

## Stellar Biotechnologies and Edesa Biotech sign share exchange agreement

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**Under the terms of the share exchange agreement, Edesa shareholders have agreed to exchange their shares of Edesa for newly-issued common shares of Stellar. At the closing, Edesa will become a wholly-owned subsidiary of Stellar.**



Stellar Biotechnologies, a leading manufacturer of a key protein utilized in immunotherapy and immuno-oncology development pipelines, has executed a share exchange agreement with privately-held Edesa Biotech Inc, a Canadian company, and Edesa's shareholders to create a company focused on the development of innovative therapeutics for dermatological and gastrointestinal indications with clear unmet medical needs.

Under the terms of the share exchange agreement, Edesa shareholders have agreed to exchange their shares of Edesa for newly-issued common shares of Stellar. At the closing, Edesa will become a wholly-owned subsidiary of Stellar. Following the closing, current Stellar shareholders are expected to own approximately 10%, and the current shareholders of Edesa are expected to own approximately 90%, of the combined company on a fully-diluted basis, subject to a 2% upward or downward adjustment based upon the amount of Stellar's working capital balance immediately prior to the closing. Following the closing, Stellar will change its name to "Edesa Biotech Inc."

"We believe this proposed business combination provides new growth opportunities for Stellar shareholders. We have been impressed with Edesa's management team and are looking forward to implementing a new vision for the combined company," said Frank R. Oakes, Stellar President and Chief Executive Officer.

"This agreement marks another milestone for Edesa and our mission to efficiently develop novel, safe and effective treatments for conditions where patients have limited treatment options available," said Par Nijhawan, MD, Chief Executive Officer of Edesa. "We believe we are at a significant inflection point in our company's history and look forward to offering shareholders additional value creation opportunities as we reach milestones in our clinical programs."

The proposed transaction, which will result in a change in control, is expected to close during the second quarter of 2019, subject to customary closing conditions, including Stellar shareholder approval for the issuance of Stellar common shares to acquire Edesa. Following closing, Stellar intends to develop a plan for the disposition of Stellar's operations, which is

expected to include the wind down or spin-off of Stellar's legacy business. Following a diligent review of strategic alternatives, Stellar's Board of Directors has determined that the share exchange agreement is fair and in the best interests of Stellar and Stellar's shareholders.