

11th October 2016

Capital Management Initiatives - Update

- Facility for the sale of less than marketable parcels;
- 8.5% reduction of the issued capital via cancellation of Strongbridge holding;
- Bonus and New option issues.

As previously advised, to reposition the Company's share register to take advantage of opportunities going forward following regaining control of all rights to ATL1103 from Strongbridge Biopharma Ltd (Strongbridge), \$1,000,000 received by the Company upon termination of the License Agreement earlier in the year and pending cancellation of Strongbridge's shareholding in ANP, the Company is pleased to advise the details of the following capital management initiatives.

Facility for the sale of less than marketable parcels

ANP, subject to shareholder approval of amendment to the Company's Constitution at the upcoming Annual General Meeting (AGM), plans to implement a facility for the sale of less than marketable parcels of shares in the Company.

The Company values all of its shareholders, however, it incurs significant administrative costs maintaining such a large number of less than marketable parcels. By facilitating this sale, the Company expects to reduce the administrative costs and also to provide an opportunity to investors with small holdings, who may find it difficult or expensive to dispose of those shares through normal means, to dispose of their small holdings in a cost effective manner.

For further details, please refer to the letter to shareholders and notice of divestiture.

Cancellation of 8.5% Strongbridge shareholding for no consideration

Under the terms of the Deed of Settlement with Strongbridge, in addition to the Company earlier in the year receiving \$1,000,000; drug compound; all data, applications and approvals including orphan drug designation, with respect to ATL1103, Strongbridge has agreed to the cancellation of 15,025,075 fully paid ordinary shares Strongbridge holds in the Company for no monetary consideration. This reduction of capital will represent a reduction of 8.5% of the issued capital in the Company. Existing shareholder's ownership in ANP will increase proportionally upon cancellation of the Shares held by Strongbridge. Importantly the cancellation of these shares also removes the overhang of an investor (being Strongbridge) who is now no longer a strategic or long term investor in the Company.

Bonus and New option issues

In recognising that ATL1103 partnering plans have not progressed as expected (due to termination of Strongbridge License Agreement) and recent shareholder and option holder feedback with respect to the existing listed loyalty options due to expire in January 2017, the Company intends to implement two initiatives to provide all long-term supportive shareholders and option holders a benefit of greater exposure in the Company to successful completion of business development opportunities currently being progressed by the Company.

As a reward regime for its shareholders and as a way of distributing part of the value regained by the Company through the Deed of Settlement with Strongbridge, ANP intends to issue free bonus options (Bonus Options) to all of its ordinary shareholders on a pro rata basis. The terms and the record date for the Bonus Option issue will be determined by the Company following the AGM and the issue will be expected to occur following the sale of shares under the less than marketable parcel share program

(noting this program is subject to approval of the special resolution amending the constitution of the Company at the AGM). Shareholders with non-marketable holdings wishing to top up their holding to increase their participation in the Bonus Option issue may do so prior to the record date for the Bonus Option issue. Eligible shareholders will receive Bonus Options (no application is required) in accordance with the ASX Listing Rules and the timetable to be set out in a prospectus to be lodged by the Company following the AGM.

The Company also intends to make an offer of new options (New Options), which will be open to the public in a limited capacity but will be offered as first priority to current option holders.

The Company will prepare and lodge a prospectus in respect of the Bonus Options and New Options shortly after the AGM. No funds will be raised as a result of the Bonus Option issue.

In line with loyalty options due to expire in January 2017, a total of 46,950,984 New Options with an exercise price of \$0.08 and a three year expiry date are proposed to be issued under the New Options offer. The issue price of the New Options will be A\$0.002 per New Option. If all New Options are taken up, the Company would expect to receive \$93,901.97 as a result of the New Option issue with funds to be applied towards meeting expenses of the Bonus Option and New Option Offers.

The Company will apply for quotation of both the Bonus Options and the New Options.

For further details, please refer to the Notice of Annual General Meeting of shareholders and the prospectus for the issue of Bonus Option and New Options to be released in due course.

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Antisense Therapeutics Limited (ASX: ANP) is an Australian publicly listed biopharmaceutical drug discovery and development company. Its mission is to create, develop and commercialise second generation antisense pharmaceuticals for large unmet markets. ANP has 4 products in its development pipeline that it has in-licensed from Ionis Pharmaceuticals Inc., world leaders in antisense drug development and commercialisation - ATL1102 (injection) which has successfully completed a Phase II efficacy and safety trial, significantly reducing the number of brain lesions in patients with relapsing-remitting multiple sclerosis (RRMS), ATL1103 drug designed to block GHr production which in a Phase II clinical trial, successfully reduced blood IGF-I levels in patients with the growth disorder acromegaly, ATL1102 (inhaled) which is at the pre-clinical research stage as a potential treatment for asthma and ATL1101 a second-generation antisense drug at the pre-clinical stage being investigated as a potential treatment for cancer.