

Translated from German

**Minutes of the 17<sup>th</sup> Ordinary General Meeting of Shareholders of Basilea Pharmaceutica Ltd. (“Basilea”), Basel, held on April 18, 2018 at the Radisson Blu Hotel, Steinentorstrasse 25, Basel**

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**Agenda**

1. Annual Report, Financial Statements and Consolidated Financial Statements for 2017
2. Appropriation of the Results
3. Discharge of the Members of the Board of Directors and of the Management Committee
4. Elections of the Chairman and the Members of the Board of Directors
5. Election of the Members of the Compensation Committee
6. Determination of Compensation
7. Election of the Independent Proxy
8. Election of the Auditors
9. Amendment of Article 3b par. 1 and par. 4 of the Articles of Association

The Chairman of the Board of Directors, Mr. Domenico Scala, called the meeting to order at 2:05 pm and took the chair.

The Chairman noted that all members of the Board of Directors who are standing for re-election and all members of the Management Committee were present. The Chairman stated that Mr. Bruno Rossi was present as the representative of Basilea's statutory auditors, PricewaterhouseCoopers Ltd.

He appointed Mr. Damian Heller, Corporate Secretary, to write the minutes of the meeting. The Chairman stated that Ms. Andrea Schmutz, attorney-at-law and notary, would also write the minutes for agenda items 4 and 9. The Chairman appointed Mr. Timo Schori of Computershare Schweiz AG, to act as vote teller. The Chairman further stated that Dr. Caroline Cron, attorney-at-law, was present as the Independent Proxy for various shareholders.

Domenico Scala provided an overview of Basilea's strategy and mentioned the significant progress the company has made over the past year. Basilea now has two medicines on the market that allow the company to make the necessary investments in the research and development projects that form the basis for a sustainable business model with continuous growth. The goal is to firmly establish Basilea as a financially sustainable company, with three priorities in mind: optimizing cash flows from approved medicines, continuing to focus on developing new drugs to treat infections and cancer, and building robust research and development portfolios through internal and external innovation. Through its partnerships with world-leading pharmaceutical companies and government agencies, Basilea has proven its ability to deliver on its strategy by using structures which create value for the company. Mr. Scala pointed to the continuing problem of resistance to established drugs, which is why Basilea will continue to focus on overcoming such drug resistance in the future. In the anti-infective area, Basilea focuses on novel treatments for infections caused by Gram-negative and Gram-positive bacteria in areas of high medical need, such as bloodstream infections. In the area of oncology, the company wants to build on its track record in the field of anti-infectives and bring new, innovative drugs to the market. Finally, he pointed out the changes in the composition of the Board of Directors and the Management Committee and thanked the departing members for their contributions.

After this overview, the Chairman gave the floor to the Chief Executive Officer, Mr. Ronald Scott, who reported that 2017 marked a successful year in the implementation of Basilea's strategy to maximize the value of its commercialized drugs, the antifungal Cresemba (isavuconazole) and the antibiotic Zevtera (ceftobiprole). He highlighted the partnerships with several leading pharmaceutical companies which cover more than 100 countries worldwide, including Pfizer for Cresemba in major European and certain Asian countries. Basilea received CHF 79 million in upfront payments in 2017 and is eligible for up to USD 1.1 billion in total milestone payments from transactions completed during the year. He also updated shareholders on the progress achieved in the clinical development programs, such as the start of the first of two ceftobiprole phase 3 clinical trial programs with the goal to gain regulatory approval in the U.S. He concluded that at the end of his tenure, the company is well-established with two products on the market, a global

network of partners and a sound financial position as the basis to support sustainable company growth and value creation in the coming years.

The Chairman gave the floor to CEO designate Mr. David Veitch. Mr. Veitch gave an overview on the year 2018. Early 2018 already saw a number of product launches by Basilea's partners in additional countries. The antifungal Cresemba was launched in Switzerland and the antibiotic Zevtera in Argentina and Canada. Basilea expects launches in further countries this year, which will lead to increasing revenue contributions from our partnerships for Basilea's two key anti-infective products. In addition, Basilea looks forward to further advancing the clinical programs with the existing projects and is actively working towards extending its pipeline in Basilea's focus areas of anti-infectives and oncology, which could come from both internal innovation as well as from selectively in-licensing appropriate assets into the pipeline. As an example of the implementation of this strategy he mentioned the recent license agreement with ArQule in the oncology area.

As there were no questions from shareholders, the Chairman moved on to the formal part of the meeting according to the agenda.

The Chairman stated that the general meeting of shareholders was properly constituted. Timely notice had been provided to the shareholders registered in the share register by letter and by publication in the Swiss Official Gazette of Commerce of March 27, 2018. The Chairman stated that the minutes of the last ordinary general meeting were available for review on Basilea's homepage. He stated that the minutes of this meeting will also be available on the company's homepage.

Concerning voting rights, he stated that those shareholders who were registered as shareholders with voting rights in the share register of Basilea by the record date set by the Board of Directors were authorized to attend the meeting and exercise their voting rights. The record date set by the Board of Directors was April 10, 2018.

The Chairman informed the meeting that no quorum of attendance was required and that the meeting could take decisions on all matters. The Chairman further stated that each share carried one vote, and that generally for valid decisions to be reached, an absolute majority of the votes represented would be required, except for agenda item 9 where a qualified two-third majority would be required.

The Chairman further stated that the final decision on the procedure for voting and holding elections rested with him and that voting and elections would be accomplished through the electronic voting system.

The Chairman presented the composition of the meeting was as follows:

- Present shareholders or their authorized representatives, including the Independent Proxy: 139
- Shares and corresponding votes represented: 3'170'396
- Votes or shares represented in % of the entire share capital: 26.70%
- The shares were represented as follows:
  - Independent Proxy: 3'109'003 votes
  - Present shareholders/representatives: 61'393 votes
- The absolute majority of votes represented stood at: 1'585'199 votes
- Two-third majority of votes represented stood at: 2'113'598 votes

The Chairman further noted that no shares held by the company itself or by its affiliated companies were represented at the meeting.

He also explained that the shareholders had received together with the invitation a form to instruct the Independent Proxy and that the shareholders had also been informed of the option to give online instructions. He further explained that if shareholders had authorized the Independent Proxy to exercise their voting rights but had not given detailed instructions on how to vote on the individual agenda items, the Independent Proxy would exercise the voting rights pursuant to the respective motions or recommendations of the Board of Directors. The Chairman noted that this procedure would also apply if the general meeting voted on any other motions or agenda items which were not announced in the invitation, unless the shareholders have given deviating written instructions for such cases.

The Chairman stated that the meeting was quorate for all agenda items.

The Chairman provided explanations about the electronic voting device and the electronic voting procedure.

The Chairman asked whether there were any questions or other comments to his explanations. As there were no questions, he turned to agenda item 1 a.

## **Agenda Item 1a**

### **Annual Report, Financial Statements and Consolidated Financial Statements for 2017**

The Chairman noted that the annual report 2017, the financial statements and the consolidated financial statements with the reports of the auditors were available on the company's website, and from March 27, 2018 available for inspection at the premises of Basilea. Further, together with the invitation, the shareholders had been provided a form to order the reports. The Chairman indicated that Mr. Rossi of PricewaterhouseCoopers Ltd. had informed him before the meeting that he had no further comments to the written reports. The Board of Directors then proposed to approve the annual report, the financial statements and the consolidated financial statements for 2017.

There were no questions raised by shareholders and the annual report, the financial statements and the consolidated financial statements for 2017 were approved with 99.07% of the votes.

## **Agenda Item 1b**

### **Endorsement in a non-binding advisory vote of the aggregate amount of the Management Committee's variable compensation for 2017**

The Board of Directors proposed to endorse in a non-binding advisory vote the aggregate amount of the Management Committee's variable compensation for the business year 2017 in the amount of CHF 4'003'669.

The Chairman provided an overview on the compensation structure of Basilea and the elements of the variable compensation of the Management Committee.

There were no questions asked. The general meeting of shareholders endorsed the aggregate amount of the Management Committee's variable compensation for the business year 2017 in a non-binding advisory vote with 81.07% of the votes.

## **Agenda Item 2**

### **Appropriation of the Results**

The Board of Directors proposed that the accumulated deficit of CHF 11'890'447 be carried forward to new accounts.

There were no questions asked about this agenda item. The general meeting decided to carry forward the accumulated deficit of CHF 11'890'447 to new accounts with 98.70% of the votes.

## **Agenda Item 3**

### **Discharge of the Members of the Board of Directors and of the Management Committee**

The Chairman stated that the members of the Board of Directors and all other persons who had been involved in the management of the company were not entitled to vote on this agenda item. There were no requests to speak on this matter. The general meeting duly granted a general release to the members of the Board of Directors and of the Management Committee for their management of the company in the business year 2017 with 97.26% of the votes.

## **Agenda Item 4**

### **Elections of the Chairman and the Members of the Board of Directors**

The Board of Directors proposed the re-election of Mr. Domenico Scala as Chairman of the Board of Directors and the re-election of Dr. Martin Nicklasson, Dr. Nicole Onetto, Mr. Steven D. Skolsky and Dr. Thomas Werner as members of the Board of Directors. Further, Mr. Ronald Scott was proposed to be elected as a new member of the Board of Directors. The term of office for each of the Board members is one year until the closure of the next ordinary general meeting of shareholders.

The Chairman explained that Prof. Daniel Lew und Dr. Thomas M. Rinderknecht, were not standing for re-election.

There were no requests to take the floor. As proposed by the Board of Directors, the general meeting of shareholders elected in separate elections Mr. Domenico Scala as Chairman and Dr. Martin Nicklasson, Dr. Nicole Onetto, Mr. Steven D. Skolsky, Dr. Thomas Werner, and Mr. Ronald Scott as members of the Board of Directors, each by the required absolute majority and for a term of office of one year.

Results:

<b>Name</b>	<b>Yes-votes</b>
Mr. Domenico Scala	96.63%
Dr. Martin Nicklasson	97.06%
Dr. Nicole Onetto	97.69%
Mr. Steven D. Skolsky	96.45%
Dr. Thomas Werner	97.21%
Mr. Ronald Scott	97.00%

### **Agenda Item 5**

#### **Election of the Members of the Compensation Committee**

Dr. Martin Nicklasson, Mr. Steven D. Skolsky and Dr. Thomas Werner were proposed by the Board of Directors to be elected as members of the Compensation Committee.

There were no requests to take the floor and the general meeting of shareholders elected Dr. Martin Nicklasson, Mr. Steven D. Skolsky, and Dr. Thomas Werner in separate elections each by the required absolute majority and for a term of office of one year.

Results:

<b>Name</b>	<b>Yes-votes</b>
Dr. Martin Nicklasson	91.59%
Mr. Steven D. Skolsky	91.15%
Dr. Thomas Werner	91.80%

## **Agenda Item 6**

### **Determination of the Compensation**

#### **Agenda Item 6a**

#### **Maximum Aggregate Amount of Compensation for the Board of Directors**

The Board of Directors proposed an amount of CHF 1'210'000 as the maximum aggregate amount of compensation for the Board of Directors for the period from this ordinary general meeting to the ordinary general meeting 2019.

The Chairman provided explanations about the maximum aggregate amount of compensation for the Board of Directors. There were no questions asked.

The general meeting of shareholders approved the amount of CHF 1'210'000 as the maximum aggregate amount of compensation for the Board of Directors for the period from this ordinary general meeting to the ordinary general meeting 2019 with 83.55% of the votes.

#### **Agenda Item 6b**

#### **Maximum Aggregate Amount of Fixed Compensation for the Management Committee**

The Board of Directors proposed an amount of CHF 3'930'000 as the maximum aggregate amount of fixed compensation for the Management Committee for the period from July 1, 2018 to June 30, 2019.

The Chairman provided explanations about the maximum aggregate amount of fixed compensation for the Management Committee. There were no questions asked.

The general meeting of shareholders approved the amount of CHF 3'930'000 as the maximum aggregate amount of fixed compensation for the Management Committee for the period from July 1, 2018 to June 30, 2019 with 91.60% of the votes.



### **Agenda Item 6c**

#### **Maximum Aggregate Amount of Variable Compensation for the Management Committee**

The Board of Directors proposed an amount of CHF 5'050'000 as the maximum aggregate amount of variable compensation for the Management Committee for the period from January 1, 2018 to December 31, 2018.

The Chairman provided explanations about the maximum aggregate amount of variable compensation for the Management Committee. There were no questions asked.

The general meeting of shareholders approved the amount of CHF 5'050'000 as the maximum aggregate amount of variable compensation for the Management Committee for the period from January 1, 2018 to December 31, 2018 with 70.82% of the votes.

### **Agenda Item 7**

#### **Election of the Independent Proxy**

There were no requests to take the floor. As proposed by the Board of Directors, the general meeting of shareholders elected Dr. Caroline Cron as Independent Proxy for a term of office of one year until the closure of the next ordinary general meeting of shareholders with 99.29% of the votes.

### **Agenda Item 8**

#### **Election of the Auditors**

The Board of Directors proposed to re-elect PricewaterhouseCoopers Ltd., Basel as auditors for the audit of the consolidated and the stand-alone financial statements for the business year 2018. PricewaterhouseCoopers Ltd. was willing to accept its re-appointment. Nobody asked to take the floor. The general meeting of shareholders elected PricewaterhouseCoopers Ltd. to act as auditors for the audit of the consolidated and the stand-alone financial statements for the business year 2018 with 98.73% of the votes.

## Agenda Item 9

### Amendment of Article 3b par. 1 and par. 4 of the Articles of Association

The Board of Directors proposed to amend Article 3b par. 1 and par. 4 of the Articles of Association to extend the authorization by the Board of Directors to increase the share capital by one year until April 2020; the amount of the authorized capital remained unchanged at a maximum of CHF 2 million. Further, with these amendments it would be clarified that the preferential subscription rights of the existing shareholders may not be excluded in case of a public takeover offer. The Chairman explained that other than these amendments, Article 3b remained unchanged.

There were no questions related to this agenda item. The general meeting of shareholders approved the amendment of Article 3b par. 1 and par. 4 of the Articles of Association with 86.72% of the votes.

Following this, the Chairman confirmed that the general meeting had covered all agenda items.

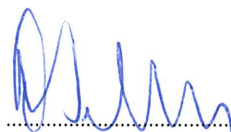
The Chairman thanked the shareholders for attending. He declared the meeting closed at 3.17 pm.

Chairman

Secretary



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Domenico Scala



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Damian Heller

#### Exhibit:

Notarial deed

# ÖFFENTLICHE URKUNDE

Notarielles Protokoll der ordentlichen Generalversammlung der Aktionäre der Basilea Pharmaceutica AG, abgehalten in Basel, am 18. April 2018.

Die unterzeichnete öffentliche Notarin, Andrea Schmutz, in Basel, hat am heutigen Tag der ordentlichen Generalversammlung der

## **Basilea Pharmaceutica AG, in Basel,**

abgehalten in den Räumlichkeiten des Hotels Radisson Blu, Steinentorstrasse 25, Basel, beigewohnt, um über deren Beschlüsse zu den Traktanden 4 und 9 folgendes Protokoll in öffentlicher Urkunde aufzunehmen:

**Herr Domenico Scala**, von Oberwil/BL, in Oberwil/BL, der Notarin persönlich bekannt, übernimmt als Präsident des Verwaltungsrates den Vorsitz und ernennt für die Traktanden 4 und 9 die unterzeichnete Notarin zur Protokollführerin des notariellen Protokolls.

Der Vorsitzende stellt insbesondere fest, dass

- die Einladung zur ordentlichen Generalversammlung am 27. März 2018 im Schweizerischen Handelsamtsblatt publiziert worden ist; zudem sämtliche Aktionäre ordnungsgemäss zur Teilnahme an der Versammlung eingeladen worden sind; und damit diese Versammlung gemäss dem Gesetz und den Statuten einberufen worden ist;
- über sämtliche Traktanden elektronische Abstimmungen geführt werden;
- die Versammlung unabhängig der Anzahl der anwesenden oder vertretenen Aktien gültig abgehalten werden kann;

# NOTARIAL DEED

(unofficial translation for information purposes only)

Notarial minutes of the ordinary shareholders' meeting of Basilea Pharmaceutica AG, held in Basel, on April 18, 2018.

The undersigned Notary, Andrea Schmutz, at Basel, today attended the ordinary shareholders' meeting of

## **Basilea Pharmaceutica AG, in Basel,**

held in the Hotel Radisson Blu, Steinentorstrasse 25, Basel, to take the following minutes containing the resolutions regarding agenda items 4 and 9 of the meeting in notarial form:

**Mr. Domenico Scala**, Swiss citizen, domiciled in Oberwil/BL, personally known to the Notary, takes the chair as chairman of the board and appoints the undersigned Notary as the keeper of the notarial minutes of the meeting regarding agenda items 4 and 9.

The chairman states that

- the invitation to the ordinary general meeting was published on March 27, 2018 in the Swiss Official Gazette of Commerce; in addition, all shareholders were duly invited to attend this meeting; and therefore, today's general meeting has been convened in accordance with Swiss law and the articles of association;
- the assembly will have electronic votes on all agenda items;
- the meeting is validly held without regard to the number of shares actually present or represented;

- 3'170'396 (drei Millionen einhundertsechzigtausenddreihundertsechundneunzig) Aktien beziehungsweise Stimmen an der Versammlung vertreten sind, und in Bezug auf die vertretenen Aktien mit je einem Nennwert von CHF 1.00 folgende Vertretungsverhältnisse vorliegen:
  - 139 (einhundertneunddreissig) Aktionäre sind anwesend, welche insgesamt 61'393 (einundsechzigtausenddreihundertdreundneunzig) Aktien vertreten;
  - die unabhängige Stimmrechtsvertreterin vertritt 3'109'003 (drei Millionen einhundertneuntausend- unddreie) Aktien;
- diese Versammlung über sämtliche Traktanden beschliessen kann.

#### **4. Wahl des Verwaltungsratspräsidenten und der Mitglieder des Verwaltungsrats**

Der Vorsitzende hält fest, dass die Herren Prof. Daniel Lew und Dr. Thomas Rinderknecht für eine Wiederwahl nicht zur Verfügung stehen.

Nach der Durchführung aller Wahlen unter Traktandum 4 in separaten Abstimmungen stellt der Vorsitzende fest, dass die Generalversammlung alle vorgeschlagenen Mitglieder des Verwaltungsrates (Frau Dr. Nicole Onetto, Herrn Dr. Martin Nicklasson, Herrn Steven D. Skolsky, Herrn Dr. Thomas Werner und neu Herrn Ronald Scott) und sich selbst (Herrn Domenico Scala) als Verwaltungsratspräsident gewählt hat.

- 3'170'396 shares equivalent to votes are represented at the meeting, and the following proxy ratio concerning the shares represented with a nominal value of CHF 1.00 is given:
  - 139 shareholders are in attendance representing 61'393 shares;
  - the independent proxy holder represents 3'109'003 shares;
- today's general meeting can validly decide on all items of the agenda.

#### **4. Elections of the Chairman and the Members of the Board of Directors**

The Chairman explains that Prof. Daniel Lew and Dr. Thomas Rinderknecht do not stand for re-election.

After the conduct of all separate elections under agenda item 4 the Chairman states that the general meeting of shareholders has elected all proposed members of the board of directors (Mrs. Dr. Nicole Onetto, Mr. Dr. Martin Nicklasson, Mr. Steven D. Skolsky, Mr. Dr. Thomas Werner, and for the first time Mr. Ronald Scott) and himself (Mr. Domenico Scala) as chairman of the board of directors.

## 9. Anpassung von Artikel 3b Abs. 1 und 4 der Statuten

Der Verwaltungsrat beantragt, Artikel 3b Abs. 1 und 4 der Statuten wie folgt anzupassen:

### **Artikel 3b Genehmigtes Aktienkapital**

<sup>1</sup> Der Verwaltungsrat ist ermächtigt, in einem Zeitraum bis zum 18. April 2020, das Aktienkapital in einem oder mehreren Schritten um höchstens CHF 2'000'000.-- zu erhöhen durch Ausgabe von höchstens 2'000'000 Namensaktien zum Nennwert von je CHF 1.--. Die neuen Aktien sind je vollständig zu liberieren.

<sup>4</sup> Der Verwaltungsrat kann das Bezugsrecht der Aktionäre ganz oder teilweise ausschliessen und einzelnen Aktionären oder Dritten zuweisen für Zwecke der Verwendung der Aktien für die Beteiligung von strategischen Partnern; für den Erwerb von oder die Investition in Unternehmen, Unternehmensteile, Beteiligungen, Produkte und Produktentwicklungsprogramme, Immaterialgüterrechte oder Lizenzen zur Entwicklung, Herstellung oder Vertrieb von Produkten auf den Gebieten der Pharmazie, Biologie oder Diagnostik oder für Aktienplatzierungen für die Finanzierung oder Refinanzierung solcher Erwerbs- oder Investitionsvorhaben der Gesellschaft; um mittels Aktientausch eine Transaktion zu erleichtern; für die Erweiterung des Aktionärskreises in bestimmten Investorenmärkten oder im Zusammenhang mit der Kotierung der Aktien an ausländischen Börsen; oder zum Zwecke einer raschen und flexiblen Beschaffung von Eigenkapital durch eine Aktienplatzierung, welche mit Bezugsrecht nur schwer möglich wäre. In allen anderen Fällen bleibt das Bezugsrecht gewahrt. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, stehen zur Verfügung des Verwaltungsrates, der sie zu Marktkonditionen platzieren kann.

Der Vorsitzende stellt fest, dass die Generalversammlung den vorgenannten Änderungen zugestimmt hat.

## 9. Amendment of Article 3b par. 1 and 4 of the Articles of Association

The board of directors proposes to adapt the wording of article 3b par. 1 and 4 of the articles of association as follows:

### **Article 3b Authorized Share Capital**

<sup>1</sup> The board of directors is authorized, for a period until April 18, 2020, to increase the share capital, all at once or in portion, by a maximum of CHF 2,000,000 by issuing a maximum of 2,000,000 registered shares having a nominal value of CHF 1 each. The new shares have to be fully paid up.

<sup>4</sup> The Board of Directors may exclude the preferential subscription rights of the existing shareholders partly or in total and allocate them to certain shareholders or third parties if the shares are to be used for the purposes of participations by strategic partners; or for acquisitions of or investments in businesses, parts thereof, participations, products and product development programs, intellectual property rights, or licences to develop, manufacture or commercialize products in the field of pharmaceuticals, biologicals or diagnostics or in case of share placements for the financing or refinancing of such acquisitions or investments of the company; or for the exchange of shares to facilitate a transaction; or for expansion of the shareholder constituency in certain investor markets or in connection with the listing of the shares on foreign stock exchanges; or in order to quickly and flexibly raise equity capital by a share placement, which would otherwise be difficult to achieve. The preferential subscription rights shall be granted in all other cases. Any shares for which the granted preferential subscription rights have not been exercised, will be at the disposal of the Board of Directors, who may sell them at market conditions.

The chairman states that the general meeting of shareholders has approved the above-mentioned adaptation of the articles of association.

**URKUNDLICH DESSEN** wurde dieses Protokoll vom Vorsitzenden gelesen, genehmigt und unterzeichnet, worauf ich, die Notarin, dieses ebenfalls unter Beisetzung meines Amtssiegels unterzeichnet habe.

**IN WITNESS THEREOF** these minutes have been read, approved and signed by the chairman. Thereafter, I, the notary, have signed and affixed my official seal.

**GESCHEHEN ZU BASEL**, den 18. (achtzehnten) April 2018 (zweitausendachtzehn)



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Domenico Scala



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Andrea Schmutz, Notarin

Allg. Reg. 2018/Nr. 48

