

ASX Release



Suda Ltd Secures up to \$7.6 million Project Funding over the Next Two Years

Highlights:

- Allows Suda Ltd to fund the ArTiMist™ project through to registration.
- Available funding: up to \$7.6m.
- Funding provided by New York based fund, Bergen Global Opportunity Fund validates Suda Ltd's business model.
- Staged funding minimises dilution to existing shareholders.

Suda Ltd is pleased to announce that it has entered into a funding agreement with Bergen Global Opportunity Fund, LP ("Fund"), managed by Bergen Asset Management, LLC ("Bergen") that will provide up to \$7,600,000 to the Company over two years. Suda chose to deal with Bergen due to its positive track record in the Australian public market.

The funding will be used to fund its projects and its future pipeline. It will allow Suda Ltd to further develop the ArTiMist™ project through to the registration phase. The funding will also give Suda Ltd the ability to develop and/or acquire other projects into the commercialisation pipeline.

The funding agreement takes the form of a Share Purchase and Convertible Security Agreement ("Agreement"). The Agreement is for a maximum purchase of shares of \$7,000,000 in tranches, over the term of the agreement, with an additional investment of \$600,000 on execution, by way of a Convertible Security, which is unsecured and interest-free.

A summary of material terms of the agreement and the rationale for accepting the investment is at the end of this announcement.

Suda Ltd's Director, Mr Joseph Ohayon said: "Over the last 3 years Suda Ltd has raised in excess of \$6m primarily from shareholders in a very difficult economic environment. This agreement with the Fund allows us to have access up to \$7.6m of funding on a flexible basis. We believe that it minimises the dilution to existing shareholders and allows Suda Ltd to meet its core objectives of bringing the ArTiMist™ project to a commercialisation stage, providing an adequate return to shareholders as well as offering an alternative treatment for children with malaria."

Suda Ltd's Executive Chairman, Mr Stephen Carter commented: "The flexibility relating to the drawdown of the facility is important. As we move forward with the ArTiMist™ project and bring on other projects, we would expect that the impact of drawing down on the facility will be reduced in terms of dilution for existing shareholders over the term of the agreement. We look forward to an ongoing relationship with Bergen and to be able to expand the business operations of Suda Ltd."

The Fund will advance funds over the next 24 months with the issue price of the shares issued to the Fund linked to the future market price of the shares. This structure means potentially less dilution if the share price increases.

The Agreement also has an inbuilt protection that the Company can trigger to guard against excessive dilution and for the Company to end the agreement at any time.



Further information:

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Company Profiles

Suda Ltd

Suda Ltd (ASX:SUD) is an Australian pharmaceutical company commercialising low-risk pharmaceutical projects. Our lead product ArTiMist™, a sub-lingual artemether based malaria treatment, has been developed specifically for children with severe malaria. ArTiMist™ is currently in Phase III clinical trials in Africa.

ArTiMist™ treatment is administered sub-lingually and enters the bloodstream where the parasite lives, attacking at a far greater speed than conventional tablets and reducing the need for continued hospitalisation whilst presenting significant cost savings to governments and relief organisations. ArTiMist™ is especially effective in the treatment of children and young infants who are experiencing malaria-related and gastro-intestinal problems and cannot tolerate tablet treatments.

Bergen Asset Management LLC

Bergen Global Opportunity Fund, LP (the “Fund”), is managed by Bergen Asset Management LLC, a New York based asset management company. The Fund invests in high-growth public and private companies around the world, with a particular emphasis on Asia-Pacific. The Fund invests in a wide range of industries, including resources, energy, biotech, healthcare and clean technology.

Key Aspects and Suda Ltd's rationale for the Bergen Agreement:

1. Certainty of access to funding

The investment provides the Company with certainty of access to project funding over the next 24 months in a difficult capital market environment. The facility amount of up to \$7.6m is to be made available to the Company in regular tranches as follows:

- \$700,000 to be provided immediately (\$600,000 in a 0% interest, 24 month, unsecured Convertible Security, plus \$100,000 being the first tranche of a \$7,000,000 share purchase facility to be satisfied by the issue of shares to the Fund by the Company); and
- \$100,000 - \$300,000 in monthly share purchases for up to an additional 23 months (\$100,000 per month which can be increased up to \$300,000 by mutual consent), up to a maximum amount of \$7,000,000 in aggregate.

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

Suda Ltd will grant the Fund 7,500,000 unlisted options with an exercise price of \$0.05 and with an expiry date of 30 months after the first drawdown. It will pay the Fund a fee by way of 6,000,000 shares.

The Agreement will be secured against 6,000,000 shares.

2. Funding without over-leveraging

Other than the \$600,000 Convertible Security invested on execution, the funding is being made available to Suda Ltd in equity tranches, which does not result in debt on Suda Ltd's balance sheet.

3. Minimising dilution

The investment structure allows Suda Ltd to issue shares at prices that are linked to prices prevailing at the time, and hence potentially at premiums to the current share price which would minimise any dilution for its existing shareholders. The price at which shares will be issued in the tranches under the Agreement is 90% of the average of five volume weighted average prices per share during a specified period prior to the date of the issuance of the shares ("Price A").

On two occasions only, the issue price of the tranches may be at 130% of the average daily volume weighted average price per share for the ten consecutive trading days prior to the execution date of the Agreement ("Price B"). The Convertible Security will be convertible at the lesser of Price A and Price B.

4. Additional safeguards

Suda Ltd has additional safeguards against dilution in that it can opt to repay in cash, rather than in shares, the tranche amount outstanding at any time, and terminate the Agreement with the investor, if the price at which Suda Ltd would be issuing shares to the Fund were to be lower than a specified floor price. Additionally, Suda Ltd can also terminate the agreement at any other time on the payment of a modest cancellation fee. The Fund has also agreed to substantial limitations on its ability to dispose of the shares on-market.

5. Interest rate and focus on capital appreciation

The Fund's return on capital depends on the level of Suda Ltd's share price appreciation and the Convertible Security does not accrue interest (provided that Suda Ltd is not in default under its terms).

6. Validation of the business model by a US institutional investor

An agreement with a US institution validates Suda Ltd's business model and the potential of ArTiMist™. It also raises its profile in the US financial market as well as with players operating in the US pharmaceutical industry.

7. Additional capital raising

The terms of the Agreement do not prevent the Company being able to enter into future debt funding arrangements or to carry out additional private placements of equity, rights issues and shareholder purchase plans.

8. No financial ratio covenants

The investment is not subject to any financial ratio covenants.

9. Future business opportunities

The Agreement does not prevent Suda Ltd from entering into strategic industry partnerships or undertaking mergers and acquisitions transactions.