

Prospectus

Antisense Therapeutics Limited

ABN 41 095 060 745

For an Offer of one New Share for every two Shares held at 0.8 cents per New Share by way of a renounceable Rights Issue to raise approximately \$2.4 million. One free attaching New Option (exercisable at 1.1 cents and expiring on 31 July 2012) will be issued with every five New Shares issued.

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about New Shares and New Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The New Shares and New Options offered by this Prospectus should be considered as speculative.

Important notice

This Prospectus is dated 1 November 2010. A copy of this Prospectus has been lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of lodgement of this Prospectus.

Antisense (ASX Code: ANP) has applied to the ASX for quotation of the New Shares and New Options. The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may quote the New Shares and New Options is not to be taken in any way as an indication of the merits of Antisense.

Before deciding to invest in Antisense, you should read and understand the entire Prospectus and, in particular, in considering Antisense's prospects, you should consider the risk factors that could affect Antisense's performance. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in Antisense involves risks. See 'Risk Factors' in section 5 for a discussion of certain risk factors that you should consider before deciding to invest in Antisense.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus or has not been released to the ASX with the authorisation of Antisense.

The Shareholder Application Form and Non-Shareholder Application Form accompanying this Prospectus is important. Please refer to the instructions in section 4 of this Prospectus regarding, in the case of Shareholders, the acceptance of your Entitlement or, in the case of Non-Shareholder Applicants, the application for Shortfall Securities. Applications can only be submitted on a valid Application Form or Non-Shareholder Application Form (as the case may be) that is only available with this Prospectus.

Restrictions on distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of Rights or New Shares or New Options in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and no offer of securities is to be made in, countries other than Australia and New Zealand.

Neither the Rights, New Shares nor the New Options have been or will be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their Application. Return of a duly completed Shareholder Application Form or Non-Shareholder Application Form (as the case may be) or application by BPay®¹ will be taken by Antisense as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is a legal resident of Australia or New Zealand.

Shareholders outside Australia and New Zealand should refer to section 1.10 of this Prospectus for details of how your Entitlement will be dealt with.

Rights trading

If you are a Shareholder, your Rights may have value. If you decide not to exercise all or part of your Rights you should consider whether to sell your Rights. It is important that you either accept or sell your

¹ Registered to BPAY PTY LTD ABN 69 079 137 518.

Entitlement in accordance with the instructions in section 4 of this Prospectus and on the back of the Shareholder Application Form.

Individual Applicants are responsible for determining their allocations of Rights and New Shares and New Options before trading in them. Eligible Shareholders who trade in Rights or New Shares or New Options before receiving confirmation of their allocation do so at their own risk.

Shareholders who take no action in respect of their Rights will receive no benefits.

Prospectus availability

This Prospectus is available in electronic form at www.antisense.com.au but the Offer is only available to persons within Australia and New Zealand. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus.

A printed copy of this Prospectus is available free of charge by calling 1300 027 697.

Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in section 7. All references to currency are to Australian dollars and all references to time are to Melbourne time, unless otherwise indicated.

Enquiries

For further information in relation to the Offer, please call 1300 027 697.

Corporate directory

Directors	Robert Moses (Chairman) Mark Diamond (Managing Director) Dr Chris Belyea (Non executive Director) Dr Graham Mitchell (Non executive Director) Professor George Werther (Non executive Director)
Secretary	Phillip Hains
Registered Office	Level 1, 10 Wallace Avenue Toorak, Victoria, 3142 Telephone: +61 3 9827 8999
Legal adviser	Minter Ellison Rialto Towers 525 Collins Street Melbourne, Victoria, 3000
Lead Manager and Underwriter	Patersons Securities Limited Level 15, 333 Collins Street Melbourne, Victoria, 3000
Share Registry	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford, Victoria, 3067 Telephone: +61 3 9415 5000

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Important dates

Notice of Issue sent to Eligible Shareholders	3 November 2010
Shares trade 'ex-rights' and Rights trading commences on ASX	4 November 2010
Record Date to determine Entitlements under the Rights Issue	10 November 2010
Prospectus and Shareholder Application Form or Non-Shareholder Application Form (as the case may be) despatched	16 November 2010
Last day of Rights trading	25 November 2010
Closing Date for acceptances of Entitlements	2 December 2010
Allotment and Despatch Date	10 December 2010
Trading of New Shares and New Options expected to commence	13 December 2010

This timetable is indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Offer any time prior to allotment. In that event, Application Money will be returned without interest.

Investment highlights

- Antisense has exclusive world-wide rights concerning three compounds (ATL1101, ATL1102 and ATL1103) that are in-licensed from its technology and collaboration partner Isis Pharmaceuticals in the United States, a world leader in antisense drug development and commercialisation.
- Antisense's three compounds have multiple disease applications including cancer, multiple sclerosis, asthma and growth and sight disorders such as acromegaly and diabetic retinopathy.
- The Company's strategy is to develop its compounds in order to build the value of any future commercialisation transaction where the Company may out-license these drugs to suitable partners for further development and marketing, in which case Antisense would anticipate receiving fees and payments upon reaching certain development milestones and then royalties on drug sales.
- The Company is looking to move its compound ATL1103 for growth and sight disorders into clinical development. The drug has previously confirmed activity in animal studies and toxicology studies have successfully been completed.
- ATL1101 for cancer has generated positive pharmacology with significant suppression of key tumour signalling pathways and prostate tumour growth. The Company has also completed certain toxicology studies and ATL1101 is currently being tested by a specialist oncology company in its animal cancer models with a view to potential licensing.
- ATL1102 successfully completed Phase II trials in multiple sclerosis patients. The drug was previously licensed to Teva Pharmaceuticals Industries Ltd. The Company is now seeking a new partner to continue the development of ATL1102 and has received preliminary interest from other pharmaceutical companies.
- The Company is also looking to exploit an inhaled application of ATL1102. Such an approach has previously demonstrated positive effects in an acute asthma animal model. There is growing evidence of the clinical activity of inhaled antisense compounds and the Company is looking to partner this inhaled application of ATL1102.
- The licensing strategy is in place for ATL1101 for cancer, ATL1102 for multiple sclerosis/asthma and the Company has an exciting project to further develop with ATL1103 for growth and sight disorders.
- The Directors believe that the Rights Issue presents an attractive structure to enable the Company to continue to pursue these value creating opportunities.

Major investment risks

The Directors have considered and identified in section 5 of the Prospectus the critical areas of risk associated with investing in the Offer. The major investment risks to be considered by Eligible Shareholders and potential investors include, among others:

- Antisense's drug candidates require significant pre-clinical and human clinical development prior to commercialisation, which is uncertain, expensive and time consuming. There may be adverse side effects or inadequate therapeutic efficacy of one or more of Antisense's drug candidates which would prevent further commercialisation.
- There may be adverse outcomes with the broader clinical application of the antisense technology platform which could have a negative impact on Antisense's specific drug development and commercialisation plans. No assurance can be given that Antisense's product development efforts will be successful or that required clinical trial or other regulatory approvals will be obtained.

- No assurance can be given that the Company will have access to sufficient capital to successfully advance the products through development or to find suitable development or commercial partners for the development and/or commercialisation of the products, nor any guarantee that such partnering arrangements will generate a material commercial return for Antisense.
- There is a risk that one or more competitive products in development now or in the future will prove more efficacious, safer, more cost effective or more acceptable to patients than the Antisense product which is likely to render Antisense's R&D efforts obsolete and decrease attractiveness to potential or existing licensing partners, which could lead to termination of partnering agreements while the drugs are still at the R&D stage. In turn, this is likely to decrease the financial value of products, intellectual property or research projects and reduce pricing and profit margins.
- There can be no assurance that any patents which Antisense may own, access or control will afford Antisense commercially significant protection of its technology or its products or have commercial application, or that Antisense will be free to commercialise its drug candidates.
- The New Shares and New Options that will be issued under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, liquidity or the price on which they may trade on the ASX. It is likely that Antisense will record losses and negative cash flows, and will not pay a dividend for a number of years, if at all.

Message from the Chairman

Dear Shareholder,

On behalf of the Directors of Antisense Therapeutics Limited, I am pleased to present Eligible Shareholders with an opportunity to participate in the entitlement offer to further advance the Company's highly focussed drug development and licensing strategy which is expected to intensify over the next twelve months and from which the Directors believe significant shareholder value may be delivered.

The Company is undertaking a renounceable Rights Issue, and intends to issue one New Share for every two Shares held at 0.8 cents per New Share (with a theoretical ex-rights price of 1.2 cents per Share) to raise approximately \$2.4 million. One free attaching New Option (exercisable at 1.1 cents and expiring on 31 July 2012) will be issued with every five New Shares issued.

With the world-wide exclusive rights relating to three exciting antisense compounds, Antisense's strategy is to build on its value through further development (ATL1103) and to capitalise on licensing opportunities (ATL1101 and ATL1102) which would see these drugs developed further by specialist partners. All of our drugs target diseases with an unmet medical need where we believe that antisense technology can provide clear advantages over the competition and therefore represent significant market opportunities.

The purpose of the Rights Issue is to ensure adequate funds are available to move ATL1103 (for growth and sight disorders) into clinical development, implement the Company's strategy to realise value from other projects and to pay for the costs of the Offer. The balance of the funds will provide the Company with underlying working capital and strengthen the balance sheet.

The Rights Issue, which is fully underwritten by Lead Manager and Underwriter Patersons Securities Limited, will close on 2 December 2010.

If you are an Eligible Shareholder, you may either:

- take up all of your Rights;
- apply for Additional New Shares and New Options (above your Entitlement);
- sell all of your Rights on the ASX;
- take up some of your Rights and sell some of your Rights on the ASX;
- transfer all or some of your Rights other than on the ASX; or
- do nothing, in which case your Rights will lapse and you will not receive any benefits.

Subject to any scale back applied (refer to section 1.4), this Offer also provides the potential for Shareholders with small or unmarketable parcels of Shares to increase their shareholding in the Company by applying for Additional New Shares and New Options. In addition Non-Shareholder Applicants are invited to participate in the Shortfall Offer.

All Directors who are Eligible Shareholders have indicated that they will be taking up their full Entitlement. Further, certain Directors and members of the Company's senior management have agreed to act as sub-underwriters for a portion of the Offer (refer to section 6.13).

All of the Company's compounds have been in-licensed from our technology and collaboration partner in the United States, Isis Pharmaceuticals – a world leader in antisense drug development and commercialisation. Indeed, there continues to be growing interest in antisense drug technology and Isis itself has multiple partnering and licensing arrangements with some of the world's largest pharmaceutical companies including Glaxo Smith Kline, Genzyme, Eli Lilly and Bristol-Myers Squibb. We are very fortunate to have Isis as a partner and major shareholder.

I encourage you to read this Prospectus in full and to participate in the Rights Issue which will enable you to share fully in the Company's development and commercialisation plans for its exciting pipeline of promising antisense drugs.

Yours faithfully,

A handwritten signature in black ink that reads "Robert Moses". The signature is written in a cursive style with a large, stylized initial 'R'.

Robert Moses
Chairman

1. Details of the Rights Issue

1.1 The Issue

This Prospectus offers Eligible Shareholders a renounceable pro rata entitlement issue on the basis of one New Share for every two Shares held as at the Record Date at an issue price of 0.8 cents per New Share. One free attaching New Option (exercisable at 1.1 cents and expiring on 31 July 2012) will be issued with every five New Shares issued.

The Company currently has 592,327,999 Shares on issue (**Existing Shares**) and 9,860,000 Options (currently held by the Company's employees) which are all currently eligible for conversion (**Eligible Options**).

To be entitled to participate in the Rights Issue, Eligible Option holders must first exercise their Options in accordance with the terms of those Options and must do so prior to the Record Date.

In the event that all Eligible Option holders exercise their Options prior to the Record Date, the Company will have on issue 602,187,999 Shares. If the Rights Issue is then fully subscribed, this will result in the issue of 301,093,999 New Shares and 60,218,800 New Options (in each case disregarding any rounding up of fractional entitlements) and the amount raised will be \$2,408,752.

In the event that no Eligible Option holders exercise their Options prior to the Record Date, Shareholders holding the Existing Shares will be entitled to participate in the Rights Issue pursuant to this Prospectus, which if fully subscribed will result in the issue of 296,163,999 New Shares and 59,232,799 New Options (in each case disregarding any rounding up of fractional entitlements) and the amount raised will be \$2,369,312.

1.2 Underwriting

The Issue is fully underwritten by Patersons Securities Limited. A summary of the Underwriting Agreement is set out in section 6.8(a) of the Prospectus.

1.3 Entitlement to Rights Issue

Shareholders who are on Antisense's share register at the close of business on the Record Date, being 5.00 pm on 10 November 2010 will receive Rights to acquire one New Share for every two Shares held as at the Record Date at an issue price of 0.8 cents per New Share. One free attaching New Option (exercisable at 1.1 cents and expiring on 31 July 2012) will be issued with every five New Shares issued.

Fractional entitlements will be rounded up to the nearest whole number of New Shares and New Options. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If Antisense considers that holdings have been split to take advantage of rounding, Antisense reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

A Shareholder Application Form setting out your Entitlement to New Shares and New Options accompanies this Prospectus.

1.4 Applying for Additional New Shares and New Options

Entitlements not taken up may become available as Additional New Shares and New Options. The Directors have decided that all Eligible Shareholders who take up their full Entitlement will be entitled to apply for Additional New Shares and New Options arising out of the shortfall. Eligible Shareholders wishing to apply for Additional New Shares and New Options must complete the relevant section of the Shareholder Application Form.

Non-Shareholder Applicants can apply for Shortfall Securities by completing the Non-Shareholder Application Form attached to this Prospectus and return it, together with a cheque for the value of those Shortfall Securities (at 0.8 cents per New Share) to the Company (**Shortfall Offer**). The Directors reserve the right to issue Shortfall Securities at their absolute discretion in consultation with the Lead Manager and Underwriter pursuant to the terms of the Underwriting Agreement.

The offer of the Shortfall Securities is a separate offer pursuant to this Prospectus and will remain open after the Closing Date. The issue price of any New Shares (together with one free New Option for each five New Shares issued) offered pursuant to the Shortfall Offer shall be 0.8 cents, being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

If more Additional New Shares and New Options are applied for than are available from the number of Shares not taken up under the Rights Issue, those applications will be scaled back in a manner determined by the Company and the Underwriter in their absolute discretion. In exercising this discretion, factors such as the number of applications made and the number of available New Shares and New Options will be taken into consideration.

It is possible, particularly if there is an active Rights trading market, that there will be few or no Additional New Shares and New Options available for issue. It is an express term of the Offer that applicants for Additional New Shares and New Options will be bound to accept a lesser number of Additional New Shares and New Options allocated to them than applied for if the Company and the Underwriter determine that a scale back is appropriate. If a lesser number is allocated to them, excess Application Money will be refunded without interest.

Shareholders applying for additional New Shares and New Options should be aware of the following:

- (a) Shareholders may be allotted a lesser number of Additional New Shares and New Options than applied for;
- (b) Shareholders shall be bound to accept a lesser number of Additional New Shares and New Options if required by the Company or the Underwriter;
- (c) Shareholders must accept a refund of money in respect of any Additional New Shares and New Options applied for but not allotted; and
- (d) no interest will be paid on any money refunded to the Shareholders should the circumstances above occur.

1.5 Use of proceeds

Antisense expects to raise approximately \$2.4 million under the Rights Issue and will use the proceeds as set out in section 2.

1.6 Actions required by Shareholders

An explanation of the actions required by Shareholders is set out in section 4.

1.7 Allotment and Application Money

All Eligible Shareholders who accept the Offer will receive their Entitlement in full.

New Shares and New Options will be issued only after all Application Money has been received and ASX has granted permission for the New Shares and New Options to be quoted. It is expected that New Shares and New Options will be issued on 10 December 2010 and trading of the New Shares and New Options on the ASX is expected to commence on 13 December 2010.

All Application Money received before New Shares and New Options are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares and

New Options are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company. If the New Shares and New Options are not quoted by the ASX within three months after the date of this Prospectus, Antisense will refund all Application Money in full.

1.8 Closing Date

The Closing Date for acceptance of your Entitlement is 5.00 pm on 2 December 2010. The Company reserves the right to cancel and not proceed with the Rights Issue at any time prior to allotment.

1.9 Rights trading

Trading of Rights commences on the ASX on 4 November 2010 with the last day of trading being on 25 November 2010. All or part of an Eligible Shareholder's Rights may be traded on the ASX or otherwise sold between these dates should you choose not to accept all or part of your Entitlement.

1.10 Treatment of Non-qualifying Foreign Shareholders

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only.

Being a US domiciled company, Isis Pharmaceuticals Inc, Antisense's technology partner and major shareholder, will not be able to take up its entitlement under this Rights Issue. Isis is, however, supportive of the Company and the conduct of this Rights Issue and, while it can give no assurance or guarantee of financial support, Isis has advised Antisense that it would consider lending support to any future capital needs of the Company.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares or New Options.

Recipients may not send or otherwise distribute this Prospectus or the Shareholder Application Form or Non-Shareholder Application Form (as the case may be) to any person outside Australia (other than to Eligible Shareholders).

The Company has appointed the Underwriter as nominee to sell the Non-qualifying Foreign Shareholders' Rights, subject to ASIC's approval. The Underwriter will only sell the rights if there is a viable market in the rights and a premium over the expenses of sale can be obtained.

Any such sale will be at a price and be conducted in a manner that the nominee will determine in its absolute discretion.

The proceeds of sale (in Australian dollars) will be distributed to the Non-qualifying Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale and the distribution of the proceeds), save that individual amounts of less than \$10 will be retained by Antisense. Neither the Company nor the nominee will be liable for any failure to sell the Rights or to sell the Rights at any particular price. If there is no viable market for the Rights of the Non-qualifying Foreign Shareholders, their Entitlement will be allowed to lapse and the relevant New Shares and New Options will revert to the Underwriter and will form part of the shortfall.

1.11 Rights attaching to New Shares

From issue, the New Shares issued under this Prospectus will rank equally in all respects with existing Shares. A summary of the important rights attaching to Shares as set out in the Company's Constitution are contained in section 6.4 of this Prospectus.

1.12 Rights attaching to New Options

From issue, the New Options issued under this Prospectus will have an exercise price of 1.1 cents and will expire on 31 July 2012. Summaries of the important terms attaching to the New Options are contained in section 6.5 of this Prospectus.

1.13 No prospective financial information or forecasts

The Company is a pharmaceutical research and development company. Given the uncertain nature of drug R&D, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

1.14 Summary only

The information set out in this section provides a summary of the information contained in this Prospectus. Applicants should read this Prospectus in its entirety prior to making a decision to accept the Offer. If you have any questions about investing in the Company, please contact your stockbroker, accountant or independent financial adviser.

2. Purpose and effect of the Rights Issue

2.1 Purpose of the Rights Issue

The funds raised from the issue of New Shares and New Options through the Offer before payment of all associated costs, are expected to provide the Company with approximately \$2.4 million in additional capital.

The funds raised will be used to move ATL1103 (for growth and sight disorders) into clinical development, implement the Company's strategy to realise value from other projects and pay for the costs of the Offer. The balance of the funds will provide the Company with underlying working capital and strengthen the balance sheet.

Use of Funds

The intended use of the funds to be raised under this Offer is detailed as follows:

The first section in the table below summarises the anticipated expenses associated with the ATL1103 project up to the commencement of a proposed Phase 1 clinical trial of ATL1103. In addition, Antisense also intends to apply for grant funding which, if successful, could provide additional funding to undertake clinical trials. The Company also intends to realise value from certain project assets in the form of licensing or partnering agreements. These agreements may provide the Company with licensing income that would also be directed to the planned clinical trials. Depending on the outcomes of these activities, Antisense may also contemplate future capital raising initiatives.

Activity	Estimated costs (\$)
Move ATL1103 into clinical development by completing formulation of active drug substance into injectible product, confirming shelf life for use in clinical trial, shipping material to trial centre for conduct of study. Complete and submit clinical trial application for approval to conduct clinical trial.	0.57 million
Out-licensing of ATL1102 for multiple sclerosis, inhaled ATL1102 for asthma and ATL1101 prostate cancer.	0.44 million
Maintenance of and application for patent protection.	0.34 million
Working capital, including evaluation of scientific data generated to date to identify potential new applications of the existing product portfolio.	0.75 million
Costs of the Offer.	0.30 million
Total	2.4 million

The proceeds of the Offer are expected to be sufficient to fund the activities of Antisense to the end of 2011 if \$2.4 million is raised. However, additional development costs may arise within this period, and additional funding will be required to complete the development and commercialisation of Antisense's drug candidates beyond this time.

2.2 Effect of the Rights Issue

The principal effects of the Rights Issue will be to:

- increase the Company's cash reserves by approximately \$2.4 million before the costs of the Rights Issue;
- provide the Company with additional capital for the purposes referred to in section 2.1; and
- increase the total number of issued Shares and Options (refer section 2.3).

Pro-forma historical financial information is provided in section 2.4 summarising the effect of the Rights Issue.

2.3 Effect of the Rights Issue on capital structure

The effect of the Rights Issue on the Company's issued Share capital will be as follows:

Ordinary Shares	Number	% Equity
Existing Shares	592,327,999	67%
New Shares	296,164,000	33%
Totals	888,491,999	100%

The effect of the Rights Issue on the Company's issued share capital (including Shares and Options (including Underwriter Options) on a fully diluted basis) on the basis that all Existing Options are exercised will be as follows:

Share capital (fully diluted basis)	Number	% Equity
Existing Shares	592,327,999	57%
Existing Options	9,860,000	1%
New Shares	301,093,999	29%
New Options (including Underwriter Options)	129,218,800	13%
Total	1,032,500,798	100%

2.4 Effect of the Rights Issue on Antisense's financial position

Set out below is the audited Balance Sheet of the Company as at 30 June 2010 and a pro forma Balance Sheet of the Company after the Rights Issue, adjusted for the 30 September 2010 unaudited cash balance as disclosed in the Company's Appendix 4C announced on 27 October 2010.

The financial information prepared below is prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Proforma Balance Sheet

Assets	Post Raising* (\$)	30 Jun 2010 (\$)
Current Assets		
Cash and cash equivalents	3,387,190	1,725,878
Trade and other receivables	17,012	17,012
Prepayments	58,294	58,294
Total Current Assets	3,462,496	1,801,184
Non-Current Assets		
Plant and equipment	14,341	14,341
Total Non-Current Assets	14,341	14,341
Total Assets	3,476,837	1,815,525
Liabilities		
Current Liabilities		
Trade and other payables	217,855	217,855
Provisions	238,472	238,472
Total Current Liabilities	456,327	456,327
Non-Current Liabilities		
Provisions	15,099	15,099
Total Non-Current Liabilities	15,099	15,099
Total Liabilities	471,426	471,426
Net Assets	3,005,411	1,344,099
Equity		
Contributed equity	44,563,370	42,194,058
Reserves	1,357,999	1,357,999
Accumulated losses	(42,915,958)	(42,207,958)
Total Equity	3,005,411	1,344,099

* These post-raising figures are unaudited and do not include any allowance for costs associated with the Rights Issue.

2.5 Market price of Shares

The highest and lowest closing prices of the Shares on the ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.017 2 August 2010

Lowest: \$0.013 28 September 2010, 29 September 2010 and 19 October 2010

The volume weighted average sale price on the ASX of the Company's Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC was \$0.0147.

The latest available market sale price of the Company's Shares on the ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.014.

The theoretical ex-rights price is \$0.012 per Share.

3. Company information

3.1 Background

Antisense was incorporated on 13 November 2000 and is a biotechnology drug development company focused on developing second generation antisense drugs for diseases where there is a significant and acknowledged unmet medical need and where the antisense technology has the potential to provide compounds with clear competitive advantages over existing therapies or drugs in development for those diseases.

Antisense drugs are small (12-21 nucleotides) pieces of DNA or RNA that are chemically modified to engineer good drug properties. Antisense drugs, unlike conventional small-molecule medicines, are designed to bind to a specific messenger RNA sequence and thereby block or stop the production of the disease causing protein in the first instance. The antisense platform is much less costly and time consuming at the drug discovery and early development stages than for traditional small molecule drug development.

Antisense has the following drugs in its development pipeline:

- ATL1102 (injection) has successfully completed a Phase II efficacy and safety trial, significantly reducing the number of MRI lesions in patients with multiple sclerosis;
- ATL1103 is a second-generation antisense compound which has been shown in animal studies to lower blood IGF-I levels and is positioned to enter the clinical stage of development as a potential treatment for growth and vision disorders;
- ATL1101 is a second-generation antisense compound which has shown activity in prostate cancer animal studies and is at the pre-clinical stage being investigated as a potential treatment for prostate cancer;
- ATL1102 (inhaled) is at the pre-clinical research stage as a potential treatment for asthma.

Antisense has a strategic partnership with Isis Pharmaceuticals in the United States, a world leader in antisense drug development and commercialisation. Isis has commercialised the world's first antisense drug and has 23 drugs in development (either alone or in partnership with other pharmaceutical companies). As an innovator in RNA-based drug discovery and development, Isis is the owner or exclusive licensee of approximately 1,600 issued patents worldwide. Isis has several partnerships with major pharmaceutical companies, including collaborations with Glaxo Smith Kline, Genzyme, Eli Lilly & Co, and Bristol-Myers Squibb.

The collaboration with Isis provides Antisense with access to Isis' antisense intellectual property, development expertise and drug manufacturing capabilities to allow Antisense to develop and commercialise its pipeline of second generation antisense drugs.

All the antisense drugs in Antisense's pipeline incorporate Isis' second generation chemistry. Second generation antisense drugs are composed of both RNA-like and DNA-like nucleotides, while first-generation antisense drugs are entirely DNA-like. Because RNA hybridizes more tightly to RNA than to DNA, the second-generation drugs have a greater affinity for their RNA targets and, therefore, greater potency. With increased potency, second-generation drugs are active at lower doses, which decreases the overall cost of the therapy.

Antisense's plan is to move ATL1103 into development to build value and to partner ATL1102 for multiple sclerosis, inhaled ATL1102 for asthma and ATL1101 for prostate cancer to commercially exploit and to realise value from these projects.

3.2 Developments

Antisense's business model involves the commercialisation of its products at various stages of development and Antisense's ultimate objective is to out-license or partner all of its compounds. Consistent with this strategy, Antisense's growth hormone receptor targeting drug, ATL1103, represents an ideal candidate to further develop and move into human clinical trials which would potentially add significant value to any future commercialisation transaction.

This first in human trial of ATL1103 would aim to confirm both the safety of the drug and its effectiveness in reducing IGF-I levels in the blood which is an easy-to-measure and generally accepted clinical endpoint for the treatment of the growth disorder acromegaly. IGF-I reduction may also have a role in the treatment of certain forms of cancer and in diabetes-associated diseases such as diabetic retinopathy and nephropathy. Antisense's technological collaboration partner Isis, has completed manufacture of raw material supplies or active pharmaceutical ingredient (API) of ATL1103 for the clinical trial. Previously, Antisense has reported that the pre-clinical toxicology studies are close to completion. The final reports from these studies are also close to completion. The next step in the clinical development of ATL1103 would be formulation of the API into injectible product for use in the human trial. Antisense would then submit an application to conduct the human clinical trial.

Antisense believes that it has made significant progress on its out-licensing plans with respect to its product development pipeline. In the case of ATL1101, drug product has been supplied to a specialist oncology company so that it can conduct tests on ATL1101 in its in-house animal cancer models with the view to potential licensing of the drug.

In animal studies previously conducted by ANP in collaboration with leading prostate cancer researcher, Professor Martin Gleave from the Vancouver Prostate Cancer Centre, ATL1101 demonstrated its effectiveness in suppressing human prostate cancer tumour growth. ATL1101 targets the insulin-like growth factor-1 receptor (IGF-IR) which is a high interest therapeutic target in oncology. Drugs targeting IGF-IR are being developed by a number of major pharmaceutical companies for a variety of cancer indications. Of significance, ATL1101 is the only gene-silencing or RNA-targeting drug to this target known by the Company to be in development.

With respect to ATL1102 for Multiple Sclerosis (MS), Antisense is seeking a partner to continue the development for the MS indication and has received requests from major pharmaceutical companies for information on ATL1102 so that they can evaluate their potential interest in licensing this compound. This follows the decision of the original license partner (Teva Pharmaceuticals Industries Ltd.(Teva)) not to continue their development of the drug. Teva advised Antisense that after performing certain steps in the development process, ATL1102 was determined to no longer be in line with Teva's preferred product profile. Antisense understands that business considerations or factors contributing to Teva's decision included issues with one of the long-term toxicological studies that may require repeat of the study, lengthening the development time and time to market of the drug in light of the competitive landscape. Antisense believes that these factors may not restrict another pharmaceutical company from wishing to in-license ATL1102 and further develop the drug, and on this basis Antisense is seeking such a partner to continue the drug's development. ATL1102 was previously shown by Antisense to be highly effective in reducing MS lesions in a Phase 2 clinical trial in MS patients.

In addition, Antisense has received preliminary expressions of interest from companies in the inhaled application of ATL1102 for Asthma. Antisense has conducted successful animal studies on this application of ATL1102 and there is growing interest in the inhaled or aerosol use of antisense drugs for the treatment of asthma given the positive results demonstrated in clinical trials.

3.3 Commercial strategy

Antisense is focussed on developing antisense compounds for a variety of diseases with unmet medical need and where antisense technology provides clear advantages over the competition thereby resulting in significant market opportunities.

The Company's strategy is to capitalise on the world-wide exclusive rights to its compounds in-licensed from Isis by developing these compounds in order to build the value of any future commercial transaction where Antisense may out-license these compounds to suitable partners. In such cases, Antisense would expect to receive fees and payments upon attainment of certain development milestones and then royalties on drug sales. Antisense's ultimate objective is to out-license all of its compounds, which may occur at various stages in their development, but with the clear intention to add and realise value for shareholders.

3.4 Information on Directors

Outlined below are details on the current Board of Antisense. The Board periodically revisits the size and structure of the Board, as do other companies, which may result in future changes to the Board's membership.

Robert Moses

Chairman (appointed 23 October 2001).

Robert (Bob) Moses was formerly Corporate Vice President of CSL Limited. Mr Moses draws on more than 35 years experience in the pharmaceutical/biotechnology industry, most recently serving as chairman and director of several biotechnology companies. During the period 1993-2001, Mr Moses played a central role in CSL's development internationally. Prior to joining CSL, Mr Moses was Managing Director of commercial law firm Freehills, Chairman and CEO of a NASDAQ listed medical service company and Corporate Manager of New Business Development at ICI (now Orica). Mr Moses also spent 17 years in various management roles at the multinational pharmaceutical company Eli Lilly.

Mark Diamond

Managing Director (appointed 31 October 2001).

Mark Diamond has over 20 years experience in the pharmaceutical and biotechnology industry. Before joining Antisense Therapeutics Limited as MD and CEO, Mr Diamond was employed in the US as Director, Project Planning/Business Development at Faulding Pharmaceuticals. Prior to this he held the positions of Senior Manager, Business Development and In-licensing within Faulding's European operation based in the UK and International Business Development Manager with Faulding in Australia.

Dr Chris Belyea

Non executive Director (appointed 13 November 2000).

Chris Belyea has a PhD in physics from the University of Melbourne and is a registered patent attorney. He became the founding CEO of Antisense Therapeutics Limited in November 2000 and remained in this role until January 2002 (shortly after Antisense Therapeutics Limited was listed on the Australian Stock Exchange). He worked for the Australian patent firm Griffith Hack & Co for 5 years before joining Circadian Technologies Limited as its Licensing and Projects Manager in 1996. In 1998 Dr Belyea became founding CEO and member of the board of biotechnology company, Metabolic Pharmaceuticals Ltd. He served with Metabolic as an executive until mid 2008 and now consults to companies on intellectual property and innovation practices.

Dr Graham Mitchell

Non executive Director (appointed 24 October 2001).

Graham Mitchell is an advisor in Innovation to the Victorian, Tasmanian and Northern Territory Governments. Dr Mitchell through Foursight Associates Pty Ltd, acts as joint Chief Scientist for the Victorian Departments of Primary Industries and Sustainability and Environment. Prof. Mitchell is a non-executive director of Compumedics Limited, Avipep Pty Ltd, AgVic Services Pty Ltd, Adelaide Research and Innovation Pty Ltd and is a principal of Foursight. Dr Mitchell has held the position of Director of Research in the R&D Division of CSL Limited, non-executive director of the Geoffrey Gardiner Dairy Foundation and for many years was a research scientist at The Walter & Eliza Hall Institute.

Professor George Werther

Non executive Director (appointed 24 October 2001).

George Werther is the Director of the Department of Endocrinology and Diabetes at the Royal Children's Hospital, and the Centre for Hormone Research at the hospital's research partner, Murdoch Childrens Research Institute, where he also serves on its Commercialisation Committee. He has served on many national and international scientific committees, and peer review bodies, and is on the editorial board of three international scientific journals. He was the Chairman of the Scientific Advisory Board for Neuren Pharmaceuticals and is a member of the Scientific Advisory Board of California-based Tercica Pharmaceuticals. He was on the council of the Australasian Paediatric Endocrine Group and was a board director of the Australia MedicAlert Foundation. He is also a Professorial Fellow at the University of Melbourne.

4. Action required by Shareholders

4.1 What Eligible Shareholders may do

The number of New Shares and New Options to which Eligible Shareholders are entitled (your Entitlement) is shown on the accompanying Shareholder Application Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder, you may:

- take up all of your Entitlement;
- apply for Additional New Shares and New Options (refer sections 4.3 and 1.4);
- sell all of your Entitlement on the ASX (refer section 4.4);
- take up part of your Entitlement and sell the balance on the ASX (refer section 4.5);
- take up part of your Entitlement and allow the balance to lapse (refer section 4.6);
- deal with part or all of your Entitlement other than on the ASX (refer section 4.7); or
- allow all or part of your Entitlement to lapse (refer section 4.8).

Non-qualifying Foreign Shareholders may not take any of the steps set out in sections 4.2 to 4.7 and should refer to section 1.10.

4.2 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the accompanying Shareholder Application Form for New Shares and New Options in accordance with the instructions set out in that form and arrange for payment of the Application Money in accordance with section 4.9. If you elect to pay by BPay®, you do not need to return the Shareholder Application Form but you are taken to make the statements on that form.

4.3 Applications for Additional New Shares and New Options

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares and New Options as described in section 1.4.

Payment of your Application Money in accordance with section 4.9 should include your payment in respect of the number of Additional New Shares you wish to apply for, as stated on the Shareholder Application Form.

4.4 Selling all your Entitlement on the ASX

If you wish to sell all of your Entitlement on the ASX, complete the appropriate section on the back of the accompanying Shareholder Application Form marked 'Instructions to Your Stockbroker' and lodge the Shareholder Application Form with your stockbroker as soon as possible, or otherwise provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX. You can sell your Rights on the ASX from 4 November 2010 until 25 November 2010. The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

4.5 Taking up part of your Entitlement and selling the balance on the ASX

If you wish to take up only part of your Entitlement, complete the accompanying Shareholder Application Form for the number of New Shares and New Options you wish to take up and follow the steps required in accordance with section 4.2. You may then provide instructions to your stockbroker regarding the number of Rights you wish to sell on the ASX.

4.6 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the accompanying Shareholder Application Form for the number of New Shares and New Options you wish to take up and arrange for payment in accordance with section 4.9. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from selling/trading your Rights.

4.7 Dealing with part or all of your Entitlement other than on the ASX

You may transfer all or part of your Rights to another person other than on the ASX provided that the purchaser is not a Non-qualifying Foreign Shareholder or would not be a Non-qualifying Foreign Shareholder if the purchaser was the registered holder of Shares.

If you wish to transfer all of your Entitlement to another person other than on the ASX, forward a completed standard renunciation form (obtainable from the Company's Share Registry) together with your Shareholder Application Form completed by the transferor and the transferee and the applicable transferee's cheque, money order or bank draft for any Application Money for the New Shares and New Options they wish to subscribe for to the Company's Share Registry by 5:00pm on 2 December 2010.

If you wish to transfer part of your Entitlement to another person other than on the ASX only, but also want to take up some or all of the balance of your Entitlement, you will need to take the steps described above in relation to the Rights you wish to transfer and complete the accompanying Shareholder Application Form together with your payment in respect of the Rights you wish to take up. You will need to lodge the form in accordance with the procedure in section 4.9.

If the Share Registry receives both a completed renunciation form and a completed Shareholder Application Form in respect of the same Rights, the renunciation will be given effect in priority to the Shareholder Application Form.

4.8 Allow all or part of your Entitlement to lapse

If you are a Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything. However, your Rights may have value and you should consider renouncing (selling) your Rights rather than allowing them to lapse. Entitlements not accepted will form part of the Shortfall Securities which will be dealt with by the Underwriter in accordance with the Underwriting Agreement, and you will receive no benefit.

It is therefore important that, if you wish to receive a benefit, you take action either to accept or sell your Entitlement in accordance with the instructions above and on the back of the accompanying Shareholder Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement or choose not to renounce (sell) any of your Rights.

4.9 Payment

The Application Price for New Shares is payable in full on application by a payment of 0.8 cents per New Share. Eligible Shareholders may pay the Application Money by BPay®, cheque, money order or bank draft in accordance with 4.9(a) or 4.9(b). As payment by BPay® is not available to Non-Shareholders, Non-Shareholders may only pay the Application Money by cheque, money order or bank draft, in accordance with 4.9(b).

(a) Payment by BPay®

Those who elect to pay by BPay® must follow the instructions for BPay® described in the Shareholder Application Form (which includes the biller code and your unique customer reference number). Please note that should you choose to pay by BPay® payment:

- (i) you do not need to submit the personalised Shareholder Application Form but you are taken to make the statements on that form; and
- (ii) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money.

Applicants should be aware that their own financial institution may implement earlier cut off times with respect to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPay® must be received by no later than 5.00pm on 2 December 2010.

(b) **Payment by cheque, money order or bank draft**

Those who elect to pay by cheque, money order or bank draft must follow the instructions described in the Shareholder Application Form or, if relevant, Non-Shareholder Application Form. You must ensure that:

- (i) your Shareholder Application Form or, if relevant, Non-Shareholder Application Form is complete;
- (ii) your cheque, money order or bank draft for the applicable amount of Application Money must be made in Australian currency, drawn on an Australian branch of a financial institution, be made payable to '**Antisense Therapeutics Ltd A/C**' and crossed '**Not Negotiable**';
- (iii) your completed Shareholder Application Form, or if relevant, Non-Shareholder Application Form and cheque, money order or bank draft are received by the Company's Share Registry by no later than 5.00pm on 2 December 2010 at:

Antisense Therapeutics Limited
c/o Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

Applicants must not forward cash. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the cheque(s). If the amount of your cheque(s) for Application Money is not sufficient to pay for the number of New Shares and New Options you have applied for, you may be taken to have applied for such lower number of New Shares and New Options as your cleared Application Money will pay for or your Application may be rejected.

4.10 Enquiries

If you have any questions about your Entitlement please contact the Company's Share Registry on 1300 027 697.

Alternatively, contact your stockbroker or other professional adviser.

4.11 Brokerage

No brokerage or stamp duty is payable by Shareholders who accept their Entitlement to New Shares and New Options.

5. Risk factors

The New Shares and New Options offered under this Prospectus are considered speculative because of the inherent risks associated with a drug discovery/R&D company. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the New Shares and New Options. The risks identified by the Directors are not exhaustive and potential investors should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares and New Options.

This investment is regarded as highly speculative and neither Antisense nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of Antisense will be achieved or that any particular performance of Antisense or of its Shares or Options, including those offered by this Prospectus, will be achieved.

5.1 Specific risks

(a) **Pharmaceutical R&D**

Pharmaceutical R&D involves scientific uncertainty and long lead times. Risks inherent in these activities include:

- uncertainty of the outcome of Antisense's research results;
- difficulties or delays in development of any of Antisense's drug candidates; and
- general uncertainty related to the scientific development of a new medical therapy.

Examples of such risks include, but are not limited to, the following:

- the ability to reproduce in humans the results achieved in the laboratory or in animal models;
- the possibility that Antisense's drug candidates may have, insufficient efficacy, adverse side effects or be unsafe for administration to humans; and
- the possibility that Antisense's level of expenditure is higher than budgeted.

Antisense's drug candidates require significant pre-clinical and human clinical development prior to commercialisation, which is uncertain, expensive and time consuming. There may be adverse side effects or inadequate therapeutic efficacy of Antisense's drug candidates which would prevent further commercialisation. There may be difficulties or delays in testing any of Antisense's drug candidates. There may also be adverse outcomes with the broader clinical application of the antisense technology platform which could have a negative impact on Antisense's specific drug development and commercialisation plans.

Antisense will rely on other parties including contractors, hospitals and clinics to conduct clinical trials and these parties may not perform to expectation. If Antisense is unable to retain suitable organisations on favourable terms, or if any resulting agreement is terminated and Antisense is unable to quickly replace the applicable organisation with another qualified institution, the research could be delayed and Antisense may be unable to complete development or commercialisation of its drug candidates. Antisense may be unable to secure licensing deals with pharmaceutical companies to complete the development and/or commercialisation of its products.

No assurance can be given that Antisense's product development efforts will be successful, that any potential product will be safe and efficacious, that required regulatory approvals will be obtained, that Antisense's products will be capable of being produced in commercial quantities at an acceptable cost or at all, that the Company will have access to sufficient capital to successfully advance the products through development or to find suitable development or commercial partners for the development and or commercialisation of the products and that any products, if introduced, will achieve market acceptance. Furthermore, any products that may be developed through Antisense's R&D program will not be commercially available for at least several years, if at all.

Some of Antisense's projects may be partially carried out overseas (and Antisense may purchase raw materials from overseas suppliers) under contracts denominated in foreign currencies. Any adverse movement in the Australian dollar against these foreign currencies may adversely impact on Antisense's ability to complete its development programs within its available funds.

(b) Partnering and licensing

Due to the significant costs in drug discovery and development it is common for biotechnology companies to partner with larger biotechnology or pharmaceutical companies to help progress drug development. Partnering can potentially reduce the development and commercial risk for the biotechnology company by involving an experienced drug development and or pharmaceutical marketing company in the drugs development and commercialisation however there is no guarantee that such arrangements will lead to the successful commercialisation of products. The perceived risk reduction is generally traded off for the value of the project asset, with the biotechnology company generally receiving a reduced benefit in the commercial potential of the drug. Generally the licensor receives milestone payments on the successful progress of the drug through R&D and a percentage of the eventual product sales in the form of a royalty. Commercial terms can differ widely and depend on the quality of the data generated in R&D, the stage of development of the drug and the perceived commercial potential or value of the drug. Licensing deals also vary considerably in the type of conditions specified in the agreements relating to obligations on the licensee and licensor and also on boilerplate agreement terms such as warranties and indemnities termination, disputes and dispute resolution, termination events and what happens upon termination etc.

While Antisense has previously entered into such licensing agreements with pharmaceutical partners, there is no guarantee that Antisense will be able to partner or license its products in the future. There is also no guarantee that Antisense will receive back all the data generated or related intellectual property by its prior or future licensing partners. In the event that Antisense does license or partner the drugs in its pipeline, there is no assurance as to the attractiveness of the commercial terms nor any guarantee that the agreements will generate a material commercial return for Antisense.

(c) Regulatory Approvals

Complex government health regulations, which are subject to change, add uncertainty to obtaining approval to undertake clinical development and obtain marketing approval for pharmaceutical products. Any approval will be limited to those disease states and conditions for which the product has shown safety and efficacy. Approval by a regulatory authority such as the Food and Drug Administration (FDA) in the United States does not guarantee or imply that the respective Government agency or private insurers will provide reimbursement for the cost of treatment.

Delays may be experienced in obtaining such approvals or the regulatory authorities may require different or expanded trials and these may add to the development cost and delay products from

moving into the next phase of drug development and up to the point of entering the market place. This may adversely affect the products competitive position and the financial value of the drug candidates to Antisense. It may also adversely affect the prospects of Antisense being able to partner these products with other companies and/or the commercial terms for these partnering arrangements.

There can be no assurance that regulatory clearance will be obtained for a product or that the data obtained from clinical trials will not be subject to varying interpretations. There can be no assurance that the FDA or other regulatory authorities will agree with Antisense's assessment of future clinical trial results.

Pharmaceutical manufacturers must adhere to current Good Manufacturing Practices (**GMP**) regulations, which are enforced through facilities inspection programs. Antisense or its contractors may not be able to comply or maintain compliance with these regulations, nor may they be able to make drug product that is compliant with the manufacturing specifications or with GMP regulations. Non-compliance could significantly delay clinical development and in turn receipt of marketing approval or result in enforcement action.

The nature of Antisense's operations makes it subject to laws, regulatory restrictions and certain governmental directives, recommendations and guidelines relating to, amongst other things, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury, environmental protection, animal testing and hazardous substance control. There can be no assurance that future legislation will not impose further government regulation with which Antisense will be required to comply.

As previously indicated, there can be no assurance that any compound developed by Antisense will prove to be safe and efficacious in clinical trials or that any of Antisense's future products will be approved on a timely basis, if at all. The approval process for new products is likely to take several years and will involve substantial expenditures. In addition, governmental policies may change and additional regulations may be promulgated that could delay or prevent regulatory approval of Antisense's potential products. If regulatory approval of a product is granted, such approval will be limited to the states and conditions the product is used for, as demonstrated through clinical studies. Furthermore, approval may entail ongoing requirements for post marketing studies. Even if such approvals are obtained a product and its manufacturer are subject to continued review and periodic inspections and subsequent discovery of previously unknown problems with respect of a product or manufacturer may result in the imposition of restrictions on the product or manufacturer, including recall or withdrawal of the product from the market.

(d) **Competition**

Intense competition exists in the pharmaceutical industry, including that related to:

- developing products for existing and new markets;
- obtaining and sustaining proprietary rights to technology; and
- marketing, selling and distributing pharmaceutical and biotechnology products.

The risk exists that one or more of the competitive products in development now or in the future will prove more efficacious, safer, more cost effective or more acceptable to patients than the Antisense product. It is possible that a competitor may be in that market place sooner than Antisense and establish itself as the preferred product.

Such competition and new technologies can have the effect of:

- rendering R&D obsolete;
- decreasing attractiveness to potential or existing licensing partners which could lead to termination of licensing agreements while the drugs are still in R&D;
- decreasing the financial value of products, intellectual property or research projects; and
- reducing pricing and profit margins.

(e) **Market Acceptance**

Market acceptance of Antisense's products is uncertain. These uncertainties can be caused by:

- difficulties in marketing any of Antisense's drug candidates including those associated with price, dosage required, and claims that can be made about the product;
- acceptability of the product to patients and clinicians, including the side effect profile and the ease and frequency of administration;
- delays in marketing any of Antisense's drug candidates;
- the advancement of new competitive products; and
- the discovery and development of new drugs by companies developing competing products.

If Antisense cannot manufacture its products or contract with a third party to manufacture its products at costs that allow Antisense to charge competitive prices to buyers, Antisense will not be able to market products profitably.

Accordingly there can be no assurance that Antisense's products, if approved for marketing, will be successful in the market place or that Antisense will receive any profits from the sale of its products.

(f) **Additional Capital Requirements**

Pharmaceutical R&D activities require a high level of funding over a long period of time. The proceeds of the Offer are expected to be sufficient to fund the activities of Antisense to the end of 2011 if \$2.4 million is raised. However, additional development costs may arise within this period, and substantial additional funding will be required to complete the development and commercialisation of Antisense's drug candidates beyond this time. The Company constantly evaluates existing data from its pre-clinical and clinical studies that could open up new indications for its antisense drugs and allow the Company to file patents thereby providing potential new development and partnering opportunities. Accordingly the Company may alter its funding strategy to take advantage of such new opportunities as and when they present.

There is no assurance that additional funding will be available to Antisense in the future or be secured on acceptable terms. If adequate additional funds are not available, Antisense may be required to curtail significantly one or more of its R&D programs or to obtain funds for the sale or licence of certain technology or product rights. If adequate funds are not available, Antisense's business will be materially and adversely affected.

If Antisense is unable to access capital to continue the development of its products, then this could adversely impact on the Antisense's collaboration and licensing agreement with Isis, where if Antisense is not able to meet its performance obligations under the agreement, it may lead to a

dispute with Isis that may in turn lead to potential termination of the research license or license to exploit with Isis for that product with the relevant product rights then returning to Isis.

(g) Technology and Intellectual Property Rights

Securing rights to technology and patents is an integral part of securing potential product value in the outcomes of pharmaceutical R&D. Competition in retaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes.

Antisense's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Because the patent positions of biotechnology and pharmaceutical companies can be highly uncertain and frequently involve complex legal and factual questions, neither the breadth of claims allowed in biotechnology and pharmaceutical patents nor their enforceability can be predicted. There can be no assurance that any patents which Antisense may own, access or control will afford Antisense commercially significant protection of its technology or its products or have commercial application, or that access to these patents will mean that Antisense will be free to commercialise its drug candidates.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology or products to avoid Antisense's patented technology. Patenting strategies do not cover all countries which may lead to generic competition arising in those markets.

(h) Dependence on Key Personnel

Antisense is dependent on the principal members of its scientific and management team, the loss of whose services could materially and adversely affect Antisense and might impede the achievements of its R&D objectives. Because of the specialised nature of Antisense's business, Antisense's ability to effectively maintain its program will depend in part upon its ability to attract and retain qualified research people either within Antisense or via its contracted activities. There can be no assurance that Antisense will be able to retain sufficient qualified personnel on a timely basis, retain its key scientific and management personnel or maintain its relationships with its collaborators. The failure to retain such personnel and develop such expertise could materially adversely affect Antisense's prospects for success.

(i) Risk of Product Liability

Antisense's business exposes it to potential product liability risks which are inherent in the R&D, preclinical study, clinical trials, manufacturing, marketing and use of human therapeutic products. Antisense will also need to provide broad indemnities to any organisation contracted to perform pre-clinical studies, clinical trials and to the pharmaceutical partners who will conduct the development and commercialisation of its products. In addition, it may be necessary for Antisense to secure certain levels of insurance as a condition to the conduct of clinical trials. Antisense will seek to obtain adequate product liability insurance whenever prudent. There can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that a product liability or other claim would not materially and adversely affect the business or financial condition of Antisense.

(j) Absence of Dividends

The initial objective of Antisense is to obtain sufficient working capital to enable it to move ATL1103 (for growth and sight disorders) into clinical, implement the Company's strategy to realise value from other projects and pay for the costs of the Offer. The balance of the funds will

provide the Company with underlying working capital and strengthen the balance sheet. The ability of Antisense to pay any dividend in the future is dependent on many factors including the outcome of its R&D and its ability to commercialise any resultant product. At that time, the amount, timing and payment of any future dividend will depend on a range of factors including future capital and R&D requirements and the financial position generally of Antisense at the time. There will also be factors that affect the ability of Antisense to pay dividends and the timing of those dividends that will be outside the control of Antisense and its Directors. The Directors are therefore unable to give any assurance regarding the payment of dividends in the future, if at all.

5.2 General Risks

(a) General Economic Climate

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs.

The Company's future income, asset values and share price can be affected by these factors and, in particular, by the market price for any services that the Company may sell.

(b) Stock Market Conditions

The New Shares and New Options are expected to be listed on the ASX, where their price may rise or fall. The market for biotechnology shares has historically experienced significant fluctuations in price and trading volumes which may be unrelated to the performance of individual companies. The New Shares allotted and New Options granted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, liquidity or the price on which they may trade on the ASX. It is likely that Antisense will record losses and negative cash flows, and will not pay a dividend for a number of years, if at all. The stock market has in the past and may in the future be affected by a number of matters including:

- market confidence;
- supply and demand for money; and
- currency exchange rates.

(c) Government Policy Changes

Any material adverse changes in government policies or legislation of any countries in which it may operate may affect the viability and profitability of the Company.

(d) Foreign Currency and Exchange Rate Fluctuations

Revenue and expenditure of the Company may be domiciled in currencies other than Australian dollars and as such expose the Company to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure.

The Company will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist managing these risks. However, the implementation of such measures may not eliminate all such risks and the measures themselves may expose the Company to related risks.

(e) Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares and New Options offered under this Prospectus.

Therefore, the New Shares and New Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares and New Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares and New Options in the Company.

6. Additional information

6.1 Nature of the Prospectus

This Prospectus is a short form prospectus issued under section 713 of the Corporations Act which allows the issue of a short form prospectus in relation to offers of securities where those securities are of a class which have been quoted for twelve months before the date of that prospectus.

6.2 Further documents

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office. In addition, any person considering this offer is entitled to receive a copy of the most recently lodged annual financial report and any continuous disclosure notices given by the Company after the lodgement of that financial report. The Company will give copies of those documents to any person who requests them free of charge.

6.3 ASX listing

The Company participates in CHESS and will despatch holding statements in lieu of share and option certificates that set out the number of New Shares and New Options issued to each successful Applicant under this Prospectus.

It is the responsibility of Applicants to determine their allocation before trading in the New Shares and New Options. Applicants who sell New Shares and New Options before they receive their statement do so at their own risk.

6.4 Rights attaching to New Shares

The rights attaching to ownership of Shares (including New Shares) are:

- described in the Constitution; and
- regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the key provisions in the Constitution and the principal rights of shareholders as set out in the Constitution. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of shareholders.

(a) Meetings and notices

Each shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, financial reports and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting

At meetings of shareholders, every shareholder present in person or by proxy, attorney or representative has one vote on a vote taken by a show of hands, and, on a poll has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share. A poll may be demanded by the chairperson of the meeting, by any five shareholders present having the right to vote in person or by proxy, attorney or representative, or by any one or more shareholders present who are together entitled to not less than 5% of the total voting rights of all shareholders having the right to vote.

In the case of an equality of votes, the chairman of the meeting has a casting vote.

(c) **Dividends**

Dividends are payable out of the Company's profits and are declared or determined to be payable by the Directors.

(d) **Transfer**

A shareholder may transfer all or any of its Shares by:

- a transfer of shares pursuant to or connected with a transaction entered into or on the ASX (including a proper ASTC transfer as defined in the Corporations Act) in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in shares, including a transfer that may be effected pursuant to the ASX Settlement Operating Rules or some other computerised or electronic transfer process;
- using any written transfer instrument in any usual or common form or form approved or adopted by the ASX or the Directors; and
- the Directors may decline to register any transfer where permitted to do so by the Listing Rules or ASX Settlement Operating Rules and must decline to register a transfer of Shares where required by the Listing Rules or ASX Settlement Operating Rules.

(e) **Winding up**

Shares classified as Restricted Securities (as defined in the Listing Rules) at the commencement of winding up rank in priority after all other shares.

Subject to the rights of shareholders (if any) entitled to shares with special rights in a winding up, all monies and property that are to be distributed on a winding up will be distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the shares.

(f) **Variation of Rights**

Subject to the Listing Rules, the rights attached to the Shares may be varied by special resolution of the Company and either with the consent in writing of shareholders holding three-quarters of the Shares or by a special resolution passed at a separate meeting of the holders of the Shares in accordance with the Corporations Act.

The Directors may, subject to the restrictions on allotment of shares imposed by the Constitution, the Corporations Act and the Listing Rules, from time to time issue and allot further shares on such terms and conditions as they see fit.

(g) **Alteration of Constitution**

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 28 days written notice of the special resolution must be given.

6.5 Rights attaching to New Options

The rights attaching to New Options are regulated by the Constitution, the Corporations Act, the Listing Rules and the general law.

The following is a summary of the key terms of the New Options:

- (a) The Company will, in accordance with Listing Rule 2.8, make application to have the New Options listed for Official Quotation.

- (b) Each New Option will have an exercise price of 1.1 cents (**Exercise Price**).
- (c) Each New Option will automatically lapse if not exercised on or before 31 July 2012 (**Expiry Date**).
- (d) Each New Option shall entitle the holder to subscribe for and be allotted one ordinary share in the capital of the Company upon exercise of the New Option and payment to the Company of the Exercise Price.
- (e) A New Option may be exercised by the option holder at any time prior to the Expiry Date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the certificate for the New Options, to the Company. The New Options may be exercised in whole or in part.
- (f) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (g) Subject to any restrictions in the Listing Rules, within 3 Business Days of receipt of a properly executed notice of exercise and the required exercise moneys, the number of ordinary shares specified in the notice will be allotted.
- (h) Ordinary shares allotted pursuant to the exercise of the New Options will rank equally with the then issued ordinary shares of the Company.
- (i) The Company undertakes to apply for official quotation by the ASX of all ordinary shares allotted pursuant to the exercise of any Options, within 10 Business Days of the date of allotment of those new ordinary shares, provided that the Company is only required to apply for official quotation by the ASX if lots of 100,000 New Options are exercised in aggregate.
- (j) There will be no participating entitlements inherent in the New Options to participate in new issues of capital which may be offered to Shareholders during the currency of the New Options. Prior to any new pro rata issue of securities to Shareholders, holders of New Options will be notified by the Company and will be afforded 7 Business Days before the relevant record date (to determine entitlements to the issue), to exercise the New Options.
- (k) In the event of any reorganisation (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any New Options, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (l) If from time to time before the expiry of the New Options the Company makes an issue of ordinary shares to shareholders by way of a bonus issue, other than in lieu of a dividend payment, then upon exercise of a New Option the option holder will be entitled to have issued to it (in addition to the ordinary shares which it is otherwise entitled to have issued to it upon such exercise) additional ordinary shares in the Company. The number of additional ordinary shares is the number of ordinary shares which would have been issued to the option holder if the New Options had been exercised before the record date for the bonus issue.
- (m) The New Options do not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised, other than under paragraphs (k) and (l) above.

6.6 Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against any liability incurred by the person in his capacity as an officer of the Company in respect of any act or omission or in defending any proceedings, whether civil or criminal.

6.7 Taxation

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with the acquisition, sale, exercise or non-exercise of Rights, or the subsequent disposal of any New Shares or New Options subscribed for under this Prospectus. The Directors recommend that all Eligible Shareholders consult their own independent professional tax advisors.

6.8 Material Contracts

(a) Underwriting Agreement

The Company has executed an underwriting agreement dated 1 November 2010 between the Underwriter and the Company (**Underwriting Agreement**), pursuant to which the Underwriter has agreed to underwrite the Offer. Upon completion, the Underwriter will receive an underwriting fee of 6% of the amount underwritten and 69,000,000 New Options issued to the Underwriter or its nominees (**Underwriter Options**). In addition, the Underwriter will receive a lead manager fee of \$60,000. The Underwriter will pay all sub-underwriting fees and selling fees to third parties out of its fees. The Underwriter will also allocate sub-underwriting Options out of the Underwriter Options. The Underwriter will also receive payment of reasonable costs and expenses incurred by it in connection with the Offer. The Company will pay any GST applicable to any fee payable to the Underwriter under the Underwriting Agreement.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of specified events set out below.

- (i) **(Indices fall)**: any of the All Ordinaries Index, S&P/ASX 200, or the S&P/ASX Small Industrials, as published by ASX, is for two consecutive business days at a level which is 7.5% or more below its respective level at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (ii) **(Share Price)**: the ordinary fully paid shares of the Company finish trading on the ASX under the ASX code of "ANP" on any trading days with a closing price that is less than the Application Price; or
- (iii) **(Prospectus)**: the Company does not lodge the Prospectus on the agreed Prospectus lodgement date or the Prospectus or Offer is withdrawn by the Company; or
- (iv) **(Copies of the Prospectus)**: the Company fails to provide 25 copies of the Prospectus to the Underwriter within 7 days of the agreed Prospectus lodgement date, nor promptly provide as many additional copies as the Underwriter may reasonably require for the purpose of the Rights Issue, and such failure is not remedied within 2 days after receiving notice from the Underwriter requiring the failure to be remedied;
- (v) **(No Official Quotation)**: Official quotation has not been granted for all the Rights Shares and Options by the deadline date for the Company providing notice of a Shortfall or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (vi) **(Supplementary Prospectus)**:
 - A. the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of a materially adverse "new circumstance" (as referred to in section 719(1) of the Corporations Act), forms the

view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or

- B. the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (vii) **(Non compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - A. the effect of the Offer on the Company; and
 - B. the rights and liabilities attaching to the New Shares and Options; or
 - (viii) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
 - (ix) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares and Options within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
 - (x) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
 - (xi) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the deadline date for the Company providing notice of a Shortfall has arrived, and that application has not been dismissed or withdrawn; or
 - (xii) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus (and that notice has not been withdrawn or the hearing is not otherwise subsequently held) or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
 - (xiii) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel, and that application has not been dismissed or withdrawn; or
 - (xiv) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any

diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or

- (xv) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (xvi) **(Indictable offence)**: a director or senior manager of the Company is charged with an indictable offence; or
- (xvii) **(Sub-underwriters)**: any of the Company Sub-Underwriters (being those persons identified in section 6.12) that are introduced by the Company do not comply with its respective obligation under the sub-underwriting agreement with the Underwriter or threaten to not comply with all of its respective obligations under the sub-underwriting agreements with the Underwriter;
- (xviii) **(Termination Events)**: subject to the occurrence of the event described below having a material adverse effect on the Rights Issue, any of the following events occurs:
 - A. **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - B. **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
 - C. **(Contravention of constitution or Act)**: a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
 - D. **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
 - E. **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Prospectus verification material was false, misleading or deceptive or that there was an omission from them; or
 - F. **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
 - G. **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus; or
 - H. **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive; or
 - I. **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation" in the Underwriting Agreement; or

- J. **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- K. **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, as set out in the Underwriting Agreement; or
- L. **(Suspension of debt payments)**: the Company suspends payment of its debts generally; or
- M. **(Event of Insolvency)**: an event of insolvency occurs in respect of the Company; or
- N. **(Judgment against the Company)**: a judgment in an amount exceeding \$25,000 is obtained against the Company and is not set aside or satisfied within 7 days; or
- O. **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against the Company, other than any claims foreshadowed in the Prospectus; or
- P. **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter; or
- Q. **(Change in shareholdings)**: there is a material change in the majority or controlling shareholdings of the Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company; or
- R. **(Timetable)**: there is a delay (other than as a result of an action or omission of the Underwriter) in any specified date in the timetable which is greater than 3 Business Days; or
- S. **(Force Majeure)**: a force majeure event affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs; or
- T. **(Certain resolutions passed)**: the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- U. **(Capital Structure)**: the Company alters its capital structure in any manner not contemplated by the Prospectus; or
- V. **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company; or
- W. **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- X. **(Material Breach)**: if the Company fails to rectify any material breach of the Mandate having been given 10 business days notice in writing by the Underwriter of such breach having occurred.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

As at the date of this Prospectus, the Underwriter does not beneficially hold any Shares in the Company. The Underwriter is not a related party as defined in section 228 of the Corporations Act. The Underwriter has entered into sub-underwriting agreements with sub-underwriters who are clients of the Underwriter (Sub-underwriter) and parties as set out in section 6.12 and the Offer is fully sub-underwritten. In the event that Shareholders do not take up some or all of their Entitlements under the Offer, then a shortfall will result and the Sub-underwriters will be entitled to subscribe for the Shortfall Securities.

As the Offer is fully sub-underwritten, the Underwriter will not acquire voting power in the Company as the result of a shortfall. In the unlikely event that there is a 100% shortfall and each Sub-underwriter subscribes for its full entitlement to the Shortfall Securities, no Sub-underwriter will acquire voting power in the Company of more than 20% as a result of their Sub-underwriting position. No Sub-underwriter is a related party as defined in section 228 of the Corporations Act, other than those Sub-underwriters set out in section 6.12 of this Prospectus.

(b) Collaboration and licence agreement with Isis

In return for the payment of royalties upon the sale of products by Antisense, or a share of the income received by Antisense in connection with the development and sale of products by a sublicensee, Isis has granted Antisense certain rights concerning the use of its technology in the commercialisation and development of antisense drugs.

This arrangement is governed by a collaboration and licence agreement which was first entered into on 21 December 2001 and was subsequently amended to take account of the sublicensing arrangement on ATL1102. The collaboration and license agreement will remain in force until the date on which all licensed patents or other obligations to pay royalties have expired (or on a date at which the parties agree in writing to terminate the agreement). Antisense has previously disclosed the details of its agreements with Isis to the market. This prospectus provides a brief summary of key terms of the collaboration and license agreement.

- (i) **(Research and Exploitation Licensing):** The collaboration and licence agreement contains mechanisms that grant Antisense a fixed number of exclusive world-wide research and/or exploitation licences in respect of certain gene products. The research licences give Antisense access to certain Isis intellectual property (including patents, know-how and data) in the process of conducting research and the clinical development of compounds.

The collaboration and licence agreement allows for the conversion of these research licences into a 'licence to exploit' which, among other things, gives Antisense the ability to perform commercialisation activities (including marketing and selling) on relevant products. Antisense may convert its research licences into licences to exploit until 21 December 2013.

- (ii) **(Development of Antisense's Drug Pipeline):** The collaboration and licence agreement provides access to, and assistance from, Isis in developing Antisense's drug pipeline. This includes access to Isis' advice, consulting support or training if the parties agree on appropriate terms.
- (iii) **(Antisense's Obligations):** Antisense is required to use commercially reasonable efforts to develop at least one specific kind of product and maximise its commercial value. More generally, the agreement requires Antisense to:

- A. use commercially reasonable efforts to bring products into commercial use as quickly as is reasonably possible, in a manner designed to maximise the commercial potential of the products worldwide;
- B. use commercially reasonable efforts to manufacture, market, promote, distribute, and sell the product on a worldwide basis;
- C. provide resources and expend funds in connection with such activities in a manner comparable to similar companies involved in a similar pharmaceutical endeavour; and
- D. prepare a global integrated product plan outlining key aspects of market launch and commercialisation.

Where the product in question involves a sub-licensee then Antisense must ensure the sub-licensee performs its obligations to use commercially reasonable efforts to bring products into commercial use.

(iv) **(Development and Commercial Milestones):** The agreement contains certain Antisense performance obligations in regard to reaching development and commercial milestones by particular dates. The timelines are outlined below.

- A. The initiation of animal in vivo or in vitro efficacy studies by Antisense within 12 months of Antisense receiving reasonably sufficient quantities of the antisense inhibitors and corresponding control oligonucleotides.
- B. The initiation of toxicology studies by Antisense within 18 months of Antisense receiving an inhibitor.
- C. The filing of an application to commence clinical trials not later than 6 months after the completion of toxicology studies.
- D. The initiation of Phase I clinical studies not later than 6 months after the filing of the application to commence clinical trials.
- E. The initiation of Phase IIa clinical studies not later than 24 months after the initiation of Phase I studies.
- F. The initiation of Phase III clinical studies not later than 3 years after the initiation of Phase IIa studies.
- G. The filing of an application for marketing approval not later than 18 months after the successful completion of a pivotal trial.

If Antisense is proceeding in good faith in its development efforts, and it is unable to meet a development milestone for reasons beyond its control, it will be provided with an extension to the timelines upon providing Isis with adequate notice and demonstrating that it has made substantial progress in the development of the relevant compound. If the companies cannot agree on this issue, the matter is to be addressed by a resolution process contained within the agreement.

(v) **(Right of First Refusal):** Where Antisense collaborates with Isis on the development of a compound that modulates a research target (other than IGF-1R), Isis has a 'right of first refusal' for sublicensing the development and commercialisation of the compound if Antisense has been approached by a third party concerning the same opportunity.

(vi) **(Representations and Warranties):** Each party has made a number of representations and warranties in relation to performance and infringement of third party rights.

- (vii) **(Termination):** The Agreement may be terminated by either party if the other party is in fundamental breach of its material obligations and has not, after receiving notice that it is in breach, cured that breach within 90 days. In the event of a good faith dispute with respect to the existence of a fundamental breach, the 90-day period will be stayed until the dispute resolution mechanisms in the agreement are exercised. Breaches which are not fundamental in nature will only give rise to a right to damages and do not permit either party to terminate the agreement.

6.9 Privacy

If you apply for New Shares and New Options, you will provide personal information to the Company. Company laws and tax laws require some of the information to be collected and kept. The Company will collect, hold and use the information provided by you to process your application and to administer your investment in the Company.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process your application.

The Company may disclose your personal information for purposes related to your investment to the Company's agents and service providers. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- the Underwriter to confirm applications; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the Shares and for associated actions.

The Company complies with its legal obligations under the Privacy Act 1988 (Cth).

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotford, Victoria, 3067
Telephone: +61 3 9415 5000

6.10 Information available to Shareholders

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office. In addition, any person considering this offer is entitled to receive a copy of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the 2010 Annual Report of Antisense Therapeutics Limited and the financial statements and consolidated financial statements for the year ending 30 June 2010; and
- (b) the following documents notifying ASX of information relating to Antisense during the 12 months before the issue of this Prospectus:

Date	Announcement Header
27/10/2010	Appendix 4C – quarterly
27/10/2010	Trading Halt
13/10/2010	Patent Progress - ATL1103 and Inhaled ATL1102
08/10/2010	Release of Securities from Voluntary Escrow
07/10/2010	Notice of Annual General Meeting and Annual Report
08/09/2010	ANP to present at Rodman and Renshaw Investment Conference
26/08/2010	Appendix 4E and Annual Report 2010
10/08/2010	Appendix 3B
21/07/2010	Resignation of Joint Company Secretary
21/07/2010	Appendix 4C - quarterly
13/07/2010	Significant Progress on Licensing Opportunities
19/05/2010	ANP to present to Isis Shareholders in the US
11/05/2010	Appendix 3B
04/05/2010	Business Operations Update
29/04/2010	Appendix 4C - quarterly
21/04/2010	ATL1101 Prostate Cancer Data presented at Scientific Meeting
26/03/2010	Change in substantial holding from CIR
24/03/2010	ATL1102 License Agreement with Teva Pharmaceuticals
22/03/2010	Trading Halt
17/02/2010	Appendix 4D - Interim Financial Report
10/02/2010	ATL1101 Data Presentation
05/02/2010	Change in substantial holding from CIR
03/02/2010	ATL1101 Tumour Suppression Data Published, Patent Granted
25/01/2010	Appendix 4C - quarterly
24/11/2009	Allowance of US Patent on ATL1103 and Development Update
13/11/2009	Results of Meeting
13/11/2009	AGM Presentation
21/10/2009	Appendix 4C - 1st Quarter

Date	Announcement Header
14/10/2009	Notice of Initial Substantial Holder - Isis
12/10/2009	Appendix 3B
12/10/2009	ATL1103 on track to move into clinical development
09/10/2009	Notice of AGM and Annual Report
09/09/2009	ANP License Partner to Present at Leading Global MS Congress
01/09/2009	ANP to present at Rodman and Renshaw Healthcare Conference

6.11 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of Securities pursuant to this Prospectus; or
- (c) the issue of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or issue of Securities pursuant to this Prospectus.

Interests held by Directors in the Securities of Antisense and any Related Body Corporate of it, as at the date of this Prospectus, are:

	Shares	Options
Robert Moses	1,793,992	240,000
Mark Diamond	299,743	5,000,000
Chris Belyea	500,000	240,000
Graham Mitchell	Nil.	240,000
George Werther	1,712,500	240,000

6.12 Participation of Directors and senior management of the Company

- (a) Those Directors who are Eligible Shareholders have advised the Company that they will take up their full Entitlement under the Rights Issue.
- (b) In addition, certain Directors and senior management of the Company have agreed to act as sub-underwriters of the Rights Issue as set out in the table below. They will each receive a 1.5% sub-underwriting fee on the amount sub-underwritten and 1 Option for every 5 Shares sub-underwritten.

Name	Sub-underwritten amount (\$)
Robert Moses	40,000
Mark Diamond	20,000

George Tachas	20,000
Graham Mitchell	10,000
Phillip Hains	10,000
Susan Turner	3,000

6.13 Interests and Consents of Experts and Advisers

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- Patersons Securities Limited, in the capacity of Lead Manager and Underwriter;
- Minter Ellison, in the capacity of legal adviser to the Company; and
- Isis Pharmaceuticals Inc.

Each of Patersons Securities Limited, Minter Ellison and Isis Pharmaceuticals Inc.

- has not authorised or caused the issue of this Prospectus;
- makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
- has not made any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, except where expressly stated above;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and except where expressly stated above; and
- was not involved in the preparation of the Prospectus or any part of it except where expressly attributed to that person.

Isis Pharmaceuticals has consented to the inclusion of the statements contained in paragraph 2 of section 1.10 of the Prospectus which indicate that it is supportive of the Company and the conduct of this Rights Issue.

Patersons Securities Limited has acted as Lead Manager and Underwriter and for this is being paid a Lead Manager fee of \$60,000 (plus GST). In addition, an underwriting fee of 6% of the funds underwritten under the Offer will also be paid and 69,000,000 Underwriter Options will be issued to the Underwriter or its nominees. The Underwriter will pay all sub-underwriting fees and selling fees to third parties out of its fees and will allocate Options to sub-underwriters out of the Underwriter Options. Patersons Securities Limited is also entitled to reimbursement of out of pocket expenses.

Patersons Securities Limited has not received any fees from the Company for previous capital raisings in the 24 months preceding lodgement of this Prospectus.

Minter Ellison has acted as legal advisers to the Company in connection with the Offer and is entitled to receive approximately \$45,000 (plus GST). Minter Ellison has also provided other legal services in relation to the Company in accordance with its time-based charge-out rates.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the

Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

6.14 Directors' authorisation

This Prospectus is authorised by Antisense and is lodged with the ASIC pursuant to section 718 of the Corporations Act. Each Director of Antisense has given, and has not withdrawn, their consent to the lodgement of this Prospectus with ASIC under the terms of the section 720 of the Corporations Act.

Mark Diamond

Director

Dated: 1 November 2010

7. Glossary

\$ means Australian dollars.

Additional New Shares and New Options means New Shares and New Options in addition to an Eligible Shareholder's Entitlement for which an Applicant makes an Application.

Applicant means a person who submits an Application.

Application means a valid application made to subscribe for New Shares and New Options in accordance with the Offer.

Application Money means monies received from persons applying for New Shares and New Options pursuant to the terms of the Offer.

Application Price means 0.8 cents per New Share.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or as applicable, the Australian Securities Exchange.

ASX Settlement Operating Rules means the business rules of the securities clearing house which operates CHESS.

Board means the board of Directors.

Business Day means a day on which trading takes place on the stock market of ASX. CHESS means ASX Clearing House Electronic Sub-registry System.

CHESS means the Clearing House Electronic Subregister System, as operated by the ASX Settlement Corporation.

Closing Date means 2 December 2010 or such other date as may be determined by the Directors and the Underwriters under this Prospectus.

Company and **Antisense** means Antisense Therapeutics Limited ABN 41 095 060 745.

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (*Cth*).

Directors means the directors of the Company.

Eligible Options is defined in section 1.1.

Eligible Shareholder means a Shareholder other than a Non-qualifying Foreign Shareholder.

Entitlement means a Shareholder's entitlement to subscribe for New Shares and New Options offered by this Prospectus.

Existing Shares is defined in section 1.1.

Isis or **Isis Pharmaceuticals** means Isis Pharmaceuticals Inc.

Issue means the issue of New Shares and New Options under this Prospectus.

Listing Rules means the Listing Rules of the ASX.

New Option means an option to acquire a Share, exercisable at 1.1 cents on or before 31 July 2012, to be issued under this Prospectus.

New Share means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

Non-qualifying Foreign Shareholder means a Shareholder, whose registered address is not in Australia or New Zealand.

Non-Shareholder Applicant means a person who submits an Application that is not a Shareholder.

Non-Shareholder Application Form means the Non-Shareholder Application Form attached to or accompanying this Prospectus that enables Non-Shareholder Applicants to subscribe for New Shares and New Options pursuant to the Shortfall Offer.

Offer means the offer to issue one New Share for every two Shares held at 0.8 cents per New Share. One free attaching New Option will be issued with every five New Shares issued.

Official List means the official list of the ASX.

Option means an option to acquire a Share, granted by the Company.

Prospectus means the prospectus constituted by this document.

R&D means research and development.

Record Date means 10 November 2010.

Related Body Corporate means a related body corporate as defined in section 50 of the Corporations Act.

Rights means the right to subscribe for New Shares and New Options under this Prospectus.

Rights Issue has the same meaning as the Offer.

Securities has the same meaning given to that term in the Listing Rules.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share registered on the Record Date.

Shareholder Application Form means the Entitlement and Acceptance Application Form attached to or accompanying this Prospectus that sets out the Entitlement of Shareholders to subscribe for New Shares and New Options pursuant to the Rights Issue.

Share Registry means Computershare Investor Services Pty Limited.

Shortfall Offer means the offer of Shortfall Securities to Non-Shareholder Applicants under the shortfall mechanism as described in section 1.4.

Shortfall Securities means New Shares and New Options for which successful valid Applications have not been received by the Closing Date.

Sub-underwriter is defined in section 6.8.

Underwriter means Patersons Securities Limited ABN 69 008 896 311.

Underwriter Options is defined in section 6.8(a).

Underwriting Agreement means the underwriting agreement dated 1 November 2010 between the Underwriter and the Company.