



Prospectus

Suda Pharmaceuticals Limited ACN 090 987 250

Institutional placement of up to 21,338,159 New Shares at an issue price of \$0.025 per New Share to raise approximately \$0.53 million (before costs)
(Offer)

This is an important document and should be read in its entirety. If, after reading this document, you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

This is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

Lead Manager



Legal Adviser



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IMPORTANT NOTICES

General

This Prospectus is dated 5 August 2020. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of any investment under this Prospectus. No New Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on 5 September 2021.

No person may give any information or make a representation about the Offer, which is not in this Prospectus. Information or representations not in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in Suda. Read this document in its entirety. Examine the assumptions underlying the risk factors that could affect the financial performance of Suda. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, financial situation or needs of particular investors.

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the New Shares the subject of the offer.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers that potential investors may consult.

Risk Factors

Potential investors should be aware that subscribing for New Shares involves a number of risks. The key risk factors of which investors should be aware of are set out in Section 6. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Potential investors should consider consulting their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

Foreign selling restrictions

No action has been taken to register or qualify the New Shares or the Offer in any jurisdiction outside Australia, or otherwise to permit a public offering of the New Shares or outside Australia.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, the offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

Each potential investor warrants and represents that they will not offer or sell the New Shares in the United States or in any other jurisdiction outside Australia, or to a United States person, except in transactions exempt from registration under the US Securities Act 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which the New Shares are offered and sold.

Forward-looking statements

Statements in this Prospectus may be forward looking statements.

Forward looking statements can be identified by the use of forward looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe', or 'continue' or the negative or other variations of comparable terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The Directors' expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis. They are based on, among other sources, the examination of historical operating trends, data in the Company's records and other data available from third parties. There can be no assurance, however, that the Directors' expectations, beliefs or projections will give the results projected in the forward looking statements. Investors should not place undue reliance on these forward looking statements.

Additional risk factors that could cause actual results to differ materially from those indicated in the forward looking statements are set out in Section 6.

Exposure period

No exposure period applies to this Prospectus by operation of the Corporations Act in respect of the New Shares.

Privacy

If you subscribe for New Shares in the Company, including through this Offer, the Company and its share registry will collect, hold and use personal information received from you to communicate and provide services to you (as a Shareholder). The Company may disclose information to its agents, service providers (such as the share registry) and government bodies. The Company's privacy policy sets out how you may access, correct and update the personal information that the Company holds about you (by contacting the share registry), how you can complain about privacy related matters and how the Company responds to complaints.

Defined terms

Capitalised terms used in this Prospectus are defined in the Glossary.

Currency

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

Photographs and diagrams

Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

Letter from the CEO

5 August 2020

Dear Investor

On behalf of your Board, I am pleased to offer you the opportunity to participate in a non-underwritten institutional placement of New Shares in Suda Pharmaceuticals Limited.

Through this Prospectus, Suda intends to raise approximately \$0.53 million (before direct offer costs) by the offer of up to 21,338,159 New Shares at \$0.025 per New Share via a placement to one or more sophisticated and professional investors.

The Offer Price represents a 67% discount to the weighted average closing price of Shares over a 10 day period to 4 August 2020 (being the last trading day before the announcement of the Offer).

As announced on 3 August 2020, Suda has completed an Entitlement Offer which was heavily oversubscribed. The Entitlement Offer was a non-renounceable pro rata entitlement offer of 1 new Share for every 1 Existing Share (and 1 New Option for every 3 New Shares issued) at an offer price of \$0.025 per New Share to raise approximately \$3.56 million.

The Board intends to use the proceeds of the Offer for general working capital.

Baker Young Limited acted as Lead Manager for the Offer.

I encourage you to read this Prospectus and the information referred to in it in its entirety before making an investment decision.

Yours faithfully



Dr Michael Baker
Chief Executive Officer & Managing Director

1 Investment overview

1.1 Summary offer details

| Terms of offer | Details |
|--|------------|
| Offer Price per New Share | \$0.025 |
| Total number of New Shares offered under this Prospectus | 21,338,159 |
| Total amount to be raised under the Offer | \$533,454 |

1.2 Important dates

| Event | Date |
|---|----------------|
| Prospectus date | 5 August 2020 |
| Opening Date | 5 August 2020 |
| Closing Date (5.00pm, Sydney time) | 6 August 2020 |
| Anticipated date of allotment of New Shares | 7 August 2020 |
| Shareholding statements expected to be despatched | 10 August 2020 |
| Expected date for official quotation of New Shares on ASX | 10 August 2020 |

All dates and times are subject to change and are indicative only. All times are to Sydney time. The Company, with the consent of the Lead Manager, reserves the right to vary these dates and times without notice.

1.3 Purpose of the Offer and use of funds

The purpose of the Offer is to raise new funds for the following purposes:

| Use of proceeds | \$ raised |
|---------------------------|------------------|
| General working capital | \$501,561 |
| Cash costs of offer | \$31,893 |
| Total funds raised | \$533,454 |

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

1.4 Shareholding structure

The following table shows the shareholding structure of Suda on completion of the Offer:

| | |
|---|-------------|
| Existing Shares on issue as at 5 August 2020 (the date of this Prospectus) | 284,508,794 |
| Approximate New Shares to be issued under the Offer | 21,338,159 |
| Approximate total number of Shares after the Offer | 305,846,953 |

1.5 Potential questions and answers

| Question | Answer | Section |
|---|---|----------------------|
| Who is the issuer of this Prospectus? | Suda Pharmaceuticals Limited ACN 090 987 250 | Not applicable |
| What is the Offer? | The Offer is an institutional placement of up to 21,338,159 New Shares at an issue price of \$0.025 per New Share to raise up to approximately \$0.53 million (before costs). | section 3.1 |
| What is the Offer Price of the New Shares? | The New Shares are being issued at \$0.025 per New Share. | section 3.1 |
| What rights and liabilities attach to the New Shares? | The New Shares will rank equally in all respects with the Shares held by the Existing Shareholders. The rights and liabilities attaching to all Shares are set out in the Company's constitution. | sections 7.2 and 8.2 |
| What is the Company's financial position? | The Company's financial position is set out in detail in section 5 of this Prospectus. | section 5 |
| What risks are involved with an investment in the Company? | <p>An investment in Suda is subject to both general and specific risks which you should consider before making a decision to apply for New Shares.</p> <p>Key specific risks include:</p> <ul style="list-style-type: none"> (a) the Company anticipates needing to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory; (b) if the Company does not obtain the necessary regulatory approvals it may be unable to commercialise its pharmaceutical products. Even if it receives regulatory approval for any product candidates, profitability will depend on its ability to generate revenues from the sale of its products or the licensing of its technology; (c) ongoing and future clinical trials of the Company's product candidates may not show sufficient safety or efficacy to obtain | section 6 |

| Question | Answer | Section |
|----------|---|---------|
| | <p>requisite regulatory approvals for commercial sale;</p> <p>(d) the Company's ability to achieve profitability is dependent on a number of factors including its ability to complete successful clinical trials and obtain regulatory approval for its products and successfully commercialise those products. There is no guarantee that the Company's products will be commercially successful;</p> <p>(e) the biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. To compete successfully the Company must deliver to the market cost effective products that meet important and unmet medical needs;</p> <p>(f) the Company may experience delay in achieving a number of critical milestones, securing further commercial partners, completion of clinical trials, obtaining regulatory approval (to commence sales) or reimbursement approvals (for sales growth), manufacturing, product launch and sales in one or more jurisdictions;</p> <p>(g) there is no guarantee that the Company will be able to find suitable industry partners or that it can negotiate attractive commercial terms for future licence agreements;</p> <p>(h) on many territories, products as those produced by the Company, must follow a formal reimbursement process in order to be commercially successful. The availability and timing of reimbursement may have an impact upon the uptake and profitability of products in some jurisdictions;</p> <p>(i) the Company has a significant amount of intangible assets recorded on its balance sheet. The Company annually tests the carrying value of these intangible assets for impairment. Any resulting impairment loss could have a material impact on the Company's financial position;</p> <p>(j) the Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel could have an adverse effect on the performance of the Company; and</p> | |

| Question | Answer | Section |
|-----------------------------------|---|----------------|
| | (k) the Company receives a portion of its revenue in foreign currency, predominately US dollars and Euros. There is a risk that adverse currency movements may negatively impact the Company. | |
| Is the Offer underwritten? | The Offer is not underwritten. | section 3.2 |
| Further questions | If you have questions about the Offer, please contact the Company Secretary on +61 8 6142 5555 | section 3.10 |

1.6 Important notice

This section is not intended to provide full details of the investment opportunity. Shareholders must read this Prospectus in full to make an informed investment decision. The New Shares offered under this Prospectus carry no guarantee of return of capital, return on investment, payment of dividends or on the future value of the Shares.

2 Suda Pharmaceuticals – the business

2.1 Company overview

Suda Pharmaceuticals Limited is a global leader in reformulating and providing medication via the oral mucosa. Suda uses its proprietary OroMist® technology to develop low-risk oral sprays to reformulate current pharmaceuticals. Administering drugs through the oral mucosa (palate, cheeks, gum and tongue) has many potential benefits including reduced side effects, ease of use, faster response time and lower dosage.

The Company has an extensive knowledge of proven techniques that improve solubility including particle size reduction, novel solvent systems and solid dispersions as well as permeability enhancers and taste masking.

In January 2018, Suda entered into an IP Sale Agreement with Aluztra Bio Limited to have the IP for anagrelide assigned to Suda. The IP assigned to Suda was for the use of anagrelide for treating cancer. This was the initial step for Suda to enter the oncology space, working to develop an oral spray version of anagrelide for the use in treating patients that have solid tumours and high platelet levels. Increased platelet levels have been shown to occur in the background of a number of solid tumours and research has highlighted the benefits of targeting platelets in cancer therapy.

Suda recently received approval from the Therapeutics Goods Administration for the registration of the Company's lead product ZolpiMist for the treatment of short-term insomnia in adults, as announcement on 29 July 2020.

Suda is solidifying its focus on the central nervous system and oncology space with its current portfolio of assets.

- **CNS:** ZolpiMist (Insomnia) Sumatriptan (Migraine)
- **Oncology:** Anagrelide (solid tumours with increased platelet levels)

Suda also performs early stage development work for partners that are looking to create oral spray versions of their products. Current partners include Zelira Therapeutics, Cann Pharma Australia, Laboratorios Ordesa and Sanofi.

Suda has a Board and executive team that has experience in finding new biotechnology assets to acquire and develop. This will continue to form part of Suda's business strategy moving forward. Suda will continue to focus on the development of its core assets in the oral spray space, however, new technologies to be acquired may not require delivery using the oral spray formulation platform.

SUDA's intellectual property includes granted and pending patents, trademarks and proprietary know-how.

2.2 Board and management team

Mr Paul Hopper

Non-Executive Chairman

Paul Hopper has international and ASX biotech capital markets experience and over 25 years' experience in the medical, healthcare & life sciences sectors, particularly in immuno oncology and vaccines. He is the former Chairman of Viralytics Ltd (acquired by Merck for \$500m in 2018), Founder and Director of Prescient Therapeutics Ltd, Founder of Imugene Ltd and Polynoma LLC, former Director of pSivida Corp, Somnomed Ltd and Fibrocell Science, Inc. Paul recently joined Scopus Biopharma Inc. as Co-Chairman and a director. Mr Hopper has founded, or technology

seeded, four companies on the ASX with technologies he has licensed from Yale, University of Vienna Medical School, City of Hope Cancer Centre, Genentech, University of Sth Florida and Moffitt Cancer Centre.

Paul has deep experience in corporate governance, risk and strategy.

Paul Hopper is a member of the Company's Risk & Audit Committee, chairman of the Nomination Committee and HR & Remuneration Committee.

Mr Hopper was appointed Executive Chairman on 23 September 2019 and resumed his role as Non-Executive Chairman on 1 July 2020.

In the 3 years immediately before the end of the financial year, Paul Hopper served as a director of other ASX-listed companies.

Mr David Phillips

Executive Director

Mr Phillips joined the board in April 2018 as a non-executive director before moving to an executive director in 2019. Mr Phillips has 35 years' experience in the healthcare industry, 23 of which were with Glaxo Wellcome and then GSK. After GSK Mr Phillips spent 12 years at board level as chief business officer of Argenta Discovery, The Automation Partnership and BioFocus (Galapagos NV). Mr Phillips re-joined GSK as Managing Partner in the corporate venture arm of SR One in 2008 to pioneer a new function to incubate and spin-out technologies from GSK and in parallel investing in early-stage life science companies. At SR One, Mr Phillips was a member of the Investment Committee and reviewed over 30 opportunities in that role. Mr Phillips has been responsible for over 50 pharma/biotech deals and 10 M&A transactions. He leads the business development activities.

David Phillips is a member of the Company's Risk & Audit Committee, Nomination Committee and HR & Remuneration Committee.

In the 3 years immediately before the end of the financial year, David Phillips did not serve as a director of other ASX-listed companies.

Mr David Simmonds

Non-Executive Director

David Simmonds was a senior audit partner with Ernst & Young from 1989 to 2017. From 2008 to 2013, David led the Capital Markets desk in Australia with responsibility for overseeing or reviewing all Australian cross border fundraisings. As an audit partner, David was involved in several high-profile businesses including Ramsay Health Care Ltd, John Fairfax Holdings and Commonwealth Bank of Australia and also was audit partner for the Australian operations of the leading US technology companies Hewlett Packard, Sun Microsystems and Oracle. Until recently, David was also a member of the Board and chaired the Audit, Risk and Finance Committee of MS Research Australia, the largest national not-for-profit body dedicated to funding and coordinating multiple sclerosis research in Australia.

David Simmonds is chair of the Company's Risk & Audit Committee and a member of the Nomination Committee and HR & Remuneration Committee.

In the 3 years immediately before the end of the financial year, David Simmonds did not serve as a director of other ASX-listed companies.

Dr Michael Baker

Managing Director & Chief Executive Officer

Michael Baker joined the Company in January 2020 from the leading Australian life science fund, Bioscience Managers, where he was based from 2017. As an Investment Manager, he was responsible for deal sourcing from networks, conferences, universities and research institutes. He also conducted the due diligence to shortlist investment opportunities and played an active role managing portfolio companies.

Before that, Michael Baker was a project manager at Hexima Limited which specialises in developing agricultural and pharmaceutical products. He was a senior manager and his role was to lead and motivate a team of 4-8 research scientists and drive project development, ensuring timely completion of milestones, including helping guide a drug candidate from discovery to clinical trials.

Dr Baker became a director on 1 July 2020 and is a member of the Company's Risk & Audit Committee, the Nomination Committee and HR & Remuneration Committee.

Mr Joseph Ohayon

Chief Financial Officer & Joint Company Secretary

Joseph Ohayon joined the company in July 2010 as the Chief Financial Officer and in March 2011 he took over the role of Company Secretary. He has over 30 years experience in financial roles including 18 years within health-related industries. Joseph qualified as a Chartered Accountant in the UK and graduated with a Masters of Business Administration in International Business from Murdoch University in 2007.

Mr Phillip Hains

Joint Company Secretary

Mr Phillip Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 25 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.

3 Details and effect of the Offer

3.1 Overview

The Offer is a non-underwritten placement of New Shares at \$0.025 per New Share to raise up to approximately \$0.53 million (before direct offer costs including fees paid to advisers and to providers of specific services to cover share registry, printing and postage costs).

As announced on 3 August 2020, Suda announced that it had completed an Entitlement Offer which closed significantly oversubscribed.

Following the Entitlement Offer, the Board intends to use the proceeds of this Offer for general working capital.

The Offer is only available to those sophisticated and professional investors who are personally invited to accept the Offer. An Application Form will be provided to those persons only.

The offer price of \$0.025 per New Share represents a discount of approximately 67% to the weighted average closing price of Shares over the past 10 days to 4 August 2020 (being the last trading day before announcement of the Offer).

Potential investors should be aware that an investment in Suda involves risks. The key risks identified by Suda are set out in section 6 of this Prospectus.

3.2 Underwriting

The Offer is not underwritten.

3.3 Non-conditional Offer

The Offer is not conditional.

3.4 Purpose of the Prospectus

This Prospectus has been prepared primarily to facilitate the secondary trading of the New Shares issued under this Prospectus.

Only Applicants are eligible to receive New Shares under this Prospectus.

3.5 Impact on control

The issue of the New Shares under this Prospectus is not expected to have any material effect on the control of the Company.

3.6 Financial position

The effect of the Offer on the financial position of the Company is set out in section 5.

3.7 Taxation considerations

The taxation consequences of an investment in the Company depend upon your particular circumstances. You should make your own enquiries about the taxation consequences of an investment in the Company. If you are in doubt about the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

3.8 Foreign selling restrictions

No action has been taken to register or qualify the New Shares or the Offer in any jurisdiction outside Australia, or otherwise to permit a public offering of the New Shares outside Australia.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, the offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

Each Applicant warrants and represents that they will not offer or sell the New Shares in the United States or in any other jurisdiction outside Australia, or to a United States person, except in transactions exempt from registration under the US *Securities Act 1933* as amended, and in compliance with all applicable laws in the jurisdiction in which the New Shares are offered and sold.

3.9 Withdrawal

The Company reserves the right to withdraw the Offer, at any time before the allotment of New Shares. If the Offer does not proceed, the Application Money is refunded. No interest is paid on any Application Money refunded because of the withdrawal of the Offer.

3.10 Enquiries

If you have questions about the Offer, please contact the Company Secretary on +61 8 6142 5555.

4 How to apply

4.1 Applying for New Shares

Completed Application Forms for New Shares must be mailed or delivered to the Company by the Closing Date set out in section 1.2, at the below address:

Suda Pharmaceuticals Application
C/- Baker Young Limited
Level 6, 121 King William Street
Adelaide SA 5000

The Opening Date and Closing Date for the Offer (as set out in section 1.2) are indicative only and subject to change without notice. The Company may vary these dates, including to close the Offer early, extend the Closing Date or to withdraw the Offer at any time prior to issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application Form as soon as possible after the opening date.

4.2 Payment

The consideration for the New Shares is payable in full on application by a payment of \$0.025 per New Share. The Application Form must be accompanied by the Application Money. The Company will contact potential investors with details regarding how payment can be made.

Receipts for payment will not be issued.

4.3 Application Form is binding

A completed and lodged Application Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms of this Prospectus and cannot be withdrawn.

If the Application Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your personalised Application Form with the requisite Application Money or making a payment by BPAY, you will also be taken to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) are not a person to whom it would be illegal to make an offer or issue New Shares under the Offer; and
- (b) acknowledge that the New Shares have not been, and will not be, registered under the US *Securities Act of 1933* or under the laws of any other jurisdiction outside Australia.

4.4 Validity of Application Forms

An Application Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus.

By completing and lodging an Application Form received with this Prospectus, the Applicant represents and warrants that the Applicant has personally received a complete and unaltered copy of this Prospectus before completing the Application Form.

The Company does not accept a completed Application Form if it has reason to believe the Applicant has not received a complete copy of the Prospectus or it has reason to believe that the Application Form has been altered in any way.

4.5 Brokerage and Stamp Duty

No brokerage fee is payable by Applicants who apply for New Shares. No stamp duty is payable for subscribing for New Shares under the Offer.

5 Financial information

5.1 Historical and pro forma consolidated balance sheet as at 31 December 2019

This section contains a summary of the historical financial information for Suda as at 31 December 2019 (**Historical Financial Information**) and a pro-forma historical statement of the financial position as at 31 December 2019 (**Pro Forma Historical Financial Information**)

(collectively, **Financial Information**). The Financial Information has been prepared to illustrate the effect of the Offer and the effect of the Entitlement Offer.

| | 31-Dec-19 Historical | Entitlement Offer | Offer | 31-Dec-19 Pro forma Historical |
|--------------------------------------|-------------------------|----------------------|----------------|--------------------------------------|
| | \$ | \$ | \$ | \$ |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 2,388,521 | 3,382,527 | 501,561 | 6,272,609 |
| Trade and other receivables | 340,491 | | | 340,491 |
| Other current assets | 87,494 | | | 87,494 |
| TOTAL CURRENT ASSETS | 2,816,506 | 3,382,527 | 501,561 | 6,700,594 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 423,908 | | | 423,908 |
| Rights-of-use assets | 95,078 | | | 95,078 |
| Intangible assets | 4,764,965 | | | 4,764,965 |
| TOTAL NON-CURRENT ASSETS | 5,283,951 | - | - | 5,283,951 |
| TOTAL ASSETS | 8,100,457 | 3,382,527 | 501,561 | 11,984,545 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 1,175,651 | | | 1,175,651 |
| Lease liabilities | 68,891 | | | 68,891 |
| Borrowings | 26,389 | | | 26,389 |
| TOTAL CURRENT LIABILITIES | 1,270,931 | - | - | 1,270,931 |
| NON-CURRENT LIABILITIES | | | | |
| Trade and other payables | 510,352 | | | 510,352 |
| Lease liabilities | 33,438 | | | 33,438 |
| Borrowings | 7,656 | | | 7,656 |
| TOTAL NON-CURRENT LIABILITIES | 551,446 | - | - | 551,446 |
| TOTAL LIABILITIES | 1,822,377 | - | - | 1,822,377 |
| NET ASSETS | 6,278,080 | 3,382,527 | 501,561 | 10,162,168 |
| EQUITY | | | | |
| Issued capital | 67,385,981 | 3,382,527 | 501,561 | 71,270,069 |
| Reserves | 2,303,384 | | | 2,303,384 |
| Accumulated losses | (63,411,285) | | | (63,411,285) |
| TOTAL EQUITY | 6,278,080 | 3,382,527 | 501,561 | 10,162,168 |

5.2 Basis of preparation of financial information

The stated basis of preparation for the Historical Financial Information is in accordance with the recognition and measurement principles of the Australian Accounting Standards.

The stated basis of preparation for the Pro Forma Historical Financial Information is in a manner consistent with the recognition and measurement principles of the Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in this section of the Prospectus, as if those events or transactions had occurred as at 31 December 2019.

5.3 Pro-forma adjustments to consolidated balance sheet

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information and has been prepared on the basis that the following significant transactions occurred as at 30 June 2019:

The Entitlement Offer:

- (a) the issue of 142,254,397 New Shares and 47,418,378 attaching options under the Entitlement Offer to raise gross proceeds of \$3,556,359 less offer costs of \$173,833; and

The Offer:

- (b) the issue of 21,338,159 New Shares under the Offer, expected to raise gross proceeds of \$533,454 less estimated offer costs of \$31,893.

Due to the nature of the pro forma adjustments, they do not represent the actual or prospective financial position of Suda.

5.4 Pro forma cash flow statement as at 31 December 2019

The Company's pro forma historical cash position at 31 December 2019 adjusted for the Offer is derived from actual cash as follows:

| | |
|---|------------------|
| Cash as at 31 December 2019 | 2,388,521 |
| Gross proceeds of the Entitlement Offer | 3,556,360 |
| Offer costs of the Entitlement Offer | (173,833) |
| Gross proceeds of the Offer | 533,454 |
| Offer costs of the Offer | (31,893) |
| Pro forma historical cash balance | <u>6,272,609</u> |

6 Risk factors

6.1 Factors influencing success and risk

Introduction

This section identifies the major risks the Board believes are associated with an investment in Suda.

The Suda business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of Suda and the value of an investment in the Company. There can be no guarantee that Suda will achieve its stated objectives or that any forward looking statements will eventuate. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on Suda's operating performance and profits, and the market price of the Shares.

Before deciding to invest in the Company, potential investors should:

- (a) read the entire Prospectus;
- (b) consider the assumptions underlying the risk factors that could affect the financial performance of Suda;
- (c) review these factors in light of their personal circumstances; and
- (d) seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

6.2 Specific investment risks

Future funding risks

Whilst the Directors believe that the funds raised through the Offer may be sufficient for the Company's short-term objectives, the Company's ability to continue on a going concern basis will depend upon securing income through licence or other agreements. Whilst the Directors are confident that these will occur, there is a risk that they will not.

Furthermore, there is risk that the Company may require substantial additional financing in the future to sufficiently fund its operations, research and development. It has been incurring losses and will continue to do so as it expands its drug development programs. The Company's actual cash requirements may vary from those now planned and will depend upon many factors, including:

- (a) the continued progress of its research and development programs;
- (b) the timing, costs and results of clinical trials;
- (c) the cost, timing and outcome of submissions for regulatory approval;
- (d) the commercial potential of its product candidates; and
- (e) the status and timing of competitive developments.

Without revenue from commercialization the Company is reliant upon raising further funds through issuing securities. There is a risk that the Company may not raise further funds on terms advantageous to existing Shareholders, or at all.

The Company will be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations.

Regulatory and licensing risks

If the Company does not obtain the necessary regulatory approvals it may be unable to commercialize its pharmaceutical products. Even if it receives regulatory approval for any product candidates, profitability will depend on its ability to generate revenues from the sale of its products or the licensing of its technology.

The clinical development, manufacturing, sales and marketing of the Company's products are subject to extensive regulation by regulatory authorities in the United States, the United Kingdom, the European Union, Australia and elsewhere. These regulations vary in important, meaningful ways from country to country.

Despite the substantial time and expense invested in preparation and submission of a marketing license application or equivalents in other jurisdictions, regulatory approval is never guaranteed.

Success of future trials

Ongoing and future clinical trials of the Company's product candidates may not show sufficient safety or efficacy to obtain requisite regulatory approvals for commercial sale.

Phase I and phase II clinical trials are not primarily designed to test the efficacy of a product candidate but rather to test safety and to understand the product candidate's side effects at various doses and schedules. Furthermore, success in preclinical and early clinical trials does not ensure that later large-scale trials will be successful, nor does it predict final results. Acceptable results in early trials may not be repeated in later trials. Further, phase III clinical trials may not show sufficient safety or efficacy to obtain regulatory approval for marketing.

The Company may conduct lengthy and expensive clinical trials of its product candidates, only to learn that the product candidate is not an effective treatment or not sufficiently safe. A number of companies in the biotechnology industry have suffered significant setbacks in clinical trials, even after promising results in earlier trials. In addition, clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Negative or inconclusive results or adverse medical events during a clinical trial could require that the clinical trial be redone or terminated. In addition, failure to construct appropriate clinical trial protocols could result in the test or control group experiencing a disproportionate number of adverse events and could require that a clinical trial be redone or terminated.

Commercialisation of products

The Company's ability to achieve profitability is dependent on a number of factors including its ability to complete successful clinical trials and obtain regulatory approval for its products and successfully commercialise those products. There is no guarantee that the Company's products will be commercially successful.

There are many reasons why initially promising products fail to be successfully commercialised. For example, clinical trials may be suspended for product stability, safety or efficacy reasons, following development it may prove difficult or impossible to manufacture the product on a large scale, or during the period of development competitors (including those with greater resources) may emerge with competing or alternative treatments.

Competition

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. To compete successfully the Company must deliver to the market cost effective products that meet important and unmet medical needs. The Company's products may compete with existing alternative treatments that are already available to end-users. In addition, a number of companies, both in Australia and overseas, may be pursuing the development of products that target the same conditions that the Company is targeting. Some of these companies may have, or develop, technologies that may be perceived to be superior to the Company's own technology, including by generic or biosimilar versions of the Company's products. The Company may face competition from parties who have substantially greater resources than it.

Risk of delay

The Company may experience delay in achieving a number of critical milestones, securing further commercial partners, completion of clinical trials, obtaining regulatory approval (to commence sales) or reimbursement approvals (for sales growth), manufacturing, product launch and sales in one or more jurisdictions. Any material delays may impact adversely upon the Company, including the timing of any revenues under milestone or sales payments.

Dependence on commercial partners

There is no guarantee that the Company will be able to find suitable industry partners or that it can negotiate attractive commercial terms for future licence agreements.

The success of the Company's partnering arrangements may depend on resources devoted to them by itself or its industry partners. Collaborative agreements may be terminable by the Company's partners. Non-performance, suspension or termination of relevant agreements is likely to have a material and adverse impact on the Company's business, financial condition and results of operations.

The Company has five licence agreements and three feasibility agreements with pharmaceutical companies and whilst the agreements outline obligations on both parties, the Company cannot guarantee that the other party to the agreements will meet all of their obligations.

Dependence on development partners

For the anagrelide program, the Company is working with numerous internationally based providers for preclinical research. Suda is dependent on these research service providers to continue to deliver their services to Suda.

The Company is working on 3 feasibility studies. There is no guarantee that the feasibility studies will generate required data to progress to a full development and licence agreement and, also, if the company does meet required data, there is no guarantee the other party will elect to continue the development.

Reimbursement

In many territories, products such as those being developed by the Company, must follow a formal reimbursement process in order to be commercially successful. The availability and timing of reimbursement may have an impact upon the uptake and profitability of products in some jurisdictions.

Furthermore, any of the products utilising the Company's technology may be shown to cause adverse events, not to be effective, uneconomical to market, compete with superior products marketed by third parties or not be as attractive as alternative treatments.

The regulatory environment is subject to change as many western countries pursue health sector cost reforms. These changes may increase the costs associated with obtaining and maintaining regulatory approvals and reimbursement for the Company's products. The risk remains despite the fact that the Company has conducted economic modelling and retained expert consultants to assist with regulatory approval and reimbursement processes.

Asset Value Impairment

The Company has a significant amount of intangible assets recorded on its balance sheet. The Company annually tests the carrying value of these intangible assets for impairment. The estimates and assumptions about results of operations and cash flows made in connection with impairment testing could differ from future actual results of operations and cash flows. In addition, future events could cause the Company to conclude that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on the Company's financial position.

Reliance on Key Personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel could have an adverse effect on the performance of the Company. In the event that there is a loss of key personnel, the Company may not be able to locate or employ executives with suitable qualifications and experience.

To the extent the Company relies significantly on contractors, it will be exposed to risks related to the business conditions of its contractors.

Currency risks

The Company receives a portion of its revenue in foreign currency, predominately US dollars and Euros. The Company is also indebted to HC Berlin Pharma receiver for €580,000 payable by 31 December 2021. There is a risk that adverse currency movements may negatively impact the Company.

Global Pandemic Risk

Covid-19 has led to widespread restrictions on both national and international travel. To date, the Company's supply chain has not been affected. Nevertheless, the risk that COVID-19 poses in terms of overwhelming health care systems must be taken into account when factoring in programs that are at the clinical stage.

As a result of the COVID-19 outbreak, or similar pandemics, the Company may experience disruptions that could severely impact the business in the following ways:

- delays enrolling patients into clinical trials;
- delays or disruptions in supply chain for materials or provision of services related to preclinical and clinical stage research;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption or delays in the operations of regulatory bodies, including the U.S. Food and Drug Administration, which may impact approval timelines;

- reduced ability to engage with the medical, pharmaceutical industry and investor communities due to the cancellation of conferences and travel bans, which may impact the ability to attract collaborators, potential industry partners and investors.

6.3 General investment risks

Share market investments

The price of the Shares might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will exist for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Those fluctuations might adversely affect the price of the Shares and the ability of the Company to raise capital in the future.

General economic conditions

Suda's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the Directors' and Suda's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Suda's financial statements.

Tax risks

Changes to the rate of taxes imposed on Suda (including in overseas jurisdictions in which Suda operates now or in the future) or tax legislation generally may affect Suda and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Suda's interpretation may lead to an increase in Suda's tax liabilities and a reduction in Shareholder returns.

Personal tax liabilities are the responsibility of each individual investor. Suda is not responsible either for tax or tax penalties incurred by investors. All potential investors in the Company are urged to obtain independent tax advice on the consequences of subscribing for Shares under this Prospectus.

Litigation

There is a risk that the Company may in future be the subject of or required to commence litigation. There is, however, to the best of the Directors' knowledge, no litigation, mediation, conciliation or administrative proceeding taking place, pending or threatened against the Company.

6.4 Cautionary statement

Statements in this Prospectus may be forward looking statements.

Forward looking statements can be identified by the use of forward looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe', or 'continue' or the negative or other variations of comparable terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The Directors' expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis. They are based on, among other sources, the examination of historical operating trends, data in the Company's records and other data available from third parties. There can be no assurance, however, that the Directors' expectations, beliefs or projections will give the results projected in the forward looking statements. Investors should not place undue reliance on these forward looking statements.

Additional factors that could cause actual results to differ materially from those indicated in the forward looking statements are discussed earlier in this section.

7 Material agreements

7.1 Key documents

The Board considers that certain agreements relating to Suda are significant to the Offer, the operations of Suda or may be relevant to investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

7.2 Constitution

The following is a summary of the major provisions of the Company's constitution:

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

Dividends

Except as otherwise required by the Corporations Act and to the terms on which shares are on issue and the rights and restrictions attaching to shares, the Directors may from time to time: (i) declare dividends (whether final or interim) to be paid to members on such terms, including the amount and the time for and the method of payment, as the Directors think fit; or (ii) determine that a dividend is payable, fix the amount and time for payment.

Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

Liquidation rights

The Company has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

Variation of rights

Subject to the Corporations Act and Listing Rules, the rights attached to the Shares may be varied in accordance with the Corporations Act

Election of directors

At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

Shareholder liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

7.3 Lead Manager Mandate

The Company has engaged Baker Young Limited pursuant to the terms of the Lead Manager Mandate as the Lead Manager for both the Offer and the recent Entitlement Offer.

Baker Young Limited will receive the following fees for its lead manager and offer management services:

- (a) a lead manager fee of 2% (plus GST) of the gross amount raised under the Offer; and
- (b) a placement fee of 4% (plus GST) of the gross amount raised under the Offer.

Baker Young will also receive:

- (a) a management fee of \$6,000 (plus GST) per month for a period of six months; and
 - (b) 4,000,000 options with an exercise price of \$0.05 and an expiry date of 31 December 2022,
- both of which are payable to Baker Young for their management of both the Offer and the recent Entitlement Offer (as disclosed to Shareholders in the Entitlement Offer prospectus dated 3 July 2020).

Baker Young Limited will also be reimbursed for any out of pocket expenses. The Lead Manager Mandate otherwise contains terms and conditions considered standard for an agreement of this type.

7.4 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for 13 months after the date of this Prospectus:

- (a) the constitution of Suda; and
- (b) the consents to the issue of this Prospectus.

8 Additional information

8.1 Continuous reporting and disclosure obligations

This Prospectus is a 'transaction specific prospectus' issued under section 713 Corporations Act as a prospectus for the issue of options to acquire continuously quoted securities.

In general terms, a transaction specific prospectus is only required to contain information about the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information about all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

The Company is subject to regular reporting and disclosure obligations because it is a 'disclosing entity' for the purposes of the Corporations Act. Additionally, as a listed company, Suda is subject to the Listing Rules which require disclosure to ASX of any information the Company has which a reasonable person would expect to have a material effect on the price or value of its Shares.

Copies of ASX announcements are available on the ASX website or the Company's website at www.sudapharma.com.

The Company's ASX announcements since 31 December 2019 to the date of this Prospectus are set out below.

| Date | Announcements |
|------------|--|
| 06/01/2020 | Appendix 3B |
| 06/01/2020 | Change of Director's Interest Notice |
| 08/01/2020 | Interview With Michael Baker |
| 20/01/2020 | Newsletter January 2020 |
| 23/01/2020 | Interviews With Michael Baker |
| 31/01/2020 | Appendix 4C - quarterly |
| 26/02/2020 | Investor Presentation |
| 26/02/2020 | Half Yearly Report and Accounts |
| 11/03/2020 | Interview With Michael Baker |
| 23/03/2020 | SUDA Signs Additional Licence With Mitsubishi Tanabe |
| 30/03/2020 | ArTiMist Program On Hold |
| 31/03/2020 | Letter To Shareholders |
| 30/04/2020 | Appendix 4C - quarterly |
| 15/05/2020 | ZolpiMist Update |
| 20/05/2020 | Anagrelide Cancer Patent For Japan |
| 27/05/2020 | Anagrelide Project Update |
| 01/06/2020 | Pause in Trading |
| 01/06/2020 | Trading Halt |
| 05/06/2020 | Suspension from Official Quotation |
| 25/06/2020 | Market Update |
| 25/06/2020 | Reinstatement to Official Quotation |

| Date | Announcements |
|-------------|---|
| 29/06/2020 | SUDA Appoints Dr Baker As Director |
| 01/07/2020 | Joint Company Secretary and Change of Registered Office |
| 03/07/2020 | Entitlement Offer To Raise Approximately \$3.56 Million |
| 03/07/2020 | Prospectus For Entitlement Offer |
| 03/07/2020 | Proposed issue of Securities - SUD |
| 03/07/2020 | Notice To Ineligible Shareholders |
| 03/07/2020 | Notice To Eligible Shareholders |
| 03/07/2020 | Notice To Option Holders |
| 03/07/2020 | Investor Presentation |
| 03/07/2020 | Initial Director's Interest Notice |
| 16/07/2020 | Extension Of Offer Closing Date |
| 16/07/2020 | Update - Proposed issue of Securities - SUD |
| 29/07/2020 | TGA Approval Granted For ZolpiMist |
| 31/07/2020 | Appendix 4C - quarterly |
| 03/08/2020 | Entitlement Offer Closes Significantly Oversubscribed |
| 03/08/2020 | Becoming a substantial holder |
| 03/08/2020 | Proposed Issue of Securities - SUD |

In addition, copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The information in the Annual Report, the Half Yearly Report and the ASX announcements described in the table above may be of interest to investors and their financial advisers as these documents contain information regarding the Company's financial position and operations that investors may consider relevant to any decision to apply for New Shares under the Offer.

The Directors rely upon section 712(3) Corporations Act with the inclusion by reference of:

- (a) the Annual Report and the Half Yearly Report; and
- (b) the Company's ASX announcements since 31 December 2019 set out in the table above, for the purposes of section 711 Corporations Act.

The Company will give free of charge, to any person who requests it before the Closing Date, a copy of the Annual Report or the Half Yearly Report and any continuous disclosure notices lodged by the Company from 31 December 2019 to the date of this Prospectus.

8.2 Recent transactions

As announced on 3 July 2020, Suda commenced a non-renounceable pro rata entitlement offer of 1 New Share for every 1 Existing Share (and 1 New Option for every 3 New Shares issued) at an offer price of \$0.025 per New Share to raise approximately \$3.56 million (before costs). On 3 August 2020, Suda announced that the Entitlement Offer had been oversubscribed.

8.3 Rights attaching to New Shares

The rights attaching to the New Shares, which are the same as the Existing Shares, are set out in the Company's constitution and summarised in section 7.2 of this Prospectus.

8.4 Existing Options

| Existing Options | Exercise price | Vesting date | Expiry date |
|----------------------------|----------------|---|-------------|
| 460,000 unlisted options | \$0.57 | Subject to performance criteria and continuous employment | 10/12/2020 |
| 240,000 unlisted options | \$0.1825 | 79,200 vested, 79,200 vest 29 Jan 2021, 79,200 vest 29 Jan 2022 | 30/01/2022 |
| 520,000 unlisted options | \$0.1475 | Vested | 14/05/2022 |
| 520,000 unlisted options | \$0.1575 | Vested | 14/05/2022 |
| 560,000 unlisted options | \$0.1675 | 14 May 2021 | 14/05/2022 |
| 1,200,000 unlisted options | \$0.085 | Vested | 01/01/2024 |
| 800,000 unlisted options | \$0.0917 | 30 June 2021 | 01/01/2024 |
| 800,000 unlisted options | \$0.0976 | 30 June 2022 | 01/01/2024 |
| 20,688,051 listed options | \$0.37 | Vested | 30/06/2021 |
| 47,418,378 listed options | \$0.05 | Vested | 31/07/2022 |

If any Existing Options are exercised before the Closing Date, any proceeds raised will be applied to the general working capital of Suda.

8.5 Litigation

To the best of the Directors' knowledge and belief, no litigation, mediation, conciliation or administrative proceeding is taking place, pending or threatened against the Company.

8.6 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and the statement included in this Prospectus with the consent of that party, as specified below.

Baker Young Limited has given, and has not withdrawn, its written consent to be named as Lead Manager to the Offer in the form and context in which it is named.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to the Company in the form and context in which it is named.

8.7 Interests of Lead Manager

Other than as set out elsewhere in this Prospectus:

- (a) the Lead Manager has not, and has not had in the two years before lodgement of this Prospectus, any interest in:
 - (i) the formation or promotion of Suda;
 - (ii) the offer of the New Shares; or
 - (iii) any property proposed to be acquired by Suda in connection with the formation or promotion of Suda or the offer of the New Shares; and
- (b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to the Lead Manager for services rendered by it in connection with the formation or promotion of Suda or the offer of the New Shares.

8.8 Interests of experts and advisers

Except as set out in this Prospectus:

- (a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has any interest or has had any interest during the last two years:
 - (i) in the formation or promotion of Suda;
 - (ii) in property acquired or proposed to be acquired by Suda in connection with its formation or promotion or the offer of the New Shares , or
 - (iii) the offer of the New Shares; and
- (b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus in connection with the services provided by the person in connection with the:
 - (i) formation or promotion of Suda, or
 - (ii) offer of the New Shares.

Baker Young Limited has acted as Lead Manager to the Offer. Baker Young Limited will be paid a management fee for these services as described in section 7.3.

McCullough Robertson has acted as legal adviser to the Company for the Offer and has undertaken due diligence enquiries and provided legal advice on the Offer. McCullough Robertson will be paid an amount of \$10,000 for these services.

8.9 Interests of Directors

Other than as set out above or elsewhere in this Prospectus:

- (a) no Director or proposed Director of Suda has, or has had in the two years before lodgement of this Prospectus, any interest in:
 - (i) the formation or promotion of Suda;
 - (ii) any property acquired or proposed to be acquired by Suda in connection with the formation or promotion or the offer of the New Shares; or
 - (iii) the offer of the New Shares, and
- (b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Suda either:
 - (i) to induce him or her to become, or to qualify him or her as, a Director, or
 - (ii) otherwise for services rendered by him or her in connection with the formation or promotion of Suda or the offer of the New Shares.

Shareholdings

The Directors or their associates have a beneficial interest in the following Shares and Existing Options at the date of this Prospectus:

| Director | Shareholder | Existing Shares | Existing Options |
|-------------------|--|-----------------|------------------|
| Mr Paul Hopper | Moreglade Pty Ltd as trustee for the Hopper Super Fund | 560,000 | 1,693,334 |
| Mr David Simmonds | Not applicable | Nil | Nil |
| Mr David Phillips | Not applicable | Nil | Nil |
| Dr Michael Baker | Not applicable | Nil | 2,800,000 |

8.10 Payments to Directors

The constitution of Suda provides that the Directors may be paid, as remuneration for their services, a sum set from time to time by the Shareholders in general meeting, with that sum to be divided among the Directors as they agree.

The maximum aggregate amount which has been approved by the Shareholders for payment to the non-executive Directors is \$200,000 per annum. The current non-executive chairman fees is \$80,000 per annum for the Chairman and \$40,000 per annum for each of the non-executive and executive directors (excluding the Managing Director/Chief Executive Officer).

8.11 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be \$31,893.

8.12 Allotment

Suda will apply within seven days from the date of this Prospectus for quotation of the New Shares on ASX. It is expected that allotment of the New Shares under the Offer will take place no more than five Business Days after the close of the Offer.

Application Money will be held by Suda on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Money.

It is the responsibility of Applicants to work out the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their holding statement is at the Applicant's own risk.

8.13 CHESS

The Company will apply for the New Shares to participate in CHESS. An Applicant who is issued New Shares under this Offer will receive a shareholding statement instead of a share certificate. It sets out the number of New Shares issued to the successful Applicant.

The shareholding statement also provides details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the share registry. Further statements are given to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee for them.

8.14 Privacy

Applicants may be asked to give personal information to Suda directly, and through the share registry, such as name, address, telephone and fax numbers, tax file number and account details. The Company and the share registry collect, hold and use that personal information to provide facilities and services to Applicants and undertake administration. Access to information may be disclosed by the Company to its agents and service providers on the basis that they deal with the information under the *Privacy Act 1988* (Cth). The Company's privacy policy sets out how Shareholders may request access to and correction of their personal information held by or on behalf of the Company (by contacting the share registry), how Shareholders can complain about privacy related matters and how the Company responds to complaints.

8.15 Authorisation

This Prospectus is issued by the Company. Each Director has consented to the lodgement of the Prospectus with ASIC.

Dated 5 August 2020



Paul Hopper
Non-Executive Chairman

9 Glossary

In this document:

| | |
|------------------------------|--|
| Annual Report | means the annual report of the Company for the financial year ended 30 June 2019 which includes audited financial statements for the financial year ended 30 June 2019 and the auditor's report, which was lodged with ASX and ASIC on 24 September 2019. |
| Applicant | means a person or entity who submits an Application Form. |
| Application Money | means the money received by the Company under the Offer, being the Offer Price multiplied by the number of New Shares applied for by an Applicant. |
| ASIC | means the Australian Securities and Investments Commission. |
| ASX | means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires). |
| Board | means the board of directors of the Company. |
| Business Day | means a business day as defined in the Listing Rules. |
| CHESS | means Clearing House Electronic Subregister System, operated by ASX Settlement. |
| Closing Date | means 6 August 2020. |
| Company or Suda | means Suda Pharmaceuticals Limited ACN 090 897 250. |
| Corporations Act | means <i>Corporations Act 2001</i> (Cth). |
| Directors | means the directors of the Company. |
| Entitlement Offer | Means a non-renounceable pro rata entitlement offer of 1 new share for every 1 existing share (and 1 new option for every 3 new shares issued) at an offer price of \$0.025 per new share to raise approximately \$3.56 million (before the exercise of new options and before costs). |
| Existing Options | means the options already on issue in Suda and referred to in section 8.4 of this Prospectus. |
| Existing Shareholders | means the holders of Shares before the date of this Prospectus. |
| Existing Shares | means the Shares already on issue in Suda as at the date of this Prospectus. |
| Half Yearly Report | means the report of the Company for the half year ended 31 December 2019 which includes reviewed financial statements for the financial year ended 31 December 2019 and the auditor's review report, which was lodged with ASX and ASIC on 26 February 2020. |
| Lead Manager | means Baker Young Limited. |
| Lead Manager Mandate | means the mandate agreement entered into between the Company and the Lead Manager on 15 May 2020. |
| Listing Rules | means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX. |

| | |
|---------------------|--|
| New Shares | means the new Shares issued by Suda under this Prospectus. |
| Offer | means the institutional placement of up to 21,338,159 New Shares at an issue price of \$0.025 per New Share to raise up to approximately \$0.53 million (before costs), under this Prospectus. |
| Offer Price | means \$0.025 per New Share. |
| Prospectus | means this prospectus. |
| Shareholders | means shareholders in Suda. |
| Shares | means fully paid ordinary shares in Suda. |
| Us or we | means the Company. |
| You | means the investors under this Prospectus. |

Corporate directory

Company

Suda Pharmaceuticals Limited ACN 009 098 250
Level 3, 62 Lygon Street
Carlton, VIC 3053
+61 8 6142 5555
www.sudapharma.com

Directors

Mr Paul Hopper (Non-Executive Chairman)
Dr Michael Baker (Chief Executive Officer and
Managing Director)
Mr David Simmonds (Non-Executive Director)
Mr David Phillips (Executive Director)

Company Secretary

Mr Joseph Ohayon and Mr Phillip Hains

Share Registry

Advanced Share Registry Services
110 Stirling Hwy
Nedlands, WA 6009
+61 8 9389 8033
www.advancedshare.com.au

Lead Manager to the Offer

Baker Young Limited
Level 6, 121 King William Street
Adelaide, SA 5000
www.bakeryoung.com.au

Lawyers to the Offer

McCullough Robertson
Level 11
66 Eagle Street
Brisbane QLD 4000
www.mccullough.com.au

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Application Form together with a cheque to the Company. If an Applicant has any questions on how to complete this Application Form, please telephone the Company's registry on + 61 8 9389 8033 or your professional adviser. The Form must be received by the Company no later than 5.00pm (Sydney time) 6 August 2020.

A. Name of Applicant / Joint Applicants or Account Designation

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected. If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

B. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

C. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

D. TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

E. CHESSE HIN or existing SRN Details

The Company participates in CHESSE. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESSE HIN and the name and address as recorded in the CHESSE system. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

F. Cheque Details

Make cheques payable to '**SUDA PHARMACEUTICALS LIMITED**' in Australian currency and cross them "**NOT NEGOTIABLE**". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. An Application Form will not however, be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

By Mail

Suda Pharmaceuticals Limited
C/- Advanced Share Registry Ltd
PO Box 1156, Nedlands
Western Australia 6909

By Delivery

Advanced Share Registry Ltd
110 Stirling Hwy
Nedlands
Western Australia 6009

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|--|---|--|
| Individual Use given names in full, not initials | Mr John Alfred Smith | J A Smith |
| Company Use the company's full title, not abbreviations | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings Use full and complete names | Mr Peter Robert Williams & Ms Louise Susan Williams | Peter Robert & Louise S Williams |
| Trusts Use the trustee(s) personal name(s). | Mrs Susan Jane Smith <Sue Smith Family A/C> | Sue Smith Family Trust |
| Deceased Estates Use the executor(s) personal name(s). | Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C> | Estate of late John Smith or John Smith Deceased |
| Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation. | Mr John Alfred Smith <Peter Smith A/C> | Master Peter Smith |
| Partnerships Use the partners personal names. | Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C> | John Smith and Son |
| Long Names. | Mr John William Alexander Robertson-Smith | Mr John W A Robertson-Smith |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s). | Mr Michael Peter Smith <ABC Tennis Association A/C> | ABC Tennis Association |
| Superannuation Funds Use the name of the trustee of the fund. | Jane Smith Pty Ltd <Super Fund A/C> | Jane Smith Pty Ltd Superannuation Fund |