

2 July 2018

[name of shareholder]
[address of shareholder]

Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE

On 2 July 2018 Suda Pharmaceuticals Limited (**Company**) announced a renounceable pro rata offer to shareholders with a registered address in Australia or New Zealand of approximately 1,224 million fully paid ordinary shares on the basis of 1 new share for every share held as at 7:00pm (AEST) on 9 July 2018 (Record Date), at an issue price of \$0.005 per new share, with 1 option (each to be issued one share at an exercise price of \$0.015 exercisable before 31 July 2020) (Options) for every 2 new shares issued (**Rights Issue**) to raise up to approximately \$6.12 million (before costs).

The Company has appointed CPS Capital Group Pty Limited as lead manager to the Rights Issue.

The Directors have indicated they intent to participate in the Offer.

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (\$) (approx.)	Minimum Subscription (\$)	Full Subscription (\$)
Initial payment to the Receiver in settlement of the HC Berlin Pharma matter	831,600	831,600
Redemption of Convertible Notes	2,142,675	2,142,675
Repayment of Interim Funding Facility	40,000	40,000
Payment of other creditors	140,000	140,000
General working capital ⁵	795,725	2,902,434
Costs of the Offer	50,000	64,000
Total use of funds	4,000,000	6,120,709

The Company expects the Rights Issue to be conducted in accordance with the following timetable:

Ex date – Shares trade ex Entitlement (Ex Date)	6 July 2018
Rights trading starts on a deferred settlement basis	
Record date to determine Entitlement (Record Date)	9 July 2018

Prospectus with Entitlement and Acceptance Form dispatched	11 July 2018
Offer opens for receipt of Applications	
Rights trading ends	19 July 2018
Closing date for acceptances	26 July 2018
Notify ASX of under-subscriptions	31 July 2018
Issue of New Shares Dispatch of shareholding statements	2 August 2018
Normal trading of New Shares expected to commence	3 August 2018

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

The new shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares in the Company. Application has been made for the quotation of the new shares.

The attaching Options issued pursuant to the Rights Issue have an exercise price of \$0.015 cents and expire on 31 July 2020. Application has been made for the quotation of the new Options.

The Rights Issue will be offered under a prospectus lodged with ASIC on 16 May 2018, a copy of which will be sent to Eligible Shareholders. Eligible Shareholders should consider the prospectus carefully in deciding whether to acquire securities offered under the Rights Issue, and will need to complete the personalised entitlement and acceptance form accompanying the prospectus to take up their entitlements. Eligible Shareholders may also apply for additional shares in excess of their entitlement.

The capital structure of the Company before and after completion of the Rights Issue is set out below:

	Minimum Subscription	Full Subscription
Shares currently on issue	1,224,141,804	1,224,141,804
Total Options currently on issue	29,000,000	29,000,000
New Shares offered under this Prospectus	800,000,000	1,224,141,804
Listed Options offered under this Prospectus	400,000,000	612,070,902
Amount raised under this Prospectus (before costs)	\$4,000,000	\$6,120,709

This assumes no further Shares are issued prior to the Record Date.

CPS Capital Group Pty Limited will be paid a lead manager fee of \$60,000, a placement fee of 6% on any shortfall shares placed by CPS and

A prospectus for the offer and a personalised entitlement and acceptance form will be sent to eligible shareholders in accordance with the above timetable. Shareholders should consider the disclosure document in deciding whether to acquire the securities. Anybody wanting to acquire securities will need to complete the application form that will be in or will accompany the disclosure document

Should you have any questions regarding the Rights Issue you may contact the Company on +61 6142 5555 or consult your stockbroker or professional adviser.

We look forward to your participation in the Rights Issue.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Carter', with a small flourish at the end.

Stephen Carter
Managing Director
Suda Pharmaceuticals Limited