



SalvaRx Group plc

("SalvaRx" or the "Company")

Restructuring, Loan Note Conversion and Loan Facility

SalvaRx (LON: SALV), a biotechnology company focused on immunotherapy for cancer, announces a corporate restructuring, loan note conversion and new loan facility.

Corporate Restructuring and Loan Note Conversion

The Directors of SalvaRx have decided to streamline the group structure such that all investments will be held, and a new loan facility will be issued, by SalvaRx Limited, the group's wholly owned BVI subsidiary.

The Company's investment in Intensity Therapeutics Inc., together with the US\$1 million convertible loan issued by the Company to Mr Mellon and Dr Bailey as announced on 22 April 2016 (the "Convertible Loan"), will therefore be assigned to SalvaRx Limited. The Convertible Loan will immediately be converted into shares of SalvaRx Limited at a price of US\$250 a share (equivalent to the conversion price of 35.5p under the Convertible Loan ("the Convertible Loan Exercise Price")). Following the conversion, Mr Mellon, Non-Executive Chairman, and Dr Bailey, Non-Executive Director, will hold in aggregate 5.8% of SalvaRx Limited, reducing the Company's interest to 94.2%. Their existing aggregate holding in the Company of 73.1% remains unchanged following the conversion. Mr Mellon and Dr Bailey's direct and indirect interest in SalvaRx Limited of 74.6% is identical to the aggregate indirect interest they would have had in SalvaRx Limited if the Convertible Loan had been converted into shares in SalvaRx.

Loan Facility

In order to evaluate and either invest in or acquire further assets in the immuno-oncology sector, SalvaRx Limited has constituted a loan note instrument of up to US\$5 million in unsecured loan notes

(the "Loan Notes"). The Loan Notes are repayable on the fourth anniversary following issue and when issued will carry a coupon of 7%.

In addition, holders of Loan Notes will receive warrants to subscribe for new shares in SalvaRx Limited (the "Warrants"). US\$7,500 of Warrants will be issued in respect of each US\$10,000 loan note unit. The Warrants will vest in the event of a qualifying transaction (being a transaction or series of transactions whereby SalvaRx Limited obtains additional external equity financing in excess of US\$15 million ("Qualifying Event") over a defined period). The exercise price of the Warrants is described in the note below.

Mr Mellon and Dr Bailey, who are both directors and substantial shareholders in the Company, have each subscribed for US\$1 million of the Loan Notes.

Ian Walters, CEO of SalvaRx, said "With this potential access to new capital, the Board is confident that it can continue its strategy of securing attractive assets and building companies to drive the group's research and development programs forward efficiently."

SalvaRx's portfolio of cancer immunotherapy companies comprises interests in iOx Therapeutics, a University of Oxford spin-out company developing products that stimulate Natural Killer T-Cells, Intensity Therapeutics, a US based biotechnology company developing novel intratumoral therapies that promote antigen presentation and Nekonal Oncology, a company which is developing a series of novel immune checkpoint antibodies.

Related Party Transactions

The subscription for the Loan Notes by Mr Mellon and Dr Bailey and the re-assignment of the Convertible Loan to SalvaRx Limited each constitute related party transactions under Rule 13 of the AIM Rules for Companies. The independent directors, being Ian Walters, Kam Shah, Richard Armstrong and Colin Weinberg, consider, having consulted with Northland Capital Partners Limited, the Company's Nominated Adviser, that the terms of (i) the subscription for the Loan Notes and (ii) the re-assignment of the Convertible Loan are in both cases fair and reasonable insofar as the Company's shareholders are concerned.

Warrant Exercise Price

The exercise price of the Warrants is the higher of the Convertible Loan Exercise Price (equivalent to US\$250 per share in SalvaRx Limited) and a price reflecting a discount to the implied valuation of

SalvaRx Limited based on the Qualifying Event. The minimum discount of 25% increases in line with the period of time between the issue of the Loan Notes and the date of the Qualifying Event, as shown in the table below.

<i>Time from issue of the Loan Notes</i>	<i>Discount to implied valuation of SalvaRx Limited under the Qualifying Event</i>
Before first anniversary	25%
Between first and second anniversary	30%
Between second and third anniversary	35%
After third anniversary	40%

The life of the Warrants is the shorter of (i) four years and (ii) two years after either (a) a Qualifying Event, or (b) the date of repayment of the entire principal and accrued interest of the Loan Notes (except for when the repayment occurs in the absence of a Qualifying Event for which the Warrants can extend for an additional two years).

-Ends-

SalvaRx Group plc

Ian Walters (Chief Executive)

Tel: +1 203 441 5451

Northland Capital Partners Limited

Tel: +44 (0) 20 3861 6625

Nominated Adviser and Broker

Matthew Johnson / Edward Hutton (Corporate Finance)

John Howes (Corporate Broking)

Peterhouse Corporate Finance Limited

Tel: +44 (0) 20 7469 0932

Joint Broker

Lucy Williams / Duncan Vasey

About SalvaRx

SalvaRx was founded in 2014 to develop therapies within the rapidly growing immuno-oncology market, which uses treatments designed to boost the body's natural defences to fight the cancer. Immuno-oncology therapy is a fast growing and new therapeutic area, a market expected to grow to \$80 billion worldwide by 2020 (Global & USA Cancer Immunotherapy Market Analysis 2020).

SalvaRx's strategy is to invest in a portfolio of companies involved in novel cancer immunotherapies and develop them up to clinical proof of concept. SalvaRx provides portfolio companies with operational support in addition to capital, either by managing its portfolio companies directly or augmenting an existing team. SalvaRx's management team have a proven track record of discovering and commercialising drugs in the area of cancer immunotherapy with Bristol-Myers Squibb and Johnson & Johnson. The team is supported by an extended network of senior academic and industry executives to promote commercial and scientific outcomes, including licensing and partnering discussions.

For more information please visit: www.salvarx.io