

ASX/Media Release
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PRIMA BIOMED COMPLETES A\$25.5 MILLION CONVERTIBLE NOTE FUNDING

- **Funding provided by New York-based fund SpringTree Special Opportunities Fund, LP for commercialisation of CVac™ ovarian cancer vaccine treatment into multi-billion dollar global oncology pharmacy market**
- **Prima to commence Phase IIb Trial with the US Food and Drug Administration for CVac™ in near future**
- **Prima also investigating approval for CVac™ in Europe via the EU's medical evaluation and supervisory body, the European Medicines Agency**

Australian health care company Prima BioMed Ltd (ASX: PRR) (Prima) is pleased to announce that it has entered into an agreement in relation to a A\$25.5 million convertible loan facility from New York-based investment fund SpringTree Special Opportunities Fund, LP (SpringTree) to provide funds for the commercialisation of Prima's headline CVac™ ovarian cancer vaccine treatment.

The proceeds of the convertible loan will be used to help fund the Prima's Phase IIb Trial for **CVac™** with the US Food and Drug Administration (FDA), as well as other future trials and approvals. Prima is also pursuing commercialisation in other jurisdictions outside the US, and is currently investigating approval for **CVac™** in European markets via the European Union's medical evaluation and supervisory body, the European Medicines Agency (EMA). **CVac™** is not yet approved or marketed under the FDA.

SpringTree is a New York-based investment fund that makes debt and equity investments in small-cap and mid-cap public companies around the world. (KTA Capital, LLC, a New York-based registered broker-dealer, acted as the exclusive financial advisor to SpringTree Global Investors, LLC, the manager of SpringTree, in connection with the transaction).

Details of the convertible loan facility are attached at the end of this announcement.

The new funding is another major achievement for Prima as it progresses toward commercialising its **CVac™** ovarian cancer treatment product into the multi-billion dollar global oncology pharmaceutical market. The funding addresses the finance risk from the product commercialisation process, and allows Prima to commit to the key final stages of **CVac™**'s development timeline with confidence.

CVac™ is a vaccine therapy treatment for ovarian cancer administered post-surgery and post-chemotherapy to delay relapse and control metastases. There is a large unmet medical need for new treatments for ovarian cancer which has a very high morbidity rate, and there are currently no maintenance-based therapy products commercially available.

Commenting on the new funding, Prima BioMed executive director Martin Rogers said: "We are delighted to secure this additional new funding into the Company for our **CVac™** ovarian cancer vaccine treatment. The support we have received from investment markets this year, and the flexibility that SpringTree has shown in tailoring the funding to suit our needs, are strong measures of the potential **CVac™** has to provide a solution for ovarian cancer patients, and to provide revenues for the Company and returns for our shareholders."

Prima BioMed's scientific advisory board Chairman Professor Ian Frazer added: "I'm delighted that sufficient funding has now been secured to enable conduct of a clinical trial of **CVac™** as a part of management of advanced ovarian cancer."

SpringTree Managing Director Jeff Easton commented: "We are impressed with the technology, management and scientific team of Prima BioMed and look forward to participating in the long-term success of **CVac™**. We are encouraged by the success of the NASDAQ-listed company Dendreon Corp, which is applying similar technology to developing a vaccine treatment for Prostate Cancer, and we are hopeful that our involvement with Prima will be equally successful and beneficial."

"This is our first Australian investment, but we are optimistic about investment opportunities in Australia and excited to have partnered with a company that has as much potential as Prima BioMed," Mr Easton said.

Prima will now look to commence its Phase IIb component of the Pivotal Clinical Trial with the US FDA for **CVac™** in the near future, and preparations for this are well advanced.

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About CVac™ Ovarian Cancer Treatment

CVac™ is Prima BioMed's lead product. It is of key importance as there is a large un-met medical need for new treatments for ovarian cancer which has a very high morbidity rate. **CVac™** is a maintenance therapy administered post-surgery and post-chemotherapy to delay relapse and control metastases.

There are currently no products available as maintenance based therapies for ovarian cancer and the global market for ovarian cancer therapeutics was valued at US\$2.1b in 2007 and is expected to total US\$3.6b by 2010.

Regulatory approval and commercialisation of **CVac™** is the core focus for Prima.

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About Prima BioMed

Prima BioMed is an ASX listed Australian health care company. The Company is focused on technologies in the fields of cancer immunotherapy and immunology. Prima's lead product is the CVac™ ovarian cancer therapy treatment. It has completed two successful clinical trials and is in the final stages of US FDA approval and eventual commercialisation.

The Company's broader, long term goal is to develop commercial cancer treatment technologies and programs for global markets.

About SpringTree Global Investors, LLC

SpringTree Global Investors, LLC is a New York-based asset management company that makes debt and equity investments in public companies around the world with a focus on small-cap and mid-cap companies requiring US\$5-US\$150 million in debt and/or equity. It invests across a broad range of industries and a wide range of geographies and economic environments.

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Prima's rationale for accepting the investment includes the following:

1. **Certainty of access to funding.** The loan provides Prima with certainty of access to funding in a difficult capital markets environment. The facility amount of A\$25.5 million is to be made available to the Company in regular tranches as follows:

- \$500,000 to be advanced on the date of the agreement,
- \$500,000 to be advanced 15 business days after the date of the agreement, and
- 35 additional tranches of \$700,000, each to be advanced approximately 30 days after the date of the immediately preceding tranche.

The regularity and the substantial size of the tranches eliminate financing uncertainty and allow the management to focus on executing its business plan.

2. **Funding without overleveraging.** The financing is being made available to Prima in tranches, which minimises Prima's indebtedness at any point in time.

3. **Minimizing dilution.** The loan is repayable in Prima's shares, approximately monthly, over a three year period, which potentially allows Prima to issue new capital at prices that are linked to prices prevailing at the time and at premiums to the current share price, and minimise the dilution for its shareholders. The price at which the loan is repayable in shares is the lesser of:

- 130% (or in certain circumstances, 150%) of the average of the closing price of ordinary shares of the Company for the 20 business days prior to the date of the agreement, and
- 90% of the average volume-weighted average price of ordinary shares in the Company for a 5 consecutive business day period during a specified period ending on the date immediately prior to the relevant repayment date.

4. **Additional safeguards.** Prima has additional safeguards against dilution in that it can opt to repay in cash, rather than in shares, the amount outstanding at any time, and terminate the agreement with the investor, if the price at which Prima would be issuing shares to the investor were to be lower than a specified floor price. Additionally, Prima has in place an anti-dilution protection, whereby the first and second tranche of the financing may not exceed 2% of its market capitalisation and any subsequent tranche may not exceed 3% of its market capitalisation.

5. **Interest rate and focus on capital appreciation.** The investor's return on investment depends on Prima's share price appreciation and, consequently, the loan accrues no interest (provided that Prima is not in default under its terms) and is not subject to the high interest rates prevalent in the current market rate environment.

The Investor has been granted 15,000,000 five-year options to acquire ordinary shares in the Company at 110% of the average of the volume-weighted average prices of ordinary shares of the Company for the 20 business days immediately prior to the date of the agreement. During the term of the loan, where Prima undertakes a repayment by way of ordinary shares, the investor will be granted one five-year option per five shares issued to it (1:5), exercisable at 150% of the average of the volume-weighted average prices of ordinary shares for the twenty business days immediately prior to the date of grant of such options.

6. **Validation of the business model by a US institutional investor.** An investment by a US institution validates Prima's business model and raises its profile in the US financial markets, as well as in the US biotechnology and healthcare industries.

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7. **No financial ratio covenants.** The investment is not subject to any financial ratio covenants, other than the covenant referred to in point 4 above, and does not prevent Prima from raising additional funding.
8. **Subordinated debt.** The loan is classified as subordinated debt, and Prima has retained the right to incur any other indebtedness senior to, or pari passu with, the loan if such indebtedness does not exceed \$5 million, and any other indebtedness in any amount that is subordinated to the loan. 15 million Prima shares will be held as collateral to the convertible note.
9. **Future pharma partnerships.** The agreement does not prevent Prima from entering into strategic industry partnerships or undertaking M&A transactions.

The first tranche of the loan has been advanced. To the extent to which the advance of a future tranche or issuance of securities under the Facility may not be undertaken without shareholder approval, Prima will obtain shareholder approval of such transactions for the purposes of Listing Rule 7.4 so that they may proceed without causing a breach of Listing Rule 7.1. Continuing advances are subject to Prima's compliance with the terms of the facility.

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