

ASX & Media Release

Patrys Secures Funding of up to A\$15 Million to Support Advancement of Clinical Products

- **Committed funding of A\$4 million over first twelve (12) months**
- **Opportunity for additional A\$11 million of funding over the three (3) year facility**
- **Funding to support clinical development of lead therapeutic products**

Melbourne, Australia; 3 August, 2010: Patrys Limited (ASX: PAB), a company focused on the development of natural human antibodies for the treatment of cancer, announced today that it has secured up to A\$15 million in funding.

The funding facility has a term of up to three years and is divided into three "tranches" of A\$5 million.

Patrys will receive a minimum of A\$4 million during the first twelve (12) months of the facility. The investor, the Advance Opportunities Fund (Advance), has the option to provide an additional A\$1 million of funding to complete the first tranche of the facility.

Two additional tranches of \$5 million each may be provided during the three-year term of the facility, subject to the consent of both parties.

Advance is an institutional investment fund managed by Singaporean based Value Capital Asset Management.

Patrys intends to use the funding to enhance shareholder value primarily by supporting the advancement of its lead anti-cancer therapeutic candidates, including, but not exclusively, PAT-SM6, PAT-SC1 and PAT-LM1.

- **PAT-SM6:** the Company has recently received approval to commence a clinical trial to evaluate PAT-SM6 as a treatment for melanoma. The funding received from Advance will be used in part to advance PAT-SM6 into a larger clinical trial in 2011 that will target additional melanoma patients and patients with other cancers.
- **PAT-SC1:** PAT-SC1 is a very promising therapeutic candidate that has already provided a significant survival benefit to 35 gastric cancer patients treated with the product in a Phase I/II human clinical trial. During the remainder of 2010 and first half of 2011, Patrys intends to manufacture PAT-SC1 in preparation for a Phase IIb trial targeting gastric cancer patients.
- **PAT-LM1:** lead product PAT-LM1, which has shown great promise as a potential treatment for several deadly cancers, will be prepared for a clinical trial which is expected to begin in the second half of CY2011. This trial would target patients with several different types of cancer.

Each of PAT-SM6, PAT-SC1 and PAT-LM1 utilise new mechanisms for killing cancer, offering patients an alternative where existing products are largely ineffective at prolonging survival.

Advance will subscribe for structured notes, which the investor may elect to convert to ordinary shares using one of two pricing formulas:

- 35% premium to share price at beginning of each \$5 million tranche: notes to be converted at a 35% premium to the weighted average price of Patrys shares at the beginning of each respective \$5 million tranche.
- 15% discount to future price: notes to be converted to equity at a 15% discount to the weighted average price of Patrys shares at the time of the actual future conversion.

Further details of the facility are outlined in the attached Appendix.

Patrys Chief Executive Officer, Dan Devine said: "This facility secures an important source of funds at an exciting phase of the Company's development as Patrys advances several lead products through various stages of clinical development."

"Patrys was able to lock in this funding at either a premium to today's price or based on future prices, meaning all funding received will be done at a price that should reflect the ongoing achievement of clinical, partnering and other milestones," added Patrys Chief Financial Officer, Roger McPherson.

Jason Fisher, Partner, from Advance Opportunities Fund added: "Patrys has all of the elements we are looking for in one of our portfolio companies. Internally, it has multiple products with upcoming clinical milestones, an experienced management team, and a very novel and promising human antibody platform and pipeline. Externally, it is operating in one of biotechnology's most lucrative spaces, antibody therapeutics, and is targeting large markets by going after deadly cancers. These factors point to great opportunities for value growth."

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About Patrys Limited:

Based in Melbourne, Australia, Patrys (ASX: PAB) is focused on the development of natural human antibody therapies for cancer. Patrys has a pipeline of internal clinical candidates and products that are the subject of a collaboration agreement with a larger industry partner. More information can be found at www.patrys.com.

About Advance Opportunities Fund (Advance) and Value Capital Asset Management Pte Ltd (VCAM)

Advance is an open-ended institutional fund whose investors are mainly based in Asia. VCAM, a Singaporean based investment management firm, has been appointed by the fund to manage its investment in Patrys.

About PAT-SM6:

The natural human antibody PAT-SM6 has been shown to have potent anti-cancer properties in a large number of laboratory and animal studies. PAT-SM6 binds to a form of Glucose-regulated protein 78 (GRP78), which is expressed on the surface of cancer cells but not detected on the surface of healthy cells. Once bound, the PAT-SM6/GRP78 complex is then internalised into malignant/cancer cells inducing apoptosis and cell death. Extensive third party literature has correlated GRP78 expression with an adverse prognosis in melanoma, breast, lung, gastric, hepatocellular and prostate cancer, and drug resistance in breast cancer. Given GRP78's reported roles with respect to several cancers, a molecule such as PAT-SM6 presents a promising anti-cancer treatment to the extent it interferes with the function of GRP78 in cancer. Patrys has filed patent applications to cover the PAT-SM6 antibody molecule, disease target, and the mechanism of action. A human clinical trial evaluating PAT-SM6 as a treatment for melanoma commenced in August of 2010.

About PAT-SC1:

PAT-SC1 is a natural human antibody that acts by binding to a special form of a protein, called CD55, that appears on the surface of gastric cancer cells but not on the surface of healthy cells, thereby permitting PAT-SC1 to kill the cancer cells while sparing healthy cells. PAT-SC1 was evaluated in a human clinical trial under which thirty-five (35) treated gastric cancer patients showed a statistically significant increased survival benefit compared to a control group of fifty-three (53) patients that received the same treatment but for PAT-SC1. The dose of PAT-SC1 tested in this study was also shown to be very safe and well tolerated by patients receiving the treatment.

About PAT-LM1:

PAT-LM1 is a natural human antibody that has been shown to have potent anti-cancer properties in a large number of laboratory and animal studies. This lead product binds to a proprietary disease target that is expressed on the surface of cancer cells called Nono, or nmt55. With over 200 individual patient tumours screened, covering several different cancers, PAT-LM1 binds to nearly 98% of those tumours regardless of cancer type, age, gender or disease stage. PAT-LM1 does not bind to healthy tissues or cells, giving it a very safe profile.

Appendix: Terms of the Facility include:

Available Facility	Up to A\$15 million in Equity-Linked Redeemable Structured Notes
Securities to be Issued	2.0% Equity Linked Redeemable Structured Convertible Notes Due 3 August 2013 convertible into ordinary shares of Patrys Limited
Advances	<p>"Tranches": the Notes will be issued in following manner:</p> <ol style="list-style-type: none"> 1. Tranche 1 : A\$5 million 2. Tranche 2 : A\$5 million 3. Tranche 3 : A\$5 million <p>"Patrys Extension Options": After Tranche 1, Patrys has independent and unilateral options to request Tranches 2 and 3, respectively.</p> <p>"Minimum Funding Guarantee": Advance has committed to providing a minimum of A\$4 million in Tranche 1 within 12 months from 3 August 2010.</p> <p>Tranche Structure/Amount: The parties expect each Tranche to be divided into 10 equal sub-tranches to be provided over an anticipated 12 month period; provided, however, and subject to the Patrys Extension Options and Minimum Funding Guarantee, the timing and actual amount of any other funding under the facility is at the discretion of Advanced.</p>
Share Issue	Patrys will issue 3 million ordinary shares at a nominal issue price to Advance as collateral for the facility. On the maturity date of the facility, Advance must either agree to the cancellation of those shares or pay to Patrys the then market value of those shares.
Term	36 months (" Term ")
Conversion Terms	<p>Timing: Advance may elect to convert the Notes into shares at any time during the Term, subject to the Company's Redemption Option. Notes which have not been converted at the end of the Term will be redeemed.</p> <p>Conversion Price: Subject to adjustment in certain circumstances, the Conversion Price for each respective Tranche shall equal, at the discretion of Advance, either:</p> <ol style="list-style-type: none"> (i) 135% of the average of the traded volume weighted average prices ("VWAP") per share for the 30 business days immediately prior to the 3 August 2010 for Tranche 1 or the date of first issue of Tranche 2 or 3 Notes, as applicable (i.e., the conversion price is set independently for each Tranche); OR (ii) 85% of the average of the VWAP prices per share on any five consecutive business days during the 30 business days immediately preceding the relevant conversion date of the respective Notes. <p>Under defined circumstances, the percentages set out in paragraphs (i) and (ii) may be increased to 140% and 90% respectively in calculating the Conversion Price for Tranches 2 and 3.</p>
Interest Rate and Fees	Interest is charged at the rate of 2% per annum (payable in cash) on any Notes that have been issued but not converted on each six-monthly anniversary of 3 August 2010. Fees and charges apply to the facility.
Redemption Option	In certain circumstances, Patrys may redeem any Notes presented for conversion in cash at a premium to the face value of the Note.