GLENEAGLE
GOLD LIMITED
ABN 27 103 782 378

16 March 2015

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

GLENEAGLE GOLD LIMITED TO MERGE WITH MYOSTIN THERAPEUTICS PTY LTD

Gleneagle Gold Limited (**Gleneagle**) is pleased to announce it has entered into a non-binding term sheet (**Term Sheet**) to merge with unlisted Australian company Myostin Therapeutics Pty Ltd (**Myostin**).

Myostin is developing a therapeutic for Duchenne Muscular Dystrophy (**"DMD"**) and potentially other muscle-wasting conditions. Myostin has acquired an extensive body of intellectual property, including 3 patent families which protect its approach to treating DMD (**"Intellectual Property"**).

Highlights

- Myostin is developing a novel therapeutic to treat DMD a genetic disorder affecting boys as young as 3 and which is usually fatal by early 20's.
- Myostin's candidate therapeutic has shown it can restore muscle structure and function in several muscle-wasting conditions including DMD.
- Proof-of-concept already obtained in "gold standard" mdx mouse model of DMD, as well as cachexia and sarcopenia animal models.
- Key patents granted in US and other countries such as China and Japan. One patent family is granted in Europe and two are under examination.
- Possibility of "Orphan Drug and/or "Breakthrough Drug" status from FDA in USA and EMA in Europe which can provide "fast-track" development and regulatory benefits.
- Large market opportunity – DMD market alone estimated to be >USD 1 billion and Cachexia and Sarcopenia >USD 5 billion.
- Companies with early-stage success in DMD have enjoyed rapid value increases.

About Myostin

Myostin is developing a novel therapeutic to treat DMD. This is a disorder affecting approximately 1 in every 3,500 boys. The market for a successful product has been estimated by industry experts to be over $1 billion.

DMD is caused by a number of genetic mutations which prevent the body from producing an important muscle protein dystrophin. An absence of this protein progressively weakens muscle and results in an inability of patients to walk at a very early age and causes difficulty with respiration. Affected patients usually do not live much past their 20's. There is currently no cure for DMD.

Myostin has developed a therapeutic which can restore muscle structure and function in the "gold standard" medical model of DMD, the mdx mouse. This is a strong indicator that Myostin's candidate could be effective in DMD.

Myostin has acquired an extensive body of intellectual property, including 3 patent families which protect its approach to treating DMD. Myostin has granted US patents for two patent families, as well as in several other countries such as China, Japan and New Zealand and has applications pending in nearly 20 countries. One family has also been granted in Europe. The key US patents are valid up to 2032 and 2033 respectively which in some cases can be extended for a further 5 years. This technology blocks a protein which prevents excessive muscle growth and results in restoration of muscle structure and function.

DMD is a major unmet medical need and affects approximately 60,000 boys in the US. This opens the possibility that Myostin could receive Orphan Drug designation in the US and Europe. It may also be possible to receive Breakthrough status. These designations greatly accelerate the regulatory pathway to marketing approval as well as other benefits such as market exclusivity and potential for government assistance for clinical trials.

Several companies in the US and Europe have been attempting to develop gene therapies that can help produce functional dystrophin in affected boys with mixed success. PTC Therapeutics, Inc. (NJ, USA)(PTC) recently gained conditional approval in Europe for Translarna™ which may help up to 13 % of DMD sufferers. This resulted in an increase in its market capitalisation to over USD1.5 billion. Prosensa Holdings N.V. (Leiden, Netherlands)(Prosensa) has had variable success with a gene therapy on a small number of patients. In 2013 it raised approximately USD80 million in an IPO on NASDAQ. This year it was acquired by BioMarin Pharmaceuticals, Inc. (CA, USA) for USD680 million with another possible USD160 million in milestone payments. Its value was substantially ascribed to its DMD program.

The gene therapy approach to treating DMD has considerable limitations as DMD can result from 17 different mutations or more and it is necessary to develop a product for each mutation. Possibly, approximately 30% of patients may be treated with these approaches.

Myostin believes its technology is superior to gene therapies because it potentially can be used in all DMD patients as it acts to build muscle structure and function through an entirely different mechanism. In addition, it has shown good results in models of cachexia (usually suffered by cancer patients) and models of sarcopenia (muscle wasting in the elderly). This would considerably increase the value of its product. These markets are well over $5 billion each.

There has been over a decade of research and development of Myostin's product, with small-scale production and extensive animal models having been carried out. Testing of Myostin's peptides in animal models of DMD (in mdx mice) has shown:

- Increased activation of a special muscle cell type called satellite cells, also known as muscle stem cells, which are responsible for initiating muscle growth and repair mechanisms.

  The potential of Myostin's peptides to increase satellite cell activity supports their potential use in several muscle wasting conditions such as sarcopenia (muscle wasting with old age) and cachexia (muscle wasting associated with cancer).

- Proliferation of myoblasts, which are the precursors of muscle fibres.

- Growth of larger, stronger muscle fibres.

- Decreased fibrosis and improved inflammatory responses during regeneration of damaged muscle tissue.

- Increased muscle strength.

The steps to market are clear. Undertake production under Good Manufacturing Practice conditions, conduct formal preclinical safety tests followed by human clinical trials. Myostin expects clinical trials could commence in approximately 18 months.

Founder

Myostin was founded and is directed by Dr Kevin Healey who acquired the technology following a decade of research by AgResearch in New Zealand and its associated companies. Dr Healey has an outstanding track record in the biotechnology industry having been a Director and or founder of 4 listed companies including Medica, Cytopia, Alchemia and Hunter Immunology. Prior to this he was a Principal Consultant with Vision Systems and R&D Executive at CSL Limited.

Key Terms of Proposed Transaction

In consideration for Myostin undertaking the Merger, Gleneagle has agreed to pay to the Myostin shareholders the equivalent of $2,000,000 (**Consideration**), which shall be satisfied through the issue of 666,666,666 ordinary fully paid shares (**Shares**) in the capital of Gleneagle at a deemed issue price of $0.003 per Share.

The Merger is conditional upon satisfaction or waiver of the following conditions precedent:

- Completion by Gleneagle, to its satisfaction, of all necessary legal and technical due diligence investigations in respect of Myostin within 45 days of execution of the Term Sheet;

- Gleneagle undertaking and completing a capital raising to facilitate re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The price at which the capital raising will be undertaken is yet to be determined;

- Execution of a concluded agreement by Gleneagle and each holder of securities in Myostin and any other documentation required to implement the transaction, within 7 days from expiry of the due diligence period and then complete the concluded agreement within 60 days thereof;

- Gleneagle holding a shareholder meeting to:

    - Obtain all approvals that are required to give effect to the transaction contemplated by the Term Sheet, including ASX Listing Rule 11.1; and

    - Change the name of Gleneagle to Myostin Therapeutics Limited;

- ASX granting conditional approval to reinstate the securities of Gleneagle to trading on ASX (after Gleneagle re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being satisfied to the reasonable satisfaction of Gleneagle and Myostin; and

- Gleneagle undertaking a consolidation of its issued share capital on a basis to be agreed.

Gleneagle will also issue 24,100,000 Shares (on a pre-Consolidation basis) to key consultants as consideration for those persons formulating the proposed Merger, introducing the proposal to the parties and assisting with its implementation.

New Board and Management Team

Upon completion of the Merger, at least two current Gleneagle directors will resign from the Board and Myostin shall be entitled to appoint three nominees to the Board of which one shall be the Chairman and one shall be the managing director.

Escrow

The Shares issued to Myostin shareholders will be subject to any applicable escrow restrictions in accordance with the ASX Listing Rules.

Re-Compliance with ASX Listing Rules Chapters 1 and 2

Since the Merger will result in a significant change to the nature and scale of Gleneagle's activities, the Merger will require Gleneagle shareholders' approval under ASX Listing Rule 11.1.2 and will also require Gleneagle to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Consolidation

In order to re-comply with the ASX Listing Rules, Gleneagle intends, subject to shareholder approval, to undertake a consolidation of its issued capital with a view to Gleneagle Shares being valued at a price to satisfy re-compliance with the ASX Listing Rules.

Capital Raising

To enable Gleneagle to re-comply with the ASX Listing Rules and to support its growth strategy post-completion of the Merger, Gleneagle plans, subject to shareholder approval, to conduct a capital raising under a full form prospectus to

raise at least $2.6 million. CPS Capital has been mandated to manage this capital raising. All enquiries for this raise/bookbuild should be directed to jason@cpscapital.com.au

Shareholder Approvals

A notice of meeting seeking shareholder approval for the resolutions required to effect the Merger will be sent to Gleneagle shareholders in due course. It is expected that Gleneagle will convene a meeting to facilitate shareholder approval in May 2015.

On the date of the meeting, Gleneagle securities will be suspended and, subject to Gleneagle shareholder approval being obtained, will remain suspended until Gleneagle has re-complied with ASX Listing Rules and the Merger has taken effect.

Pro-Forma Capital Structure

The indicative capital structure of Gleneagle post acquisition of Myostin (on a pre-consolidation basis and before the proposed capital raising) will be as follows:

	Shares	**Options**
Existing Gleneagle security holders	482,358,913	302,452,828
Myostin shareholders	666,666,666	-
Total (Before proposed capital raising)	**1,149,025,579**	**302,452,828**

Indicative Timetable

An indicative timetable for completion of the merger with Myostin and associated transactions is set out below:

Event	**Date**
Announcement of proposed Merger	16 March 2015
Completion of due diligence	30 April 2015
Execution of Concluded Agreement	30 April 2015

Please note this timetable is indicative only and the directors of Gleneagle reserve the right to amend the timetable as required with the approval of Myostin.

As the structure of the Merger has not yet been confirmed, it is not possible to include a full timetable for the Merger. Upon execution of the Concluded Agreement, an updated timetable of the Merger will be provided.

Neville Bassett
Company Secretary