Telix Pharmaceuticals Completes Acquisition of Atlab Pharma

Melbourne (Australia) and Nantes (France) – 11 September 2018. Telix Pharmaceuticals Limited ("Telix", the "Company") today announced the completion of the acquisition of Atlab Pharma SAS ("Atlab").

The option to acquire Atlab for the consideration of USD $10m in cash or shares (or combination thereof, at the Company's discretion) was disclosed in Telix's IPO prospectus. As part of the acquisition, Telix has also renegotiated Atlab's material background intellectual property licenses, notably with BZL Biologics LLC ("BZL"). BZL is the holder of a portfolio of patents originating from Professor Neil Bander's laboratory at Weill Cornell Medical Centre (WCMC, NY). A summary of the final consideration paid appears later in this disclosure.

The acquisition of Atlab is significant to Telix for four key reasons:

1) The Atlab/BZL patent portfolio supports potential indication expansion for TLX591, notably the combination use of anti-PSMA therapeutics in conjunction with anti-androgen drugs, further increasing the value and relevance of Telix's TLX591 program.

2) Atlab possesses rights to an extensive clinical data set in approximately 200 patients that is highly informative to the development of TLX591, including unpublished data around dose optimization schemes for antibody-based PSMA radiopharmaceuticals. This data may accelerate and further de-risk the future development of TLX591.

3) Atlab and BZL, together, bring considerable knowledge and expertise to the Telix team. Prof. Jean-François Chatal (Atlab/Université de Nantes) and Prof. Neil Bander (BZL/WCMC) will continue to serve as members of Telix's scientific advisory board.

4) Atlab possesses the rights and materials necessary to develop huJ591, the most widely clinically-studied anti-PSMA antibody. Telix will keep huJ591 as a back-up clinical drug candidate and continue to support several high-value academic collaborations around the use of this antibody that may also be informative to the future development of TLX591, including in non-prostate cancer indications.

Telix CEO Dr. Christian Behrenbruch stated, "Telix has built on the Atlab/BZL experience to develop TLX591, an engineered and optimized form of ^{177}Lu-labelled huJ591. The result is a best-in-class anti-PSMA therapeutic that clearly rivals the performance of small molecule anti-PSMA agents such as PSMA-I&T and PSMA-617. We believe that this transaction has the potential to give Telix a significant commercial advantage in the combination use of anti-PSMA therapeutics with androgen-targeting drugs such as Zytiga®[1] and Xtandi®[2]."

Atlab President, Dr. Jean-Marc Le Doussal commented, "We are delighted to become part of Telix and to contribute to the future success of TLX591. Together with our colleagues at BZL, we bring a considerable depth of knowledge around antibody-based PSMA therapeutics, built on a decade of clinical collaboration with the University of Nantes and WCMC."

[1] Zytiga® (Abiraterone acetate) is a registered trademark of Janssen Biotech, Inc., a Johnson & Johnson company
[2] Xtandi® (Enzalutamide) is a registered trademark of Astellas Pharma Inc.

Summary of Consideration for the Purchase of Atlab

- USD $9m in Telix shares to Atlab shareholders, at $0.89 per share (based on the 10-day VWAP prior to signing). 41% of the allocated shares are classified as management shares and are escrowed for two years. The remaining 59% of allocated shares are classified as investor shares. 25% of investor shares are escrowed for three months with the remaining 75% escrowed for 12 months from the date of the transaction. USD$9m is a reduced consideration for Atlab and reflects diverted consideration to BZL for reduced royalties as well as Telix's assumption of responsibility for a repayable R&D loan facility of €258,000 owed to a French public investment bank (with partial repayment obligations out to 2021).

- USD $500,000 in Telix shares to BZL, also at $0.89 per share. These shares are paid to BZL as partial consideration for a significant reduction in royalty rates for the background IP, as a closing condition of the transaction. The shares are escrowed for two years.

- USD $500,000 in warrants over Telix shares to BZL, with an exercise price of $1.34 per share (calculated as 150% of the 10-day VWAP prior to signing). The warrants vest in two tranches on the first and second anniversary of the issue date and will expire if not exercised within four years of grant.

- As part of the transaction, Telix has also entered into a limited back-license with BZL for certain IP rights to support ongoing commercial research activities that are outside of the scope of product development focus for Telix.

The total number of new shares issued is 14.84 million shares, representing a dilution of 7%. The shares are issued to 21 new shareholders. No allotted holder is a substantial holder under the Corporations Act.

About Prostate-Specific Membrane Antigen (PSMA)

PSMA is a cell surface antigen that is has relatively little expression in normal tissues and represents a validated and highly promising target for a range of therapeutic strategies, particularly radiopharmaceuticals. PSMA expression has been detected in a limited range of normal tissues including benign prostatic epithelium, renal proximal tubule, small bowel and the brain (a subset of astrocytes). However, these tissues generally express PSMA at levels 2–3 orders of magnitude lower than that observed in prostate cancer.

About Antibody-Directed PSMA Therapeutics

Antibody-directed cytotoxicity (whether via targeted radiation or other therapeutic strategies) offers several advantages over small molecule or peptide-based delivery approaches. Normal tissues that express PSMA are highly polarized to the apical/luminal aspect of the benign prostatic glands, renal tubules and small bowel, basement membrane and epithelial tight junctions, and therefore form substantial barriers to circulating antibodies. PSMA expression by astrocytes is similarly sequestered behind the blood-brain barrier. Consequently, antibodies to PSMA are functionally tumor-specific, whereas small molecule PSMA ligands excreted via the renal tubular lumen are not.[3] As a result, small molecule and peptide therapies targeting PSMA have shown significant off-target effects, not seen with antibodies, that may limit their utility outside of the salvage ("end of life") patient population.

[3] Holland et. al. *J Nucl Med.* 2010 August ; 51(8): 1293–1300

About the huJ591 Monoclonal Antibody (mAb)

The huJ591 (humanized) mAb is the most clinically-advanced anti-PSMA antibody, with experience in several hundred patients for imaging and therapy, both as a "naked" antibody and with a wide range of diagnostic and therapeutic payloads. Almost 200 patients have been treated with ^{177}Lu-huJ591 at different dosing levels and in combination with other standard care therapies, including androgen deprivation therapy in the metastatic castrate-resistant prostate cancer (mCRPC) setting. In over a dozen clinical trials, huJ591 has demonstrated excellent immunogenicity, safety, tolerability and efficacy, including with repeat dosing.

About TLX591

TLX591 is a "best-in-class" anti-PSMA radiopharmaceutical based on a re-engineered and optimized form of the huJ591 antibody. Telix has engineered the biological properties and production characteristics of huJ591 to deliver enhanced clinical performance and lower manufacturing cost. TLX591 combines the superior therapeutic efficacy of antibody-based pharmaceuticals with the hematologic toxicity profile of rapidly-clearing small molecules targeting PSMA. TLX591, like huJ591, does not target normal tissue PSMA expression or demonstrate the typical exocrine gland uptake that may limit the utility of small molecule PSMA radiopharmaceuticals outside of the salvage (or "end of life") therapy setting.

About Telix Pharmaceuticals Limited

Telix Pharmaceuticals Limited ("Telix") is a global biopharmaceutical company focused on the development of diagnostic and therapeutic products based on targeted radiopharmaceuticals or "molecularly-targeted radiation" (MTR). The company is headquartered in Melbourne with international operations in Brussels (EU), Kyoto (JP) and Indianapolis (US). Telix is developing a portfolio of clinical-stage oncology products that address significant unmet medical need in renal, prostate and brain (glioblastoma) cancer. Telix is listed on the Australian Securities Exchange (ASX:TLX). For more information visit www.telixpharma.com.

Telix Corporate Contact
Dr Christian Behrenbruch
CEO
Telix Pharmaceuticals Limited
Email: chris@telixpharma.com

Telix Investor Relations (Australia)
Kyahn Williamson
WE Buchan
Tel: +61 (3) 9866 4722
Email: kwilliamson@buchanwe.com.au

Telix Investor Relations (US)
Lisa Wilson
In-Site Communications, Inc.
Tel: +1 212 452 2793
Email: lwilson@insitecony.com