



MEDIA RELEASE

Australian pain drug innovation company Spinifex Pharmaceuticals sold to Novartis for US\$200 plus milestone payments

- *Spinifex to be acquired by Novartis for US\$200 million upfront payment with significant future milestones*
- *Australian technology to continue its development within Novartis, with EMA401 a novel angiotensin II type 2 receptor antagonist for the treatment of chronic pain*
- *A successful combination of world leading Australian medical research supported by venture investment to progress its commercialisation and generate attractive financial returns*

Melbourne, Australia – 30 June 2015 – Spinifex Pharmaceuticals, Inc. and its Australian subsidiary Spinifex Pharmaceuticals Pty Ltd ("Spinifex"), a company focused on the development of new drugs for the treatment of chronic pain, today announced agreement to the sale of Spinifex to Novartis International AG ("Novartis"), for an upfront cash consideration of US\$200 million plus significant further development and regulatory milestone payments.

The technology around which Spinifex is founded was developed by Prof. Maree Smith and Dr Bruce Wyse at The University of Queensland, where they identified AT₂ receptor antagonists as inhibitors of neuropathic pain in preclinical models. Recognising the commercial potential of an improved treatment for chronic pain, particularly neuropathic pain, in 2005 the technology was spun-out of The University of Queensland into Spinifex Pharmaceuticals Pty Ltd via a Series A investment round from UniSeed, UniQuest and GBS Venture Partners.

In 2008, as the company prepared for human clinical trials under an IND with the US Food & Drug Administration, the existing Australian venture syndicate reinvested and was further strengthened by the addition of Brandon Capital Partners a Series B financing.

In 2014 following positive results from the company's Phase 2 trial in Post Herpetic Neuralgia (PHN: a painful condition that can develop following herpes zoster or "shingles") which have been published in *The Lancet*, the company went on to raise a Series C round to fund the company's further clinical development and relocate substantial operations to the US. The existing investor syndicate continued to participate and was enhanced by the addition of US VCs Novo Ventures and Canaan Partners.

As a result of the acquisition announced today Novartis will continue the development of the company's programs and is planning to undertake Phase 2b clinical trials in patients with PHN and Painful Diabetic Neuropathy, and intends to build on these two key indications to pursue a broad peripheral neuropathic pain.

Commenting on the acquisition, Tom McCarthy, Spinifex's President and Chief Executive Officer, said: *"I would like to thank all Spinifex investors throughout this journey. I thank Prof. Maree Smith and her colleagues for their foundational IP, UniQuest for shepherding this into Spinifex and fostering UniSeed and GBS's Series A syndicate support. The Australian support base was further strengthened by Brandon Capital at the Series B, and then Novo and Canaan in the Series C financing. As with all successful outcomes, it needed the support of many.*

I would also like to remember Dr. Andrew Baker who led GBS's initial investment and was past Spinifex Chairman. From the time I joined the company in November 2006 through to Andrew's passing, he was a great support to Spinifex and me personally and I know at this time he would be very proud of us all."

The acquisition of Spinifex provides a great example of the combination of world leading Australian medical research, the dedication and hard work of Dr. McCarthy and his team over many years, and the successful co-operation of the Australian venture community in identifying the potential of, and helping to develop this company. In particular each of the Australian investors would like to thank the LPs who have supported each of their funds, as well as the Australian Government programs that have made this outcome possible including the Pre-seed Funds, Innovation Investment Funds, IIFF, Commercial Ready and R&D tax rebate program.

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About Spinifex Pharmaceuticals

Spinifex Pharmaceuticals is a US-Australian biotechnology company developing new drug candidates for the treatment and management of chronic pain. Established in 2005 at the University of Queensland and now based in Stamford, Connecticut and Melbourne, Australia, Spinifex has applied its world-class drug development capabilities to try and help patients suffering from chronic pain. Its lead product, EMA401, is under development as a potential first-in-class oral treatment for chronic pain without CNS side effects. Spinifex's investors are UniQuest (University of Queensland), UniSeed, GBS Venture Partners, Brandon Capital Partners, Novo A/S and Canaan Partners.

About UniSeed:

Uniseed is a venture fund operating at the universities of Melbourne, Queensland and New South Wales, with investment capital provided by the three universities and AustralianSuper – a leading industry superannuation fund. Uniseed's mandate is to facilitate the commercialisation of university-generated intellectual property by targeted investment in highly promising technologies. Uniseed's investments cover a range of technology sectors. To date, the fund has exited three investments through trade sales: a drug in development to treat fibrosis (Fibrotech sale to Shire plc for US\$75M up-front plus milestone payments), an IT security technology (Vintela sale to Quest Software Inc. for US\$75M) and a semi-conductor technology (Fultec sale to Bourns Semiconductor Inc). Uniseed's biotechnology portfolio is maturing, with Hatchtech completing a pivotal Phase 3 trial for its human head lice treatment in 2014, and a number of other companies in clinical development. Other companies have products on the market (Hydrexia, ProGel, BT Imaging, Smart Sparrow) or are collaborating with leading global companies in their respective fields.

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About UniQuest:

UniQuest is one of Australia's leading research commercialisation companies. It specialises in global technology transfer and facilitates access for all business sectors to the world class expertise, intellectual property and facilities at The University of Queensland, Australia.

UniQuest has created over 70 companies from its intellectual property portfolio, and since 2000 UniQuest and its start-ups have raised more than \$515 million to take university technologies to market. UQ technologies licensed by UniQuest – including UQ's cervical cancer vaccine technology and image correction technology in magnetic resonance imaging machines – have resulted in combined sales of final products in the order of \$10 billion net sales between 2007-2014.

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About GBS:

GBS Ventures is a leading life science venture capital firm based in Melbourne. GBS invests in young businesses developing and commercialising products which, when combined with the right management and finance, will make a significant difference to patients' lives and deliver financial returns for our investors. GBS has been investing in the life sciences since 1996 and manages over \$400 million across five funds. GBS managed funds invested in Spinifex include BioVentures III and both the Genesis Pre-seed Fund and Innovation Investment Follow-on Fund which received Australian Government support. In addition to its direct funds GBS also managed investments in Spinifex on behalf MTAA Super, AustralianSuper and the University of Melbourne via VFMC.

In Particular GBS acknowledges the late Dr. Andrew Baker for his outstanding contributions to both GBS and Spinifex Pharmaceuticals.

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About Brandon Capital:

Brandon Capital Partners was established in 2007 and makes seed and venture capital investments into emerging businesses in the life science industry. Brandon Capital Partners is passionate about turning good science into improved medical outcomes. The Brandon team works with entrepreneurs to build businesses, creating value for the entrepreneurs, their teams and Brandon's investors. Brandon Capital manages the Brandon Biosciences Fund as well as the MRCF

Collaboration which brings together over 50 of Australia's leading medical research institutes and research hospitals in an innovative investment collaboration. The MRCF provides dedicated investment funding to support the commercialisation of early-stage medical research discoveries that originate from its members.

The MRCF acknowledges support from the Australian Government and the State Governments of Victoria, New South Wales, Western Australia, Queensland and South Australia.

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