

## Basic Background

### The Post-biologic Cancer Opportunity



- Five cancer drugs now rank among the 40 highest-selling drugs, compared with only one in 1998
- Oncology market growth: Driven by biologics & targeted therapies

**BEST-SELLING CANCER DRUGS** Ranked by 2008 world sales

RANK	PURPOSE	2008 SALES (IN BILLIONS)	WHOLESALE COST PER MONTH**	YEAR APPROVED
1	Rituxan/ MabThera	Non-Hodgkin's lymphoma over \$5.5	\$5,000 to \$15,000, depending on stage of cancer	1997
2	Avastin	Various cancers, including colorectal, lung and breast 4.8	\$4,400 to \$8,800 depending on type of cancer	2004
3	Herceptin	Breast cancer 4.7	\$3,500	1998
4	Gleevec	Leukemia, gastrointestinal tumors 3.7	\$3,600	2001
5	Taxotere	Various cancers, including breast, lung, prostate and ovarian 3.0	\$4,900	1996

\*\*Prices shown are wholesale list prices charged by the manufacturers for the dose used by a typical patient. But doses can vary among patients. Also, doctors or hospitals may mark these prices up considerably.

Sources: IMS Health; Med Ad News; Roche; Sanofi-Aventis.

- However ... Biologics & targeted therapies are limited by
  - ❖ Questionable impact on overall survival for some products
  - ❖ Poor long-term benefit in aggressive and refractory cancers
  - ❖ Immunogenicity and side effects

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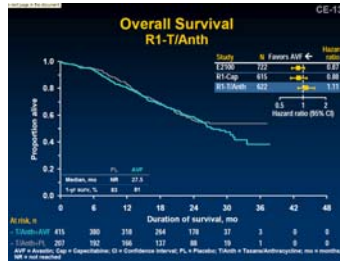
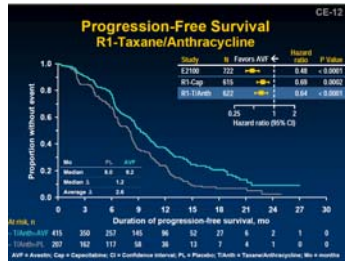
## Basic Background:

### Post-biologic Opportunity ... The Medical Need




- Biologics & targeted drugs often eventually fail because tumors have multiple resistance & repair mechanisms
- Resistant tumors can be much more aggressive than original phenotype

Avastin®: Breast Cancer  
ODAC Presentation July 2010 (Genentech Inc.)



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## DelMar Pharma: Company Overview

- **Founded in 2010**
- **Rapidly developing & commercializing proven cancer therapies in orphan indications for patients failing modern biologic therapy**
- **VAL-083: First product opportunity**
  - ❖ Phase I/II Study IND approved by US-FDA: GBM (post-Avastin® failure)
  - ❖ Second orphan indication defined
- **Significant near-term revenue potential**
  - ❖ International markets where drug is already approved
- **Defined pipeline expansion opportunities**
- **Experienced corporate & drug development team on board**
- **Raising \$3m in new capital**

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## Achievements Since Inception

- Acquired VAL-083 technology
- Developed improvements to commercial manufacturing process / route of synthesis
- Developed new analytical methods required for clinical manufacturing controls
- Filed five new patents
- Received two NRC-IRAP grant awards
- Initiated Phase I/II Clinical Trial

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## VAL-083: *DelMar's First Product Opportunity*

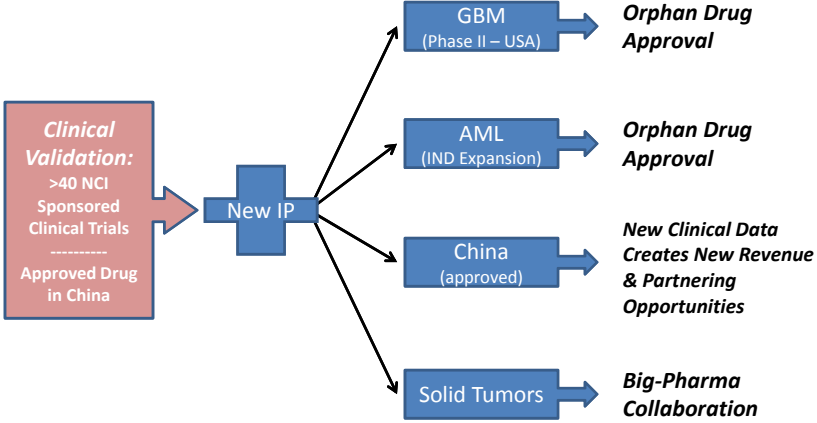
- **Small-molecule chemotherapeutic**
  - ❖ First-in-class chemistry
- **Well studied in previous human clinical studies**
  - ❖ >40 NCI-sponsored published clinical trials in multiple indications, including GBM
  - ❖ Approved cancer chemotherapy in China for treatment of CML & Solid Tumors/Lung Cancer)
- **Pharmacokinetics/Pharmacodynamics**
  - ❖ Orally bioavailable
  - ❖ Rapidly crosses blood-brain-barrier; long half-life in CNS
  - ❖ Selective for brain tumors vs. normal tissue
- **Well characterized mechanism of action**
  - ❖ Distinct from other alkylating agents used in GBM
- **Commercial scale manufacturing in place (China)**
  - ❖ DelMar has patented improvements & analytical methods required for FDA cGMP

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## VAL-083: Development Strategy



```

graph LR
    A["Clinical Validation:  
>40 NCI Sponsored Clinical Trials  
-----  
Approved Drug in China"] --> B[New IP]
    B --> C["GBM  
(Phase II - USA)"]
    B --> D["AML  
(IND Expansion)"]
    B --> E["China  
(approved)"]
    B --> F["Solid Tumors"]
    C --> G["Orphan Drug Approval"]
    D --> H["Orphan Drug Approval"]
    E --> I["New Clinical Data  
Creates New Revenue  
& Partnering Opportunities"]
    F --> J["Big-Pharma Collaboration"]
    
```

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## Market Opportunity: Glioblastoma Multiforme (GBM)

- Most common & most aggressive of primary brain tumors
  - ❖ ~15,000 cases in North America annually
- Current Treatment Paradigm

Diagnosis

↓

Surgical "Debulking"

~100% progression

↓

Temodar® + Radiation

~60% failure

↓

Avastin®

~80% failure

↓

Experimental or Palliative Care

=~1/2 of those diagnosed

→ **Temodar™ Sales: >US\$950m**

→ **Avastin™ Sales: >US\$200m**  
Projected = US\$650m (2016)

**DelMar**

Long-term  
Target Market  
>\$1 Billion opportunity  
worldwide

**DelMar**

Near-Term  
Target Market  
>\$200 Million  
in USA

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## VAL-083 for Refractory GBM (Post-Avastin™ failure)

**>\$200 million Annual Market Opportunity in end-stage GBM**

Est. Population (USA) <sup>1</sup>	310,000,000
Incidence per 100,000 <sup>2</sup>	4.5
Annual Patient Incidence	13,950
% Recurrence after front-line therapy <sup>3</sup>	60%
% Avastin® Failures <sup>4</sup>	80%
Salvage Patient Population	6,696
Est. Reimbursement/month <sup>5</sup>	\$5,000
Est. Treatment Period	6 months
<b>Annual Market Opportunity</b>	<b>\$200,880,000</b>

Source:  
<sup>1</sup>US Census Bureau Website  
<sup>2</sup>Schering Plough Corp  
<sup>3</sup>Published Data  
<sup>5</sup>% of biologic therapy similar to comparables

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## VAL-083 for Refractory GBM (post-Avastin failure)


**Front-line vs. Refractory: Regulatory Pathway**

- ▶ New drug as standard of care in front-line GBM therapy – Registration Study Design
- ▶ XRT+TMZ+NewDrug vs. XRT+TMZ in randomized study
- ▶ >700 patients
- ▶ \$70 - \$100 million
- ▶ 6 – 7 years

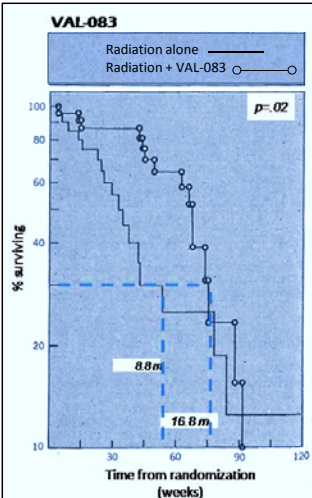
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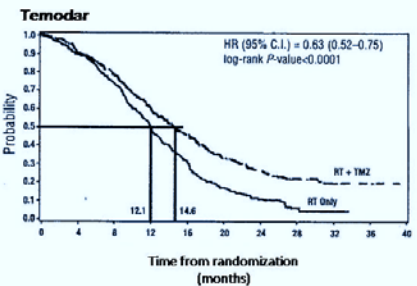
- ▶ New drug as standard of care in salvage situation – Registration Study Design
- ▶ NewDrug Open Label
- ▶ 80-100 patients
- ▶ \$8 - \$10 million
- ▶ 2 – 3 years
- ▶ Fast-track approval likely
- ▶ Potential “compassionate use” to drive program value

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## VAL-083: Efficacy Compared to Front-line Therapy (human clinical trials)





**Benefit vs. Radiation**

- ▶ Temodar™: 58 weeks
- ▶ VAL-083: 67 weeks

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## VAL-083: Clinical Development in GBM

➤ Phase I/II Study: Enrollment Commenced Nov'2011

Part A Fully Loaded  
Cost = \$1m

*"Dose Modernization"*

**Part A** →

20-30 patients

- **Dose escalating design**  
✓ Modernize dosing regimen
- **Primary Endpoint:**  
✓ Redefine MTD
- **Secondary Endpoint:**  
✓ Antitumor Activity & Progression Free Survival

~12 months

**Part B** →

14 additional patients

- **Registration study lead-in**
  - ☐ Continue to confirm safety & tolerability of modernized regimen
  - ☐ PFS = Primary Endpoint

~9 months

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## VAL-083: Clinical Development in GBM

➤ Phase I/II Study → multi center registration trial

Part A Fully Loaded  
Cost = \$1m

*"Dose Modernization"*

**Part A** →

~12 months

**Part B** →

**80-100 Patient Multicenter Registration Study**

- ✓ Cost = \$10 - 12 million
- ✓ Single-arm open label design
- ✓ PFS = Primary endpoint for approval based, on 2006 guidance
  - Temodar (56 pts)
  - Avastin (85 pts)
- ✓ Special Protocol Agreement (SPA) with FDA

~12 - 18 months

## VAL-083: Clinical Development in GBM

➤ Phase I/II Study → multi center registration trial

**Targeting Investor Liquidity Event**

“Dose Modernization” Part A → Part B

Sale of Company or Public Offering to raise sufficient capital for VAL-083 approval & pipeline expansion based on ...

- ✓ Re-confirmed published activity against GBM
- ✓ Well defined registration trial
- ✓ Registration-ready commercial scale CMC
- ✓ New patents claims / Orphan drug protection
- ✓ Additional indications under development

~12 months

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## Comparable Company Valuations


### Comparable Trading Data

Company	Enterprise Value	EBITDA (LTM)
NasdaqCM: AGEN	\$64.02m	(\$16.1m)
NasdaqGM: CLDX	\$78.6m	(\$5.6m)
NasdaqCM: CLSN	\$26.8m	(\$21.9m)
NasdaqGM: CYCC	(\$1.1m)	(\$15.7m)
OTCBB: GALT	\$76.2m	(\$8.1m)
OTCBB: IMUC	\$31.8m	(\$6.9m)
OTCBB: NWBIO	\$64.4m	(\$28.0)
NasdaqCM: PPHM	\$66.5m	(\$38.1m)
OTCBB: PVCT	\$68.1m	(\$21.2)
NasdaqCM: SNSS	\$14.3m	(\$24.0)
<i>Source: AmeriTech Advisors LLC</i>		
<b>Mean:</b>	<b>\$48.9m</b>	<b>(\$18.6m)</b>
<b>Median:</b>	<b>\$64.2m</b>	<b>(\$18.7m)</b>

### Comparable Exits

Company / Acquiror	Product Candidate	Exit Value	Transaction Date
Cephalon	Treanda™	\$200m	2005
Sanofi	Iniparib™	\$500m	2009
Cephalon	Omapro™	\$235m	2011

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## VAL-083: Near Term Revenue Opportunity

- Currently approved in China: CML & Lung Cancer
  - ❖ Distributed only in a limited geographic area
  - Opportunity to grow sales through expanded geography***
- Del Mar Pharma proprietary method of synthesis & new analytical methods
  - ❖ Lower cost of goods & Improved stability
  - ❖ Patented analytical methods required for compliance with new China Regulations
  - Opportunity licensing revenue to manufacturing partner***
- Del Mar Pharma developing new indications
  - Minimum 5 years market exclusivity for a new product in China***
- SFDA approval streamlines expansion into other developing markets
  - e.g. Korea, Thailand, Vietnam***

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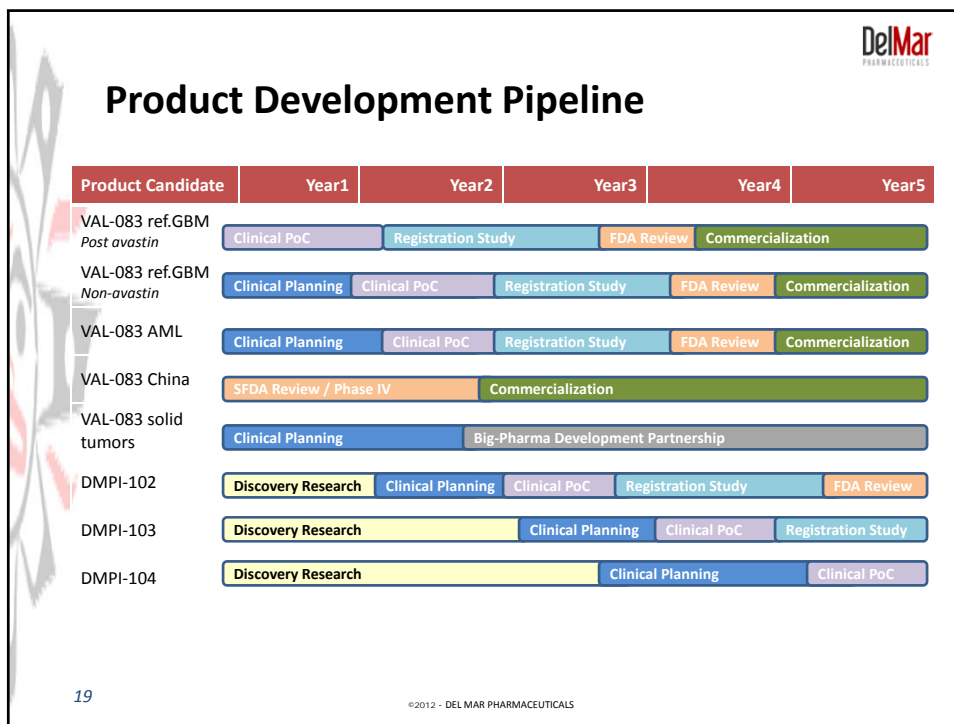


## VAL-083: Technical Advantages & Risk Reduction

- Proven safety & efficacy profile
- >\$50 million pre-clinical & clinical investment by NCI
- Established commercial-scale manufacturing
- Streamlined regulatory pathway
- Commercial experience in China
- Opportunity to generate near-term revenue from international markets
- Very attractive pricing & reimbursement paradigm
- Highly experienced team

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**VAL-083:  
Opportunity in Acute Myeloid Leukemia**

- 12,000 new and 8,000 relapsed patients annually
- Patients have limited treatment options
  - ❖ Mylotarg™ (*gemtuzumab ozogamicin*) withdrawn June 2010 – liver toxicity
  - ❖ Onorigin™ (*laromustine*) rejected by FDA in November 2009 – pulmonary toxicity
- Recent AML study with DNA-alkylating agent showed promising efficacy
  - ❖ Laromustine: 48% overall response rate (CR + CRp)
- VAL-083 does not exhibit pulmonary toxicity (NCI/China commercial data)
- VAL-083 demonstrated promise in Leukemia
  - ❖ Activity in pre-clinical animal studies against leukemia cell lines
  - ❖ Activity in Two Phase II studies of childhood leukemia
  - ❖ Overseas approval in CML
- Attractive reimbursement potential: Mylotarg was priced at \$11,700/month
- Historical registration study design: Single-arm open-label objective endpoint

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## VAL-083: Intellectual Property

- New patent applications filed (2009/10)
  - ❖ Novel uses & label claims
  - ❖ New method of manufacturing API
- Additional filings planned
  - ❖ Analytical methods
  - ❖ Chemical composition of API
  - ❖ Biological profile / mechanism of action
- Non-patent protection
  - ❖ Orphan drug protection
    - USA & Canada – 7 years market exclusivity
    - EU / Japan – 10 years market exclusivity
  - ❖ Overseas:
    - China: Minimum 5 years for new indications & formulations

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## Our Team


- Currently operates on a virtual basis
- Collectively responsible for approval of more than 20 oncology drugs
- Founders & Advisors:
  - ❖ Jeffrey Bacha, BSc MBA – co-founder, President & CEO: Inimex / Inflazyme
  - ❖ Dennis Brown, PhD – co-founder, Chief Scientific Officer: Matrix / Chemgenex
  - ❖ Bill Garner, MD – co-founder: Urigen / Inverseon
  - ❖ Victor Levin, MD – Prof. Emeritus Neuro-Oncology MDACC
  - ❖ James Perry, MD – Chair, Canadian Brain Tumor Consortium

Key "Virtual" Team Member	Functional Expertise	Previous Corporate Affiliations
Richard Schwartz, MD	Clinical Affairs	Bayer / Axion
Sarath Kenekal, DVM, PhD	Clinical & pre-clinical pharmacology & toxicology	Matrix Pharma / Corixa / Salmexid / Chiron
Mike Li, MSc	Clinical manufacturing & analytical chemistry (CMC)	Matrix Pharma / Threshold Pharma / Horizon Pharma
Luana Staiger, PhD	Regulatory Affairs	Chemgenex / Matrix Pharma / Gilead
Shawnya Michaels, BSc	Discovery/Screening	Matrix Pharma / ChemGenex / Mountain View Pharma
Lorena Lopez, MSc	Clinical Research	Matrix / Chemgenex
Qi Xi, PhD	Business Development, China	>20 years chemistry & drug development experience in China

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## VAL-083 Development Budget




Commercialization Path	Total Investment Required (\$ millions)	
	\$3	\$12-15
<b>VAL-083 GBM</b>		
<i>Phase I/II Study</i>		
> File IND	✓	✓
> First Patient Enrolled	✓	✓
> File Orphan Drug Application	✓	✓
> Interim Analysis	✓	✓
> "Modernized" MTD & preliminary efficacy data	✓	✓
<i>CMC Manufacturing Development</i>	✓	✓
<i>Phase II/III Registration Study</i>		✓
<i>Product Approval &amp; Launch</i>		✓
<b>VAL-083 Second Orphan Indication</b>		
<i>Phase I/II Study</i>		
> File IND	✓	✓
> File Orphan Drug Application	✓	✓
> First Patient Enrolled		✓
> Phase II results		✓

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## Offering Summary

### \$3 Million Financing



- > **\$3m = Two Years Cash: Use of Proceeds**
  - ❖ \$1m: Clinical Manufacturing Controls (CMC) "USA commercial/FDA registration ready"
  - ❖ \$1m: Dose modernization phase of Clinical Study (*12-month milestone*)
  - ❖ \$1m: Patents & Corporate Activities
- > **Transaction Overview: 4 million Units to Accredited Investors**
  - ❖ 1 Unit @ \$0.50 = 1 Common Share + 1 Share Purchase Warrant
    - Warrant exercisable for 2 years from closing
    - Initial strike price = \$0.75
    - Up to \$4.5 million available from warrant exercise
  - ❖ Target liquidity event or exit within 12 months from closing
    - Warrants become exercised for no additional consideration if DelMar misses this milestone
  - ❖ Pre-money = \$5m
- > **Closing: January 2012**
  - ❖ Will consider over-subscriptions to closing

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## 2012 Milestones

- Close Financing
- Achieve Primary Endpoint & Reconfirm Efficacy in Phase II GBM Clinical Trial
- Obtain orphan drug designation
- Prepare IND for second indication
- Continue to build IP portfolio
- Define pipeline expansion opportunities
- Implement near-term revenue strategy
- Achieve investor Liquidity Event

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## DelMar Pharma Investment Thesis

- ❖ *Clinical-stage oncology company*
- ❖ *Proven drug candidate*
- ❖ *Streamlined clinical plan*
- ❖ *Attractive valuation*
- ❖ *Highly experienced team*
- ❖ *Near-term exit opportunity*
- ❖ *Raising \$3m new capital*

**Thank You**

**Del Mar Pharmaceuticals (BC) Ltd.**

**Jeffrey Bacha, B.Sc., MBA – President & CEO**

❖ [jbacha@delmarpharma.com](mailto:jbacha@delmarpharma.com)

❖ +1 604 317 7022

<p><b>Corporate Headquarters:</b>                  Suite 115 – 887 Great Northern Way                  Vancouver, British Columbia                  Canada V5T 4T5</p>	<p><b>Clinical Operations:</b>                  3475 Edison Way, Suite R                  Menlo Park, California 94025                  USA</p>
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