

ASX Release

ASX waiver to grant secured convertible notes

PERTH, AUSTRALIA – 16 JULY 2018: The Company refers to the commitments for up to \$200,000 interim funding through the issue of up to 200,000 Convertible Notes to directors Stephen Carter and Joseph Ohayon, and former director Michael Stewart and his two sons, as announced to ASX on 2 July 2018.

The Notes are on the same terms as notes approved by shareholders on 28 November 2017, save that conversion and grant of security is subject to prior shareholder approval or waiver, and the Noteholder consents to the early redemption (with any premium) in the event the Rights Issue (also announced on 2 July 2018) successfully closes. As disclosed in the prospectus for the Rights Issue, the Company intends to redeem the 2018 Notes on or about 2 August 2018 from the proceeds of the Rights Issue; at which time the security securing the 2018 Notes will be discharged.

The Company advises that ASX has granted a waiver from Listing Rule 10.1 on the terms outlined in Annexure A to this announcement.



Further information:
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NOTES TO EDITORS:**About SUDA Pharmaceuticals Ltd**

SUDA Pharmaceuticals Ltd (ASX: SUD) is a drug delivery company focused on oro-mucosal administration, headquartered in Perth, Western Australia. The Company is developing low-risk oral sprays using its OroMist® technology to reformulate existing pharmaceuticals. The many potential benefits of administering drugs through the oral mucosa (i.e.: cheeks, tongue, gums and palate) include ease of use, lower dosage, reduced side effects and faster response time. SUDA's product pipeline includes ZolpiMist™, a first-in-class oral spray of zolpidem for insomnia. ZolpiMist is marketed in the USA and SUDA has rights to the product outside of the US and Canada. ZolpiMist is partnered with Eddingpharm in China and Teva Pharmaceuticals in Latin America. SUDA has submitted a Marketing Authorisation Application to the Australian Therapeutic Goods Administration for ArTiMist®, its novel sublingual malaria treatment for children. In a Phase III trial, ArTiMist was shown to be superior to intravenous quinine. Other products in development include oral sprays for the treatment of migraine headache, chemotherapy-induced nausea and vomiting, erectile dysfunction, PAH, epileptic seizures and pre-procedural anxiety. For more information, visit www.sudapharma.com

ANNEXURE A - ASX WAIVER – LISTING RULE 10.1

The Company has been granted a waiver from Listing Rule 10.1 to allow the Company to grant security over the assets of the Company to certain related parties (including the Directors or their controlled entities) (“Related Parties”) in connection with the issue of the 200,000 notes as announced to ASX on 2 July 2018 (“2018 Notes”) without obtaining shareholder approval on the following terms:

1. The security includes a term that if an event of default occurs and the Related Parties exercise their rights under the security, neither the Related Parties nor any of their associates can acquire any legal or beneficial interest in an asset of the Company in full or part satisfaction of the Company’s obligations under the 2018 Notes, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver or receiver and manager (or any other person acting on behalf of the Related Parties) appointed by the Related Parties exercising their power of sale under the security and selling the assets to an unrelated third party on arm’s length commercial terms and conditions and distributing the cash proceeds to the Related Parties in accordance with its legal entitlements.
2. A summary of the material terms of the 2018 Notes is made in each annual report of the Company during the term of the 2018 Notes.
3. Any variations to the terms of the 2018 Notes or the security which is:
 - (a) not a minor change; or
 - (b) inconsistent with the terms of the waiver,must be subject to shareholder approval.
4. The Company must seek to discharge the security when the funds advanced under the 2018 Notes are repaid, or if it is not discharged, seek shareholder approval for the continuation of the security for any further loan facility amount.
5. The Company immediately releases to the market an announcement which sets out the terms of the waiver, and the Company’s plans with respect to the repayment of the funds advanced under the 2018 Notes and the discharge of the security, including the timeframe within which it expects the repayment and discharge to occur.

The material terms of the 2018 Notes are as follows:

Issue Price:	\$1.00 per Convertible Note.
Security:	General security interest over the Company.
Conversion:	Convertible at \$0.024 per share at the Noteholder’s election any time.
Coupon:	8% paid semi-annually in arrears. At the Noteholder’s election and subject to ASX Listing Rules, interest is payable in cash or by the issue of fully paid shares in Suda (Interest Shares). If the Noteholder does not make an election to receive its interest in Interest Shares, the interest payment will be made in cash. For this purpose the Interest Shares will be issued at 90%

	of the VWAP of Suda shares over the 5 days on which trading occurred prior to the interest payment date.
Maturity:	31 March 2019.
Redemption:	If not previously converted at expiry the Convertible Notes will be redeemed at 104% of the face value of the Convertible Notes.
Unlisted:	The Convertible Notes will be unlisted.
Reset Option:	The conversion price will be adjusted for all future equity issues (where the issue price is less than \$0.024 per share), return of capital or capital consolidation.
Transfers:	The Noteholder must not within 12 months of the date of issue of the Convertible Notes, transfer any of the Convertible Notes without the prior written approval of Suda.