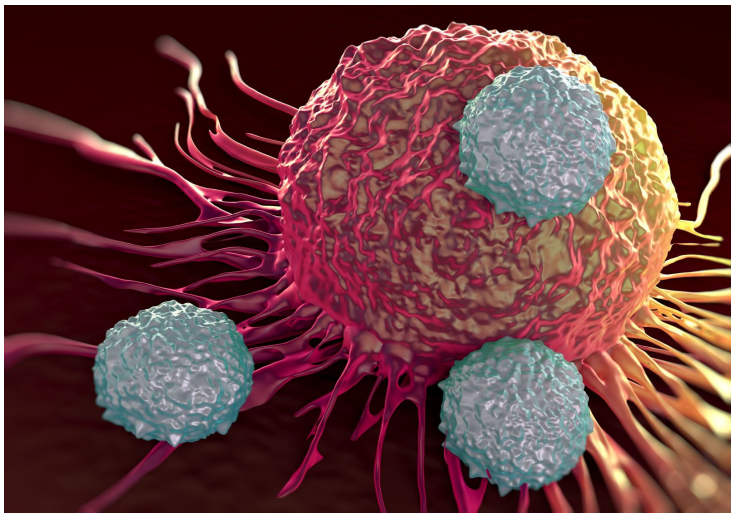
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Leap, BeiGene to develop immunotherapy for gastric cancer

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BeiGene granted an option to develop and commercialize Leap's DKN-01 in the Asia Pacific Region, excluding Japan along with an agreement for a $27 million equity financing



US based Leap Therapeutics, Inc. a biotechnology company developing targeted immuno-oncology therapeutics, and China headquartered BeiGene, Ltd., a commercial-stage biopharmaceutical company focused on developing and commercializing innovative molecularly-targeted and immuno-oncology drugs for the treatment of cancer, on 3 Jan 2020 announced an exclusive option and license agreement for the clinical development and commercialization of DKN-01, Leap's anti-Dickkopf-1 (DKK1) antibody, in Asia (excluding Japan), Australia, and New Zealand. Leap will retain exclusive rights for the development, manufacturing, and commercialization of DKN-01 for the rest of the world. In addition, Leap announced entering into an agreement for a $27 million equity financing with BeiGene and two institutional investors. Initiation of combination studies of Leap's DKN-01 with BeiGene's anti-PD-1 antibody tislelizumab planned.

BeiGene Strategic Collaboration

Yong (Ben) Ben, M.D., Chief Medical Officer, Immuno-Oncology at BeiGene says, "We are excited about the potential to combine our anti-PD-1 inhibitor tislelizumab with DKN-01 as there have been promising signals in a biomarker-defined population of gastric cancer patients in combination with checkpoint blockade. This collaboration with Leap is another example of our commitment to developing novel treatments to address unmet medical needs in Asia and around the world."

Under the terms of the agreement, Leap will receive an upfront cash payment of $3 million from BeiGene in exchange for granting BeiGene an option to an exclusive license to develop and commercialize DKN-01 in Asia (excluding Japan), Australia, and New Zealand, and will be eligible to receive an additional payment from BeiGene upon BeiGene's exercise of the option following initial proof-of-concept studies. Additionally, Leap is eligible to receive payments from BeiGene based upon the achievement of certain development, regulatory, and sales milestones for a total deal value of up to $132 million, together with tiered royalties on any product sales of DKN-01 in the licensed territory. BeiGene will also make a $5 million equity investment in Leap as part of the contemporaneous $27 million equity financing.

“Securing a collaboration to further develop DKN-01 has been our top strategic priority, and we are excited to begin working with BeiGene, a global leader in oncology,” said Christopher K. Mirabelli, Ph.D., President and Chief Executive Officer of Leap Therapeutics. “BeiGene is the ideal partner for Leap given its extensive experience in the development of oncology drugs throughout Asia Pacific, where its expertise and product breadth can help us in our efforts to address serious unmet medical needs in esophagogastric, gynecologic, and other cancers.”

During the option period, Leap has agreed to study the combination of DKN-01 and tislelizumab. Leap plans to evaluate DKN-01 with tislelizumab in approximately 40 patients with second-line gastric cancer (GC) / gastroesophageal junction cancer (GEJ) whose tumors express high levels of DKK1 to build upon the positive clinical experience of DKN-01 in combination with PD-1 inhibitors in these patients. In addition, Leap plans to evaluate the combination of DKN-01 with tislelizumab and chemotherapy in approximately 20 patients with first-line GC/GEJ. Leap expects to initiate these clinical trials in the first half of 2020.

Equity Financing

In connection with the licensing agreement with BeiGene, Leap has also entered into a securities purchase agreement to issue and sell in a private placement 1,421,801 shares of newly designated Series A mandatorily convertible preferred stock to a lead institutional investor and 1,137,442 shares of newly designated Series B mandatorily convertible preferred stock to BeiGene and Perceptive Advisors, each at a price of $10.55 per share, upon the closing of the equity financing. The preferred stock price reflects a common stock equivalent price of $1.055, the closing price for Leap’s common stock on the Nasdaq Global Market on the day of pricing, January 2, 2020. At the closing, the holder of Series A mandatorily convertible preferred stock will also receive a special voting preferred share that will entitle it to elect one member of Leap’s Board of Directors. Upon approval by the stockholders of Leap, the Series A mandatorily convertible preferred stock will be automatically converted into pre-funded warrants to purchase 14,218,010 shares of common stock and the Series B mandatorily convertible preferred stock will be automatically converted into 11,374,420 shares of common stock, plus additional shares representing payment of an 8% per annum accruing dividend. Upon stockholder approval and conversion of the preferred stock, the investors will also receive warrants to purchase up to an equal number of shares of common stock at an exercise price of $2.11 per share. The aggregate gross proceeds to Leap from this offering are approximately $27 million, before deducting placement agent fees and estimated offering expenses payable by Leap, and not including proceeds from the exercise of any warrants. Subject to customary closing conditions, equity financing is scheduled to close on or before January 8, 2020.

Leap plans to hold a special meeting of stockholders to approve an increase in the number of authorized shares of common stock, the conversion of the convertible preferred stock into shares of common stock, the issuance of the warrants, and related matters. In connection with such stockholder meeting, Leap entered into a voting agreement with entities affiliated with HealthCare Ventures holding an aggregate of 29.3% of the company’s outstanding common stock to vote all of their beneficially owned shares in favour of the matters to be proposed at the special meeting of stockholders.

About DKN-01

DKN-01 is a humanized monoclonal antibody that binds to and blocks the activity of the Dickkopf-1 (DKK1) protein, a modulator of Wnt/Beta-catenin signalling, a signalling pathway frequently implicated in tumorigenesis and suppressing the immune system. DKK1 has an important role in tumor cell signalling and in mediating an immuno-suppressive tumor microenvironment through enhancing the activity of myeloid-derived suppressor cells and downregulating NK ligands on tumor cells.