



# PHYLOGICA

BREAKTHROUGH PEPTIDE THERAPEUTICS

20 June 2017

## MATERIAL EMPLOYMENT TERMS FOR CHIEF EXECUTIVE OFFICER AND CHIEF SCIENTIFIC OFFICER

Phylogica Limited (ASX: PYC) (**Phylogica** or the **Company**) is pleased to announce that it has agreed the terms on which Stephanie Unwin has been appointed as Chief Executive Officer (**CEO**) and Robert Hayes has been appointed as Chief Scientific Officer (**CSO**).

In accordance with ASX Listing Rule 3.16.4, the material terms of their employment agreements (**Agreement**) are as follows.

### Chief Executive Officer – Stephanie Unwin

- (a) **Term:** Initial term of two (2) years (**Initial Term**) from 17 June 2017 following which parties may negotiate to extend the Term.
- (b) **Salary:** \$500,000 per year (inclusive of superannuation and director fees).
- (c) **Performance based bonus:** The Company may pay to the CEO, the following performance-based bonus over and above the Salary per annum calculated as follows:
  - (i) where on the date that is 12 months from the date of the Agreement (**Year 1 End Date**) the 30 day VWAP shares in the capital of the Company (**Shares**) on the ASX is:
    - (A) 150% of the Year 1 Base Share Price, the Company will pay the CEO 40% of the Performance Based Bonus; or
    - (B) 200% of the Year 1 Base Share Price, the Company will pay the CEO 80% of the Performance Based Bonus; or
    - (C) exceeds 150% but is less than 200% of the Year 1 Base Share Price, the Company will pay the CEO between 40% and 80% of the Performance Based Bonus, based on a sliding scale. For example, if the VWAP is 175% of the Year 1 Base Share Price, the Company will pay the CEO 60% of the Performance Based Bonus;
  - (ii) where on the date of expiry of the Initial Term, the VWAP is:
    - (A) 150% of the Year 2 Base Share Price, the Company will pay the CEO 40% of the Performance Based Bonus; or
    - (B) 200% of the Year 2 Base Share Price, the Company will pay the CEO 80% of the Performance Based Bonus; or

(C) exceeds 150% but is less than 200% of the Year 2 Base Share Price, the Company will pay the CEO between 40% and 80% of the Performance Based Bonus, based on a sliding scale. For example, if the VWAP is 175% of the Year 2 Base Share Price, the Company will pay the CEO 60% of the Performance Based Bonus;

(iii) where:

**Year 1 Base Share Price** is \$0.05: and

**Year 2 Base Share Price** is to be determined on the Year 1 End Date in consultation between the CEO and the Company's remuneration committee, or, where the Company does not have a remuneration committee, the Chairman of the Company, but is intended to be no less than \$0.05 and no more than \$0.10, as appropriate; and

(iv) in each 12 month period of the Initial Term, the Company may, in its sole discretion, pay the CEO up to 20% of the Performance Based Bonus based on performance outcomes aligned to an agreed strategic plan, as the Company may set from time to time, and any other matter that it deems appropriate.

(d) **Incentive Options:** 10,000,000 Options exercisable at a price which equals a Share price which is at 50% above the closing price of Shares on the ASX on 16 June 2017 expiring on or before 30 June 2019 subject to the following vesting conditions:

(i) subject to paragraph (c) below, 5,000,000 Incentive Options will vest 12 months from the date of issue; and

(ii) subject to paragraph (c) below, 5,000,000 Incentive Options will vest 24 months from the date of issue; and

(iii) in the event that the employment is terminated for reasons other than for serious breach, misconduct or being convicted of a major criminal offence, or in the event of a change of control, the Incentive Options will vest immediately.

#### **Chief Scientific Officer – Dr Robert Hayes**

(a) **Term:** Initial term of two (2) years from 17 June 2017 following which parties may negotiate to extend the Term.

(b) **Salary:** \$550,000 in Year 1 (with \$150,000 of Salary paid up front and an additional \$50,000 reimbursement for medical health care) and \$600,000 in Year 2 (inclusive of superannuation and director fees).

(c) **Performance based bonus:** in addition to the Salary, the Company may pay up to \$300,000 (including superannuation) per annum as a performance based bonus for agreed scientific and corporate milestones to be determined within one month of the date of the Agreement.

(d) **Incentive Options:** 10,000,000 Options exercisable at a price which equals a Share price which is at 50% above the closing price of Shares on the ASX on 16 June 2017 expiring on a date to be agreed, not more than 3 months, subject to the following vesting conditions:

(i) subject to paragraph (iii) below, 5,000,000 Incentive Options will vest 12 months from the date of issue; and

- (ii) subject to paragraph (iii) below, 5,000,000 Incentive Options will vest 24 months from the date of issue; and
- (iii) in the event that the employment is terminated for reasons other than for serious breach, misconduct or being convicted of a major criminal offence, or in the event of a change of control, the Incentive Options will vest immediately.

Alternative, the Company may instead issue 10,000,000 Shares under a loan funded share scheme.

**ENDS**

**For further information, please contact:**

<b>Investors</b>	<b>Media</b>
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### **About Phylogica**

**Phylogica Limited (ASX: PYC)** is an oncology-focused biotech company discovering and developing a new generation of biologics-based therapies against intracellular cancer targets. The company was originally spun out from the Telethon Kids Institute (Perth, Australia) and the Fox Chase Cancer Centre (Philadelphia, USA). Phylogica controls access to the world's most structurally diverse source of peptides - called Phylomers. The company specialises in Phylomer-based solutions to discover and deliver novel biologics drugs against intractable intracellular cancer targets with unprecedented potencies. Within the last six years, the company has entered into discovery collaborations with Roche, Genentech, MedImmune, Pfizer, Janssen and Cubist Pharmaceuticals.