July 2015. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Paradigm Biopharmaceuticals Limited Share Offer
Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor Paradigm accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Corporate Directory

Directors

Mr Graeme Kaufman, Non-Executive Chairman
Mr Paul Rennie, Managing Director
Mr Christopher Fullerton, Non-Executive Director
Mr John Gaffney, Non-Executive Director

Chief Financial Officer and Company Secretary

Mr Kevin Hollingsworth

Registered Office

Level 2, 517 Flinders Lane
Melbourne, Victoria 3000

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls – Head Office
452 Johnson Street
Abbotsford, Victoria 3067

Lead Manager & Underwriter

Lodge Corporate Pty Ltd
Level 4, 60 Collins Street
Melbourne, Victoria 3000

Australian Legal Advisers

K&L Gates
Level 25
525 Collins Street
Melbourne, Victoria 3000

Patent Attorneys

F B Rice
Level 23, 44 Market Street
Sydney, New South Wales 2000

Investigating Accountant

RSM Bird Cameron Corporate Pty Ltd
Level 21, 55 Collins Street
Melbourne, Victoria 3000

Auditors

RSM Bird Cameron Partners
Level 21, 55 Collins Street
Melbourne, Victoria 3000


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