

# mariposa HEALTH

## Shareholder Newsletter Aug. 2012

Since the release of our previous newsletter (12<sup>th</sup> January, 2012), the capital markets have continued to be impacted by events overseas and the slow-down in investment in small cap companies.. Obtaining necessary finance has proved difficult and your Board has taken the view to protect shareholder value during a prolonged time of constraint.

Our situation is not unlike many start-up companies in this environment. The key points for the past 6 months are as follows:

- The planned merger with Genesis R&D was cancelled due to complications with a Genesis Convertible Note holder and its impact on the merger capital structure
- A survival cost containment strategy has placed all product development on hold.
- Shareholder value is pre-eminent. Non-dilutive product development funding has been pursued, as has other merger & acquisition opportunities.

### **Cancellation of merger with Genesis R&D**

In January 2012, we announced that we had signed a Memorandum of Understanding with Genesis R&D, a NZ / Aust. (dual) listed company. Funds to undertake the merger had been identified, and indeed some had been placed in a trust account ready for activation. Complications arose between Dr Phillip Comans (MD)  
Mr Ian Mutton (Chairman)  
Mariposa Health Limited  
ABN 67 134 154 680

requirements of our financing approach and a Convertible Note held over Genesis. These complications led to the cancellation of the merger.

### **Patent status**

Following approval of the 4<sup>th</sup> patent over TA-270 by the EU commission in late 2011, our patent attorneys have continued the process of granting of the patent in the key EU territories. The patents, along with information that we build around them, are the saleable assets of the Company, and so we continue to support them as a priority. We now have 4 patents covering TA-270 approved in all major international territories, with the exception of the final patent currently pending in the US.

### **Partnering and M&A activities: Shareholder value**

With the merger not proceeding, your Board has sought other approaches to fund the business.

We have signed a non-disclosure agreement and the TA-270 assets are currently being reviewed by a significant European based pharmaceutical company. After reviewing our high level reports, they have proceeded to conduct due diligence on our full body of scientific and technical reports on TA-270. This body of documentation includes some 140 clinical, pre-clinical and chemistry, manufacturing & control reports. We make

no assumption on where, if anywhere, this review will lead. We believe that the interest to proceed this far is a reflection of the fit between the characteristics of TA-270 and the needs of the market.

We continue to seek alternate opportunities for merger, sale or partnering. This has involved us reaching out to suitable listed companies, whether as a listed shell for us to back into or an existing viable business seeking a new product opportunity. We currently have a proposal with an existing business, where we believe there are strong business synergies.

#### **Cost containment**

At the end of June 2012 we completed our first financial audit, which was undertaken by Deloitte. An AGM will be scheduled and accounts dispatched shortly.

We have had in place a strict cost containment approach. Operations are on-hold, no director fees or salaries have been paid.

Earlier this year an offering was made to shareholders to take part in a new round of funds. Your board elected to not accept funds as the offer did not reach a minimum level of subscription. Instead, the maintenance and capital raising costs have continued to be funded by directors (in the form of loans that will convert to equity at a future date). In addition, we have received encouraging thoughts on funding from both Australian and Singaporean sources pending the public listing of our shares.

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#### **Operations**

As previously announced, an agreement was signed with Lonza, a major global pharmaceutical manufacturer, to manufacture our active substance (TA-270 AS) subject to funding.

#### **Change in Board membership**

At the end of June, Paul Bolt stepped down as a Director of the Company. Paul will continue to be available for counsel on an informal or ad hoc basis. On behalf of the Directors we would like to thank Paul for his contribution during the start-up phase of the Company and wish him well.

#### **Next steps**

The next few months will see us focussed on:

- Capital raising for working capital and product development expenses;
- Partnering opportunities ; and
- Re-engage operations once funds are in place to move to the next level

We continue to work diligently to secure the future for your business.

Yours faithfully,

Dr Phillip Comans (MD)  
Ian Mutton (Chairman)

28<sup>th</sup> August, 2012