

**Proposed Acquisition of DARA BioSciences  
4 June 2015**



**MIDATECH PHARMA**

**Analyst and investor call: 10:30am GMT on 4<sup>th</sup> June 2015**

To participate in the conference call, please use the following dial-in:

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Any forward-looking statements are based on currently available competitive, financial and economic data together with management’s views and assumptions regarding future events and business performance as of the time the statements are made and are subject to risks and uncertainties. We wish to caution you that there are some known and unknown factors that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements, including but not limited to uncertainties as to how DARA stockholders may vote in respect to the merger proposal, the possibility that competing offers may be made, the possibility that various closing conditions for the Acquisition may not be satisfied or waived, operational challenges in achieving strategic objectives and executing plans, the risk that markets do not evolve as anticipated, the potential impact of the general economic conditions and competition in the industry. The risks included are not exhaustive.

Reference should be made to those documents that Midatech and DARA shall file from time to time or announcements that may be made by Midatech and/or DARA, in the case of Midatech, in accordance with the London Stock Exchange AIM Rules for Companies (“AIM Rules”) and the Disclosure and Transparency Rules (“DTRs”) and in the case of DARA the US Securities and Exchange Commission (“SEC”), including the section titled “Risk Factors” of DARA’s most recent Annual Report filed on Form 10-K and Quarterly Reports on Form 10-Q. This is in addition to the proxy statement/prospectus to be filed by Midatech and DARA, which shall contain and identify other important factors that could cause actual results to differ materially from those contained in any projections or forward-looking statements. These forward-looking statements speak only as of the date of this announcement. All subsequent written and oral forward-looking statements by or concerning Midatech or DARA are expressly qualified in their entirety by the cautionary statements above. Except as may be required under the AIM Rules or the DTRs or by relevant law in the UK or the US, Midatech and DARA do not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise arising.

# Recap on Midatech



**Gold nanoparticles** and microspheres for drug delivery



**Strong cash position** and reliable revenue



**Top-tier pharma partners**



**Organic, acquisitive growth strategy**



**Key focus on oncology**



**Strong pipeline** nearing commercial viability



**Sector-leading manufacturing facility**



**Management with proven value creation**

# Emerging specialty pharma company

Midatech intends to generate value from its nanoparticle technology

New patented medicines created using its platforms to enhance well known therapeutics

Midatech business model has 3 components:

1

## Partner Products

Diabetes / Oncology / Neuroscience  
(Including Eye disease)

Selected contracted partners



Alongside two top 10 and two specialty pharma companies

2

## Own Products

Orphan Oncology

Key collaborative partner



3

## Acquisitions

Late stage strategic synergistic and complementary assets



\*Proposed

**RAPID GROWTH STRATEGY AND COMMERCIAL BUILD-OUT**

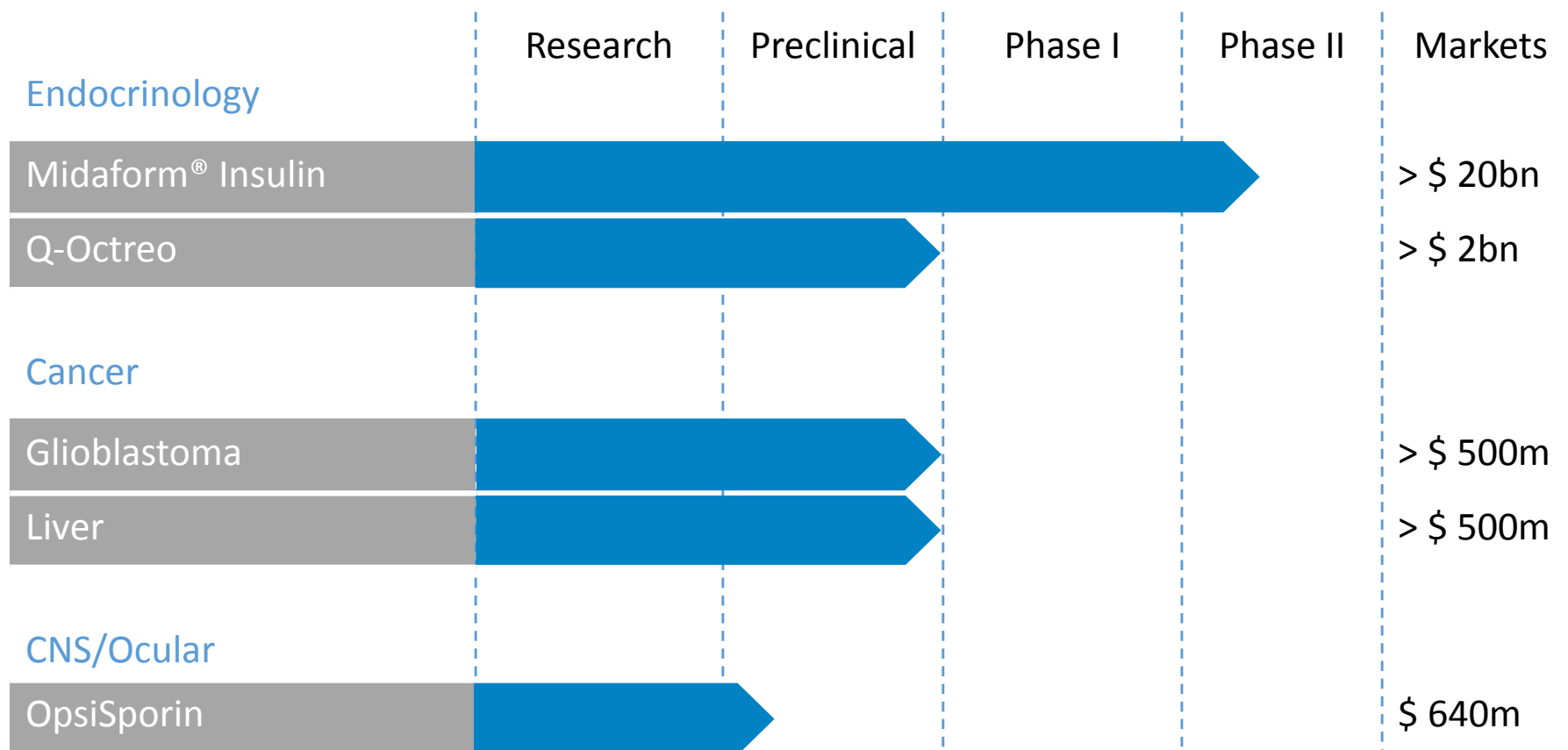
# Existing therapeutic areas & key collaborators

THERAPEUTIC AREA	COLLABORATOR	PROGRAMME	PROJECT	CURRENTLY REVENUE EARNING	MARKET SIZE**
Endocrinology	MonoSol Rx	MidaSol JV	Transbuccal Insulin	No (50:50 JV)	>\$20bn
	MonoSol Rx	MidaSol JV	Transbuccal GLP1	No (50:50 JV)	>\$6bn
	Top 6 US Pharma*	MidaSol JV	Transbuccal Insulin	Yes	>\$2bn
	Multiple / EU Funded	FP7	Diabetes Vaccine	Yes	n/a
	Funded in-house	Carcinoid Syndrome	Q-Octreotide	No	>\$2bn
Oncology	Dana-Farber Cancer Institute	Orphan	Glioblastoma	No	>\$500m
	European Specialty Pharma*	Orphan	Liver Cancer	Yes	>\$500m
	Open University	Skin / Lung	Squamous Cell Cancers	No	>\$2bn
	Dana-Farber Cancer Institute	Orphan	Liver / Pancreatic Cancer	No	>\$500m
Neuro / Ophthalmology	Funded in-house	Eye disease	Uveitis (Opsiporin)	No	\$640m
	Top Ophthalmology Pharma*	Eye disease	Controlled Release	Yes	n/a
	Ophthalmology Biotech*	Eye disease	Controlled Release	Yes	n/a
	Open University	BBB	Brain delivery of Cytokines	No	n/a
Other	Biotech arm of Top 10 Pharma*	Various	Peptides	Yes	n/a
	Eurostars Consortium	Dermatology	Psoriasis	Yes	>\$500m

Leading Insulins are Lantus \$6bn, NovoRapid \$3bn, Humalog \$2.6bn (sales 2013)

\* Undisclosed  
 \*\* Market sizes are management estimates derived from Global Data and other sources

# Existing internal pipeline



- Five partnerships with blue chip pharma & specialty pharma in diabetes, cancer & ophthalmology
- Licensing revenue opportunities from 2015/6

# DARA acquisition enhances Midatech equity story

- Proposed conditional acquisition agreement with DARA BioSciences, Inc. (NASDAQ: DARA)
- Oncology supportive care pharmaceutical company
- Subject to certain adjustments, Midatech will issue approximately 5.4 million ordinary shares in exchange for the outstanding shares of DARA, for an implied valuation of \$1.20 per DARA share or approximately US\$24.0 million (£15.8 million) in equity value
  - Initial Exchange Ratio of 0.272 Midatech shares for each DARA share
  - Exchange ratio will be fixed at 0.272 subject to an implied acquisition price range of \$1.08 to \$1.32 per DARA share and will be adjusted for movements outside this range, subject to a maximum exchange ratio of 0.306 and a minimum of 0.249
  - To be settled in a proportionate number of ADRs, expected to be admitted to trading on NASDAQ
  - At the initial exchange ratio, DARA stockholders are expected to own approximately 16% of Midatech after the closing of the transaction
- Additional contingent value rights (“CVR”) representing potential conditional payments, for a maximum cash consideration of US\$5.7 million (£3.8 million)
  - To be paid in the event that certain sales milestones with respect to DARA’s products Gelclair® and Oravig® are met
  - Due in 2017 and 2018 upon attainment of the defined sales thresholds in 2016 and 2017, respectively



# DARA BioSciences

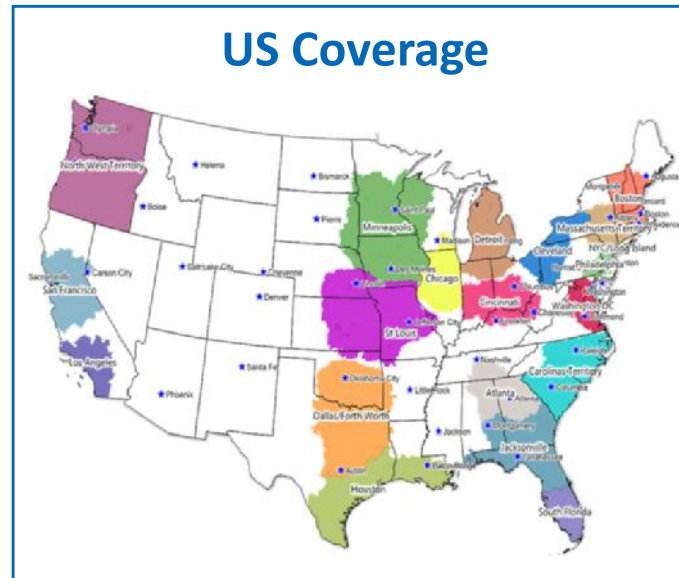
- DARA is a specialty pharma focused on oncology treatment and supportive care products
  - Oncology supportive care portfolio of 5 products
  - Phase 2 Orphan designated NCE for CCIPN / multiple myeloma
- Headquarters in Raleigh, NC; US salesforce of approx. 20
- 2014 revenues of \$1.9 million
  - Gelclair® launched Q4 2013
  - Oravig® recently in-licensed from Onxeo – Q4 2015 launch planned
- Cash balance of \$9.9 million as of March 31, 2015
- Public company, quoted on Nasdaq
  - Research coverage: HC Wainwright, Ladenburg Thalmann

**DARA** BiSciences<sup>NC</sup>

## Marketed Products



## US Coverage



# Highlights of the acquisition

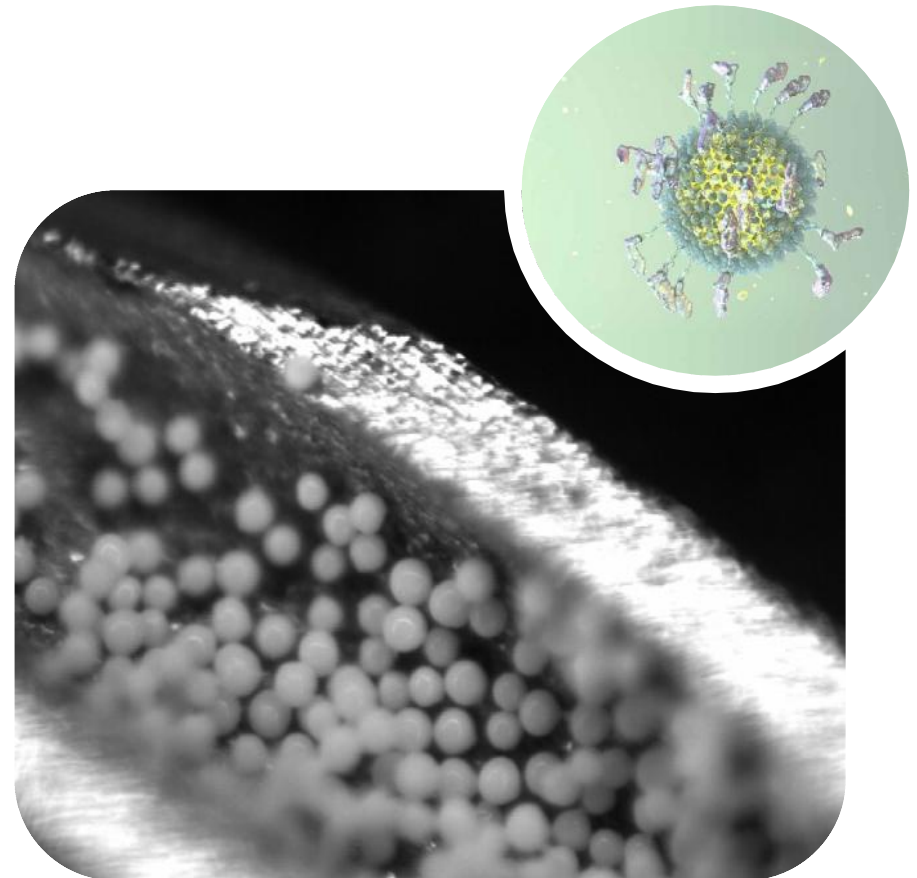
- Excellent strategic fit – strengthens Midatech’s franchise in oncology
- Immediate access to revenue generating product portfolio in cancer supportive care
- Provides commercial platform in US
  - Will enable Midatech to launch its self-developed products, including Q-Octreo, in the largest & most profitable pharmaceutical market
- Immediately accretive to top line
- Cost synergies of \$0.5 million identified
- Acquisition expected to generate positive cash flows from early 2018 bringing forward the Group breakeven point
- Further diversifies the business and accelerates the transition towards a leading specialty pharma company
- Multiple growth catalysts

## Strategic rationale – products and salesforce

- International diversification into US adding differentiated and attractive portfolio of oncology supportive care products, including:
  - Gelclair<sup>®</sup>, an oral gel indicated for the management and relief of pain due to oral mucositis during cancer treatment;
  - Oravig<sup>®</sup>, an orally-dissolving buccal tablet approved for oral thrush due for launch in Q4 2015;
  - Soltamox<sup>®</sup>, the only liquid form of tamoxifen, is indicated for the treatment of metastatic breast cancer; and
  - Co-marketed products with Mission Pharmacal: Ferralet<sup>®</sup> 90 (for anaemia), and Aquoral<sup>®</sup> (for chemotherapy/radiation therapy-induced dry mouth)
- Lays groundwork for future opportunities, including potential U.S. launch of Midatech's existing pipeline products
  - e.g. Q-Octreo for carcinoid syndrome/acromegaly

# Summary

- DARA brings access to new products in oncology for potential fast growth and commercial footprint in US
- Delivering in-line with strategy as set out at time of IPO to ensure rapid growth and value creation
- Leading platform technologies
  - GNP's small size and capability of targeting e.g. tumour cells
  - Q Sphera platform produces monodisperse microparticles
- On-track execution of three-pronged strategy
  - Driving revenue growth
  - Developing clinical portfolio
  - Seeking attractive acquisition targets
- Midatech Pharma is an emerging specialty pharma company



Top – Representation of a gold nanoparticle  
Main – Photograph of section through needle showing microspheres

### **Additional Information and Where to Find It**

In connection with the proposed transaction, Midatech will file with the SEC a Registration Statement on Form F-4, which will include the proxy statement of DARA and that also constitutes a prospectus of Midatech under SEC filing rules (the “proxy statement/prospectus”). INVESTORS ARE URGED TO READ THESE MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT MIDATECH, DARA AND THE ACQUISITION.

This announcement has been prepared in accordance with English law, the AIM Rules and the DTRs and accordingly information disclosed in this announcement may not be the same as that which would have been prepared in accordance with the laws of any jurisdiction outside of the United Kingdom.

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### **Participants in the Solicitation**

Midatech, DARA and their respective executive officers and directors may be deemed to be participating in the solicitation of proxies from DARA security holders in connection with the transactions contemplated by the proposed proxy statement/prospectus. Information regarding the persons who are, under the rules of the SEC, participants in the solicitation of security holders of DARA in connection with the proposed transaction, including a description of their direct and indirect interests, by security holdings or otherwise, will be set forth in the proxy statement/prospectus when it is filed with the SEC. Information regarding DARA’s directors and executive officers is contained in DARA’s Annual Report on Form 10-K for the year ended December 31, 2014 which is filed with the SEC and may be obtained free of charge.

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Thank you