



Market Update

Melbourne, Australia; 29 September, 2015: Patrys Limited (**ASX: PAB**) is pleased to update the market on the progress of a range of activities being pursued by the Company.

Completion of License of Chinese Rights for PAT-SC1:

The Company is pleased to advise that it has completed the out-licensing agreement for PAT-SC1 with the integrated Chinese drug development company, Hefei Co-source Biomedical Co. LTD (**Hefei Co-source**), and received the first of multiple potential milestone payments associated with the deal.

The agreement covers the exclusive development and commercialisation rights for all oncology indications in China for PAT-SC1, one of Patrys' anti-cancer IgM antibody therapeutic candidates. Patrys retains the right to develop and commercialise PAT-SC1 outside of China. Specific financial details of the agreement are confidential, but are on par for similar transactions of this type in this territory, including potential back-loaded payments, sharing of revenue and double digit royalties on end sales.

PAT-SC1 has previously been used to treat CD55-positive gastric cancer patients in clinical trials, and showed a significant survival benefit after 10 years compared with untreated patients. As reported in *Oncology Reports* in 2014, follow-up of patients with no metastatic disease at the time of treatment showed a ten year survival rate of 55% versus just 30% in the control (untreated) patients.

"We are delighted to have finalised the agreement with Hefei Co-source and are looking forward to building a strong working relationship with Dr. Zhang and his team as they commence the development program for PAT-SC1," said Dr. James Campbell, Patrys' Chief Executive Officer. "China has one of the highest incidences of gastric cancer globally, accounting for over 40% of all new gastric cancer cases and we are excited to have established a collaborative relationship that takes us a step closer to developing PAT-SC1 for the substantial and growing Chinese market."

Hefei Co-source's Chief Executive Officer, Dr. Shanchun Zhang, added: "We are pleased to be commencing our collaboration with Patrys and we look forward to reporting on the development of PAT-SC1 in China."

Decision not to approach the Paul Ehrlich Institut in Germany for advice:

Following from its announcement of 11 June 2015, the Company advises that it is still in discussions with its manufacturer around the causes of variation in manufacturing of PAT-SM6 IgM that led to the variability in the yield and consistency of the end product.

The Company has sought extensive input on this technical matter from its CMC consultant and other experts and has decided that it will not approach the scientific advisory board of the German regulator, the Paul Ehrlich Institut (“PEI”) as it does not believe that clinically meaningful doses of acceptable material are available.

As such, the PAT-SM6 antibody that was produced is not able to be used for the proposed combination trial of PAT- SM6 in refractory multiple myeloma patients. Patrys is currently investigating whether a cost effective, timely and reliable manufacturing process is viable for PAT-SM6 and will update the market on the proposed clinical trial once this evaluation has been completed.

Chimeric antigen receptor (CAR) T cell program completed:

The CAR T feasibility studies performed by a European development company have been completed and after discussions between Patrys and its partner it has been decided to discontinue this collaboration which had the potential to produce targeted and potent therapies against cancer cells. The Company is continuing to explore alternative avenues for deriving value from its IgM library.

Strategic review:

The Company is continuing to actively evaluate strategic collaborations and other complementary assets to maximise value creation and hopes to report on these developments in coming months.

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About Patrys Limited:

Based in Melbourne, Australia, Patrys (ASX: PAB) is focused on the development of antibodies as therapies for cancer and other major diseases. Patrys has a pipeline of anti-cancer antibodies that enable both internal development and partnering opportunities. More information can be found at www.patrys.com

About Hefei Co-source Biomedical, Co. LTD:

Hefei Co-source Medicine Group is an integrated platform of new drug research and development, which engages in research on chemical synthesis, pharmaceutical safety assessment, pharmacokinetics & pharmacodynamics studies, and clinical trials. Hefei Co-source Biomedical, Co. LTD which is part of the Hefei Co-source Medicine Group, based in Hefei China, and is focused on the development of peptide and antibody drugs in the fields of inflammation, tumour and other human diseases. More information can be found at www.heyuanliyao.com

About PAT-SC1:

PAT-SC1 is a natural human IgM antibody that acts by binding to a specific protein, called CD55 that appears on the surface of gastric cancer cells but not on the surface of healthy cells, thereby permitting PAT-SC1 to kill the cancer cells while sparing the healthy cells. PAT-SC1 was evaluated in an investigator led clinical trial, at the University of Würzburg Surgical Clinic, under which treated patients were dosed with PAT-SC1 48 hours prior to a surgical procedure that involved the removal of the primary tumour (surgical removal of the tumour is currently the standard treatment). PAT-SC1 was granted orphan designation by the US FDA, and the gastric cancer market in this territory is a potential future focus.