Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission File Number 001-37847

MOTIF BIO PLC

(Exact name of Registrant as specified in its charter and translation of Registrant's name into English)

United Kingdom

(Jurisdiction of incorporation or organization)

125 Park Avenue
25th Floor
New York, New York 10011
United States

(Address of principal executive offices)

Graham Lumsden, CEO
Motif Bio plc
125 Park Avenue
25th Floor
New York, New York 10011
United States
Tel: (212) 210-6248

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American Depositary Shares each representing 20 Ordinary Shares	The NASDAQ Stock Market LLC
Warrants to purchase American Depositary Shares each representing 20 Ordinary Shares	The NASDAQ Stock Market LLC
Ordinary shares, par value £0.01 per share	The NASDAQ Stock Market LLC*

* Not for trading, but only in connection with the registration of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Table of Contents

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares, par value £0.01 per share: 195,741,528 as of December 31, 2016

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). (*)

☐ Yes ☐ No

(*) This requirement does not apply to the registrant in respect of this filing.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Emerging Growth Company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

Table of Contents

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

Table of Contents

INTRODUCTION

Unless otherwise indicated or the context otherwise requires, all references in this annual report on Form 20-F (this "Annual Report") to "Motif", "the company", "our company", "the group", "we", "us" and "our" refer to Motif Bio plc, together with Motif BioSciences, Inc., its consolidated subsidiary.

The trademarks, service marks and trade names referred to in this Annual Report are the property of their respective owners. Solely for convenience, the trademarks and trade names in this Annual Report may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend to use or display other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Our audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, and in accordance with IFRS as endorsed for use in the European Union. Our consolidated financial statements are presented in U.S. Dollars. All references in this Annual Report to "$," "US$," "U.S. dollars," and "dollars" mean U.S. dollars and all references to "£" and "pounds" mean pounds sterling, unless otherwise noted. Throughout this Annual Report, references to ADSs mean ADSs or ordinary shares represented by ADSs, as the case may be.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward looking statements that involve substantial risks and uncertainties. The forward looking statements are contained principally in the sections of this Annual Report titled "Item 3.D. Risk Factors," "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects." All statements, other than statements of historical facts, contained in this Annual Report, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations, and future results of current and anticipated products, are forward looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The words "anticipate," "assume," "believe," "contemplate," "continue," "could," "estimate," "expect," "goal," "intend," "may," "might," "objective," "plan," "potential," "predict," "project," "positioned," "seek," "should," "target," "will," "would," or the negative of these terms or other similar expressions are intended to identify forward looking statements, although not all forward looking statements contain these identifying words. These forward looking statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and management's beliefs and assumptions, are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors. These forward looking statements include statements regarding:

- the timing, progress and results of clinical trials for our product candidates, including statements regarding the timing of initiation and completion of clinical trials, dosing of subjects and the period during which the results of the clinical trials will become available;
- the timing, scope or likelihood of regulatory filings and approvals for our product candidates;
- our ability to successfully commercialize our product candidates;
- potential benefits of the clinical development and commercial experience of our management team;
- our ability to effectively market any product candidates that receive regulatory approval with a small, focused sale force;
- potential development and commercial synergies from having multiple product candidates for related indications;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our expectation regarding the safety and efficacy of our product candidates;
- the potential clinical utility and benefits of our product candidates;
- our ability to advance our product candidates through various stages of development, especially through pivotal safety and efficacy trials;
- our estimates regarding the potential market opportunity for our product candidates;
- our expectations related to the use of proceeds from this offering;
- our strategy to in-license, acquire and develop new product candidates and our ability to execute that strategy;
- developments and projections relating to our competitors or our industry;
- our ability to become profitable;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to secure additional financing when needed on acceptable terms;
- the impact of government laws and regulations in the United States and foreign countries;
- the impact of Brexit on our business and operations;
- the implementation of our business model, strategic plans for our business, product candidates and technology;
- our intellectual property position;

- our ability to attract or retain key employees, advisors or consultants; and
- our expectations regarding the time during which we will be an emerging growth company under the JOBS Act.

Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward looking statements we make. As a result, any or all of our forward looking statements in this Annual Report may turn out to be inaccurate. We have included important factors in the cautionary statements included in this Annual Report, particularly in the section of this Annual Report titled "Item 3.D. Risk Factors," that we believe could cause actual results or events to differ materially from the forward looking statements that we make. We may not actually achieve the plans, intentions or expectations disclosed in our forward looking statements, and you should not place undue reliance on our forward looking statements. Moreover, we operate in a highly competitive and rapidly changing environment in which new risks often emerge. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements we may make. Our forward looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this Annual Report and the documents that we reference in this Annual Report and have filed as exhibits to this Annual Report completely and with the understanding that our actual future results may be materially different from what we expect. The forward looking statements contained in this Annual Report are made as of the date of this Annual Report, and we do not assume any obligation to update any forward looking statements except as required by applicable law.

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data

The following tables set forth a summary of our consolidated financial data. We have derived the consolidated statement of comprehensive loss data and the consolidated statement of financial position data from our audited consolidated financial statements. Our historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

All operations are continuing and we have not paid any dividends in the periods presented.

You should read this data together with the audited consolidated financial statements and related notes appearing elsewhere in this Annual Report and the section in this Annual Report titled "Item 5. Operating and Financial Review and Prospects."

Our audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with IFRS as endorsed for use in the European Union, and are presented in U.S. dollars except where otherwise indicated.

Statement of Comprehensive Loss Data:

	Year ended December 31,		
	2016	2015	2014
	(in thousands, except share and per share data)		
Consolidated Statement of Comprehensive Loss			
Operating expenses:			
General and administrative	$ (4,912)	$ (3,577)	$ (1,096)
Research and development	(34,794)	(4,681)	—
Gains on settlement of contract disputes	83	5	360
Total operating expenses	$ (39,623)	$ (8,253)	$ (736)
Operating loss	(39,623)	(8,253)	(736)
Other income (expense), net			
Interest income	70	15	—
Interest expense	(383)	(268)	(449)
Loss from revaluation of derivative liability	(136)	—	—
Net foreign exchange losses	(251)	(10)	—
Total other expense, net	$ (700)	$ (263)	$ (449)
Loss before income taxes	(40,323)	(8,516)	(1,185)
Income tax loss	(1)	(1)	(1)
Net loss	$ (40,324)	$ (8,517)	$ (1,186)
Total comprehensive loss	$ (40,324)	$ (8,517)	$ (1,186)
Net loss attributable to ordinary shareholders, basic and diluted	$ (40,324)	$ (8,517)	$ (1,186)
Net loss per share attributable to ordinary shareholders, basic and diluted(1)	$ (0.35)	$ (0.14)	$ (0.03)
Weighted average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	116,558,191	61,225,922	36,726,342

(1) In accordance with IAS 33 "Earnings per share", shares are not diluted when the entity has reported a loss for the period.

Statement of Financial Position Data:

	As of December 31,		
	2016	2015	2014
	(in thousands, except share data)		
Consolidated Statement of Financial Position Data			
Cash and cash equivalents	$ 21,830	$ 28,594	$ 3
Total assets	28,426	34,958	226
Total liabilities	18,617	5,235	11,144
Total shareholders' equity	9,809	29,723	(10,918)
Share capital	2,728	1,645	1
Number of ordinary shares in issue	195,741,528	108,601,496	1,645,291

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business faces significant risks. You should carefully consider all of the information set forth in this Annual Report and in our other filings with the United States Securities and Exchange Commission, or the SEC, including the following risk factors which we face and which are faced by our industry. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. This report also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements, as a result of certain factors including the risks described below and elsewhere in this Annual Report and our other SEC filings. See "Cautionary Note Regarding Forward-Looking Statements" above.

Risks Related To Our Being A Development-Stage Company

We Are A Development-Stage Biopharmaceutical Company And Have A Limited Operating History On Which To Assess Our Business, Have Incurred Significant Losses Over The Last Several Years, And Anticipate That We Will Continue To Incur Losses For The Foreseeable Future.

We are a development-stage biopharmaceutical company with a limited operating history. We have not yet demonstrated an ability to complete a large-scale, pivotal clinical trial successfully, obtain regulatory approval or manufacture and commercialize a product candidate. Consequently, we have no meaningful commercial operations upon which to evaluate our business and predictions about our future success or viability may not be as accurate as they could be if we had a history of successfully developing and commercializing pharmaceutical products.

Since inception, we have incurred significant operating losses. Our net loss was $40.3 million, $8.5 million and $1.2 million for the fiscal years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016, we had an accumulated deficit of $60.2 million. We have devoted substantially all of our financial resources to identifying, attempting to in-license or otherwise acquire rights to our product candidates, including conducting clinical trials and providing general and administrative support for these operations to build our business infrastructure.

To date, we have financed our operations primarily through proceeds received from our initial public offering and follow-on offering on AIM and the issuance of convertible promissory notes. The amount of our future net losses will depend, in part, on the rate of our future expenditures and our ability to obtain funding through equity or debt financings, strategic collaborations or grants.

Our directors have prepared cash flow forecasts extending for at least 12 months from the date of this Annual Report. These forecasts assume no sales and the continuation of costs associated with drug discovery and development. Our directors acknowledge that substantial uncertainty remains over our ability to have the resources to fully support the iclaprim trials and that additional funding will be needed through public markets, private financing, and partnering opportunities within the next 12 months. In the event that we do not have adequate capital to maintain or develop our business, additional capital may not be available to us on a timely basis, on favorable terms, or if at all, which could have a material and negative impact on our business and results of operations.

To become and remain profitable, we must develop and eventually commercialize one or more of our product candidates with significant market potential. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial

degree of risk. It may be several years, if ever, before we receive regulatory approval and have a product candidate approved for commercialization. Even if we obtain regulatory approval to market a product candidate, our future revenue will depend upon the size of any markets in which our product candidates may receive approval and our ability to achieve market acceptance and adequate market share for our product candidates in those markets. Further, because the potential markets in which our product candidates may ultimately receive regulatory approval are small, we may never become profitable despite obtaining such market share and acceptance of our product candidates.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- continue research and nonclinical and clinical development of our product candidates, including advancing our programs from preclinical development into clinical trials and increasing the number and size of our current clinical trials and preclinical studies;
- seek to identify, assess, in-license, acquire and develop additional product candidates;
- change or add manufacturers or suppliers;
- seek regulatory approvals for our product candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain regulatory approval;
- make up-front, milestone or other payments under any of our license agreements;
- seek to maintain, protect, defend, enforce and expand our intellectual property portfolio;
- seek to attract and retain skilled personnel;
- create additional infrastructure to support our operations as a U.S. listed company and our product development and planned future commercialization efforts; and
- experience any delays or encounter issues with any of the above, including, but not limited to, failed preclinical studies or clinical trials, obtaining complex results, safety issues or other regulatory challenges that may require either longer follow-up of existing preclinical studies or clinical trials or limitation of additional preclinical studies or clinical trials in order to pursue regulatory approval.

Further, the net losses we incur may fluctuate significantly from quarter-to-quarter and year-to-year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance. Moreover, if we incur substantial losses, we could be liquidated, and the value of our shares might be significantly reduced or the shares might be of no value.

We Have Never Generated Any Revenue From Product Sales And May Never Be Profitable.

We have no products approved for commercialization and have never generated any revenue from product sales. We will not generate revenue from product sales unless and until we successfully complete the development of, obtain regulatory approval for and commercialize one or more of our product candidates. Our ability to generate future revenue from product sales depends heavily on our success in many areas, including, but not limited to:

- completing research, preclinical or clinical development, as applicable, of our product candidates, including successfully completing clinical trials of our product candidates;
- integrating product candidates that we in-license or acquire, as well as completing research, formulation and process development, and preclinical or clinical development, as applicable, of those product candidates, including successfully completing clinical trials of those product candidates;
- obtaining regulatory approval of our product candidates;
- incurring additional costs as we advance our product candidates;
- developing a sustainable and scalable manufacturing process for our product candidates, if approved;

- maintaining supply and manufacturing relationships with third-parties that can conduct the manufacturing process development and provide adequate, in amount and quality, products to support clinical development and the market demand for our product candidates, if approved;

- developing a commercial organization and launching and commercializing product candidates for which we obtain regulatory approval, either directly or with a collaborator or distributor;

- obtaining market acceptance of our product candidates as viable treatment options;

- addressing any competing technological and market developments;

- identifying, assessing, in-licensing, acquiring and/or developing new product candidates;

- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;

- maintaining, protecting, enforcing and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how; and

- attracting, hiring and retaining qualified personnel.

Given the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. Our expenses could increase beyond expectations if we are required by the FDA or the EMA, or any comparable foreign regulatory agency, to perform nonclinical and preclinical studies or clinical trials in addition to those that we currently anticipate.

Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Further, our revenue will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the ability to obtain coverage and adequate reimbursement, and whether we own the commercial rights for that territory. If the number of our addressable patients is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect, or the treatment population is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of our product candidates. If we are not able to generate sufficient revenue from the sale of any approved products, we may never become profitable. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to successfully execute any of the foregoing would decrease the value of our company and could impair our ability to raise capital, expand our business or continue our operations. A decline in the value of our company could cause you to lose all or part of your investment.

We Will Need Substantial Additional Funding Before We Can Expect To Complete The Development Of Our Product Candidates And Become Profitable From Sales Of Our Approved Products, If Any.

We are currently advancing our product candidates through preclinical and clinical development. Development of our product candidates is expensive, and we expect our research and development expenses to increase in connection with our ongoing activities, particularly as we continue our ongoing trials and initiate new trials of iclaprim and our other product candidates. Even with the proceeds of the offerings, we expect that we will require additional capital to obtain regulatory approval for, and to commercialize, our product candidates.

As of December 31, 2016 and 2015, our cash and cash equivalents were $21.8 million and $28.6 million, respectively. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, rate of progress, results and cost of our clinical trials, nonclinical testing, formulation, process development and other related activities;

- the cost of manufacturing clinical supplies and establishing commercial supplies of our product candidates, if approved, and any products that we may develop;

- the number and characteristics of product candidates that we pursue, including any additional product candidates we may in-license or acquire;

- the cost of filing, prosecuting, defending and enforcing our patent claims and other intellectual property rights;

- the cost of defending potential intellectual property disputes, including patent infringement actions brought by third-parties against us or our product candidates;

- the cost, timing and outcomes of regulatory approvals;

- the cost and timing impact of, and our ability to successfully resolve, any regulatory enforcement actions that may be brought against us or any of our suppliers, contract manufacturers, contract research organizations, clinical investigators, or other related entities, including responding to any adverse inspectional findings (FDA Form 483s), clinical holds, warning letters or untitled letters or other administrative or judicial actions against us or any related entities;

- the cost and timing of establishing sales, marketing and distribution capabilities; and

- the terms and timing of any collaborative, licensing and other arrangements that we may establish, including any required milestone and royalty payments thereunder.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may compromise our ability to develop and commercialize our product candidates, if approved. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our shareholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of the ADSs and our ordinary shares to decline.

If we are unable to obtain funding on a timely basis, we will be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any product candidates, if approved, or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired.

The accompanying consolidated financial statements have been prepared on a basis which assumes we will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. However, we have recorded losses since inception. As of December 31, 2016, we held unrestricted cash and cash equivalents of $21.8 million. We will need substantial additional funding to complete our two Phase 3 clinical trials of iclaprim for the treatment of acute bacterial skin and skin structure infection (“ABSSSI”), including the completion of our REVIVE-1 trial, for which positive topline results were announced on April 18, 2017, our REVIVE-2 Phase 3 clinical trial, our INSPIRE Phase 3 clinical trial and to continue operations. Our present capital resources are not sufficient to fund our planned operations for the next twelve months from the date of this Annual Report, and therefore, there exists substantial doubt about our ability to continue as a going concern.

Raising Additional Capital May Cause Dilution To Our Shareholders, Restrict Our Operations Or Require Us To Relinquish Rights To Our Intellectual Property Or Future Revenue Streams.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, grants, and license and development agreements in connection with any collaborations. We do not have any committed external source of funds. In the event we seek additional funds, we may raise additional capital through the sale of equity or convertible debt securities. In such an event, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of our ordinary shares or the ADSs. Debt financing, if available, could result in increased fixed payment obligations and may involve agreements that include restrictive covenants, such as limitations on our ability to incur additional debt, make capital expenditures, acquire, sell or license intellectual property rights or declare dividends, and other operating restrictions that could hurt our ability to conduct our business.

Further, if we raise additional funds through collaborations, strategic alliances, or marketing, distribution or licensing arrangements with third-parties, we may have to relinquish valuable rights to our intellectual property or future revenue streams. If we are unable to raise additional funds when needed, we will be required to delay, limit, reduce or terminate our product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

We May Not Be Successful In Executing Our Growth Strategy Or Our Growth Strategy May Not Deliver The Anticipated Results.

We plan to source new product candidates that are complementary to our existing product candidates by in-licensing or acquiring them from other companies or academic institutions. If we are unable to identify, in-license or acquire and integrate product candidates in accordance with this strategy, our ability to pursue our growth strategy would be compromised.

Research programs and business development efforts to identify new product candidates require substantial technical, financial and human resources. We may focus our efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful. Our research programs, business development efforts or licensing attempts may fail to yield additional complementary or successful product candidates for clinical development and commercialization for a number of reasons, including, but not limited to, the following:

- our research or business development methodology or search criteria and process may be unsuccessful in identifying potential product candidates with a high probability of success for development progression;

- we may not be able or willing to assemble sufficient resources or expertise to in-license, acquire or discover additional product candidates;
- for product candidates we seek to in-license or acquire, we may not be able to agree to acceptable terms with the licensor or owner of those product candidates;
- our product candidates may not succeed in preclinical studies or clinical trials;
- we may not succeed in formulation or process development;
- our product candidates may be shown to have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive regulatory approval;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates that we develop may be covered by third-parties' patents or other exclusive rights;
- product candidates that we develop may not allow us to leverage our expertise and our development and commercial infrastructure as currently expected;
- the market for a product candidate may change during our program so that such a product may become unreasonable to continue to develop;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors.

If any of these events occurs, we may not be successful in executing our growth strategy or our growth strategy may not deliver the anticipated results.

We May Expend Our Limited Resources To Pursue A Particular Product Candidate Or Indication And Fail To Capitalize On Product Candidates Or Indications That May Be More Profitable Or For Which There Is A Greater Likelihood Of Success.

We have limited financial and managerial resources. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

If We Acquire Other Businesses Or In-license Or Acquire Other Product Candidates And Are Unable To Integrate Them Successfully, Our Financial Performance Could Suffer.

If we are presented with appropriate opportunities, we may acquire other businesses. We have had limited experience integrating other businesses or product candidates, or in-licensing or acquiring other product candidates. The integration process following any future transactions may produce unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be directed to the ongoing development of our business. Also, in any future in-licensing or acquisition transactions, we may issue ordinary shares that would result in dilution to existing shareholders, incur debt, assume contingent liabilities or create additional expenses related to amortizing intangible assets, any of which might harm our financial results and cause our share price to decline. Any financing we might need for future transactions may be available to us only on terms that restrict our business or impose costs that reduce our net income.

We Are Highly Dependent On Our Key Personnel, As Well As Our Ability To Recruit, Retain And Motivate Additional Qualified Personnel.

We are highly dependent on Graham Lumsden, our Chief Executive Officer, Robert Dickey IV, our Chief Financial Officer, and David Huang, our Chief Medical Officer. Any member of management or employee can terminate his or her relationship with us at any time. Although we have included non-compete provisions in their respective employment or consulting agreements, as the case may be, such arrangements might not be sufficient for the purpose of preventing such key personnel from entering into agreements with any of our competitors. The inability to recruit and retain qualified personnel, or the loss of Graham Lumsden, Robert Dickey IV or David Huang could result in competitive harm as we could experience delays in reaching our in-licensing, acquisition, development and commercialization objectives.

We also depend substantially on highly qualified managerial, sales and technical personnel who are difficult to hire and retain. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for individuals with similar skill sets. In addition, failure to succeed in preclinical studies or clinical trials may make it more challenging to recruit and retain qualified personnel. Recruiting and retaining other qualified employees, consultants and advisors for our business, including scientific and technical personnel, will be critical to our success.

We Expect To Expand Our Organization, And We May Experience Difficulties In Managing This Growth, Which Could Disrupt Our Operations.

As of the date of this Annual Report, we had six full-time employees. As our development, commercialization, in-licensing and acquisition plans and strategies develop, and as we advance the preclinical and clinical development of our product candidates, we expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of managerial, operational, sales, marketing, financial, legal and other resources. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities, and continue to recruit and train additional qualified personnel. Our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. Due to our limited financial resources, we may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the in-licensing, acquisition and development of additional product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate or grow revenue could be reduced and we may not be able to implement our business strategy.

If We Fail To Maintain An Effective System Of Internal Control Over Financial Reporting, We May Not Be Able To Accurately Report Our Financial Results Or Prevent Fraud. As A Result, Shareholders Could Lose Confidence In Our Financial And Other Public Reporting, Which Would Harm Our Business And The Trading Price Of The ADSs, The ADS Warrants and Our Ordinary Shares.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us, as and when required, conducted in connection with Section 404 of the Sarbanes-Oxley Act, or Section 404, or any subsequent testing by our independent registered public accounting firm, as and when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of the ADSs, the ADS Warrants and our ordinary shares.

Pursuant to Section 404, we will be required to furnish a report by our management on our internal control over financial reporting. However, as an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm until we are no longer an emerging growth company. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

As of December 31, 2016, our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of our internal control over financial reporting. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)*. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. In connection with this assessment, we identified the following material weaknesses in internal control over financial reporting as of December 31, 2016.

We did not maintain an effective control environment as we did not maintain effective internal controls to ensure processing and reporting of valid transactions is complete, accurate, and timely and did not maintain a sufficient complement of resources with an appropriate level of accounting knowledge, experience, and training commensurate with their structure and financial reporting requirements to allow for appropriate monitoring, presentation and disclosure, and internal control over financial reporting.

Specifically, we have not designed and implemented a sufficient level of formal accounting policies and procedures that define how transactions across the business cycles should be initiated, recorded, processed, authorized, approved and appropriately reported, including presentation and disclosure, within the financial statements. Additionally, the limited personnel resulted in our inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, amongst other things, our insufficient segregation of duties in their finance and accounting functions.

These control deficiencies resulted in the misclassification of derivative liabilities in the statement of financial position. In addition, these control deficiencies resulted in immaterial audit adjustments to increase our trade and other payables as of December 31, 2016. Additionally, these control deficiencies could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that these control deficiencies constitute material weaknesses.

Our Business And Operations Would Suffer In The Event Of System Failures.

Our computer systems, as well as those of our clinical research organizations, or CROs, and other contractors and consultants, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, including hurricanes, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our product development programs. For example, the loss of preclinical study or clinical trial data from completed, ongoing or planned preclinical studies or clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to our data or applications, or inappropriate disclosure of personal, confidential or proprietary information, we could incur liability and the further development of our product candidates could be delayed.

The Recent Vote By The U.K. Electorate In Favor Of A U.K. Exit From The EU Could Adversely Impact Our Business, Results Of Operations And Financial Condition.

In a referendum held in the United Kingdom on June 23, 2016, a majority of those voting voted for the United Kingdom to leave the EU (referred to as "Brexit"). For now, the United Kingdom remains a member of the EU and there will not be any immediate change in either EU or English law as a consequence of the "leave" vote. EU law does not govern contracts and the United Kingdom is not part of the EU's monetary union. However, the "leave" vote signals the beginning of a lengthy process under which the terms of the United Kingdom's withdrawal from, and future relationship with, the EU will be negotiated and legislation to implement the United Kingdom's withdrawal from the EU will be enacted. The ultimate impact of the "leave" vote will depend on the terms that are negotiated in relation to the United Kingdom's future relationship with the EU. Although the timetable for U.K. withdrawal is not at all clear at this stage, it is likely that the withdrawal of the United Kingdom from the EU will take more than two years to be negotiated and conclude.

Brexit could impair our ability to transact business in EU countries. Brexit has already and could continue to adversely affect European and/or worldwide economic and market conditions and could continue to contribute to instability in the global financial markets. The long-term effects of Brexit will depend in part on any agreements the United Kingdom makes to retain access to EU markets following the United Kingdom's withdrawal from the EU.

In addition, we expect that Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which EU laws to replicate or replace. If the United Kingdom were to significantly alter its regulations affecting the pharmaceutical industry, we could face significant new costs. It may also be time-consuming and expensive for us to alter our internal operations in order to comply with new regulations. Altered regulations could also add time and expense to the process by which our product candidates receive regulatory approval in the United Kingdom and EU. Similarly, it is unclear at this time what Brexit's impact will have on our intellectual property rights and the process for obtaining and defending such rights. It is possible that certain intellectual property rights, such as trademarks, granted by the EU will cease being enforceable in the U.K. absent special arrangements to the contrary. With regard to existing patent rights, the effect of Brexit should be minimal considering enforceable patent rights are specific to the U.K., whether arising out of the European Patent Office or directly through the U.K. patent office.

Any of these effects of Brexit, and others we cannot anticipate, could adversely affect our business, business opportunities, results of operations, financial condition and cash flows.

Risks Related To The Development And Preclinical And Clinical Testing Of Our Product Candidates

We Depend Entirely On The Success Of A Limited Number Of Product Candidates, Which Are Still In Preclinical Or Clinical Development. If We Do Not Obtain Regulatory Approval For And Successfully Commercialize One Or More Of Our Product Candidates Or We Experience Significant Delays In Doing So, We May Never Become Profitable.

We currently have no products approved for sale and may never be able to obtain regulatory approval for, or commercialize, any products. We have invested, and expect to continue to invest, a significant portion of our efforts and financial resources in the

development of a limited number of product candidates, which are still in preclinical or clinical development. Our ability to generate product revenues, which we do not expect will occur for at least the next several years, if ever, will depend heavily on our successful development and eventual commercialization, if approved, of one or more of our product candidates. We are not permitted to market or promote any of our product candidates in particular countries or regions before we receive regulatory approval from the U.S. Food and Drug Administration ("FDA"), European Medicines Agency ("EMA") or any required comparable regulatory agency, and we may never receive such regulatory approval for any of our product candidates. The success of iclaprim and our other product candidates will depend on several additional factors, including, but not limited to, the following:

- successfully completing formulation and process development activities;
- the success of our contract manufacturers, suppliers, clinical research organization partners and other related entities in meeting all regulatory requirements;
- successfully completing clinical trials that demonstrate the efficacy and safety of our product candidates;
- acceptance of our product candidates by patients and the medical community;
- a continued acceptable safety profile following approval;
- obtaining and maintaining healthcare coverage and adequate reimbursement; and
- competing effectively with other therapies, including with respect to the sales and marketing of our product candidates, if approved.

Many of these factors are wholly or partially beyond our control, including clinical development, the regulatory submission process, potential threats to our intellectual property rights and changes in the competitive landscape. If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully complete clinical trials or eventually commercialize our product candidates, if approved.

Clinical Trials Are Very Expensive, Time Consuming And Difficult To Design And Implement And Involve Uncertain Outcomes. Furthermore, Results Of Earlier Preclinical Studies And Clinical Trials May Not Be Predictive Of Results Of Future Preclinical Studies Or Clinical Trials.

To obtain the requisite regulatory approvals to market and sell any of our product candidates, we must demonstrate through extensive preclinical studies and clinical trials that our products are safe and effective in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and earlier clinical trials may not be predictive of the results of later-stage clinical trials. For example, the results generated to date in preclinical studies or clinical trials for our product candidates do not ensure that later preclinical studies or clinical trials will demonstrate similar results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. Companies in the biopharmaceutical industry may suffer setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier clinical trials. We may experience delays in our ongoing or future preclinical studies or clinical trials, and we do not know whether future preclinical studies or clinical trials will begin on time, need to be redesigned, enroll an adequate number of subjects or patients on time or be completed on schedule, if at all. Clinical trials may be delayed, suspended or terminated for a variety of reasons, including delay or failure to:

- obtain authorization from regulators or institutional review boards ("IRBs") to commence a clinical trial at a prospective clinical trial site;
- reach agreements on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- recruit and enroll a sufficient number of patients in clinical trials to ensure adequate statistical power to detect statistically significant treatment effects;
- address any noncompliance with regulatory requirements or safety concerns that arise during the course of a clinical trial;
- have patients complete clinical trials or return for post-treatment follow-up;
- have contract manufacturers, suppliers, clinical research organization partners and other related entities or other third-parties comply with regulatory requirements, adhere to the trial protocol or meet contractual obligations in a timely manner or at all;

- identify a sufficient number of clinical trial sites and initiate them within the planned timelines; and

- manufacture sufficient quantities of the product candidate in accordance with current Good Manufacturing Practice ("cGMP") requirements to complete clinical trials.

Positive or timely results from preclinical or early stage clinical trials do not ensure positive or timely results in late stage clinical trials or regulatory approval by the FDA, EMA or any comparable foreign regulatory agency. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates. Preclinical and clinical data are often susceptible to varying interpretations and analyses. Many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain regulatory approval for the product candidates. The FDA, EMA and any comparable foreign regulatory agency have substantial discretion in the approval process and in determining when or whether regulatory approval will be obtained for any of our product candidates. Even if we believe the data collected from clinical trials of our product candidates are promising, such data may not be sufficient to support approval by the FDA, EMA or any comparable foreign regulatory agency.

In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in clinical trial procedures set forth in protocols, differences in the size and type of the patient populations, adherence to the administration regimen and other clinical trial protocols, and the rate of dropout among clinical trial participants. In the case of our late stage clinical product candidates, results may differ in general on the basis of the larger number of clinical trial sites and additional countries involved in Phase 3 clinical trials. Different countries have different standards of care and different levels of access to care for patients, which in part drives the heterogeneity of the patient populations that enroll in our studies.

The Regulatory Approval Process Of The FDA, EMA Or Any Comparable Foreign Regulatory Agency May Be Lengthy, Time Consuming And Unpredictable.

Our future success depends upon our ability to develop, obtain regulatory approval for and then commercialize one or more of our product candidates. Although some of our employees have prior experience with submitting marketing applications to the FDA, EMA or any comparable foreign regulatory agency, we, as a company, have not submitted such applications for our product candidates. We cannot be certain that any of our product candidates will be successful in clinical trials or receive regulatory approval. Applications for any of our product candidates could fail to receive regulatory approval for many reasons, including, but not limited to, the following:

- the FDA, EMA or any comparable foreign regulatory agency may disagree with the design or implementation of our clinical trials or our interpretation of data from nonclinical trials or clinical trials;

- the population studied in the clinical program may not be sufficiently broad or representative to assure safety in the full population for which we seek approval, including reliance on foreign clinical data;

- the data collected from clinical trials of our product candidates may not be sufficient to support a finding that has statistical significance or clinical meaningfulness or support the submission of a new drug application, or NDA, or other submission, or to obtain regulatory approval in the United States or elsewhere;

- we may be unable to demonstrate to the FDA, EMA or any comparable foreign regulatory agency that a product candidate's risk-benefit ratio for its proposed indication is acceptable;

- the FDA, EMA or any comparable foreign regulatory agency may fail to approve the manufacturing processes, test procedures and specifications or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and

- the approval policies or regulations of the FDA, EMA or any comparable foreign regulatory agency may significantly change in a manner rendering our clinical data insufficient for approval.

Any of our current or future product candidates could take a significantly longer time to gain regulatory approval than expected or may never gain regulatory approval. This could delay or eliminate any potential product revenue by delaying or terminating the potential commercialization of our product candidates

We generally plan to seek regulatory approval to commercialize our product candidates in the United States, the EU and other key global markets. To obtain regulatory approval in other countries, we must comply with numerous and varying regulatory requirements of such other countries regarding safety, efficacy, chemistry, manufacturing and controls, clinical trials, commercial sales, pricing and distribution of our product candidates. Even if we are successful in obtaining approval in one jurisdiction, we cannot ensure that we will obtain approval in any other jurisdictions. Failure to obtain marketing authorization for our product candidates will result in our being unable to market and sell such products. If we fail to obtain approval in any jurisdiction, the geographic market for

our product candidates could be limited. Similarly, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates.

If Serious Adverse, Undesirable Or Unacceptable Side Effects Are Identified During The Development Of Our Product Candidates Or Following Regulatory Approval, If Any, We May Need To Abandon Our Development Of Such Product Candidates.

If our product candidates are associated with serious adverse, undesirable or unacceptable side effects, we may need to abandon their development or limit development to certain uses or sub-populations in which such side effects are less prevalent, less severe or more acceptable from a risk-benefit perspective. Many compounds that initially showed promise in preclinical or early stage testing have later been found to cause side effects that restricted their use and prevented further development of the compound for larger indications.

Discovery of previously unknown problems, or increased focus on a known problem, with an approved product may result in restrictions on its permissible uses, including withdrawal of the medicine from the market.

Additionally, if one or more of our product candidates receives regulatory approval, and we or others later identify undesirable side effects caused by such product(s), a number of potentially significant negative consequences could result, including, but not limited to:

- withdrawal by regulatory authorities of approvals of such product;
- seizure of the product by regulatory authorities;
- recall of the product;
- restrictions on the marketing of the product;
- requirement by regulatory authorities of additional warnings on the label, such as a black box warning;
- requirement that we create and implement a Risk Evaluation and Mitigation Strategy (REMS), that may include a medication guide outlining the risks of such side effects for distribution to patients, or a restricted distribution system; commitment to expensive additional safety studies prior to launch as a prerequisite of approval by regulatory authorities of such product;
- commitment to expensive post-marketing studies as a prerequisite of approval by regulatory authorities of such product;
- initiation of legal action against us claiming to hold us liable for harm caused to patients; and
- harm to our reputation and resulting harm to physician or patient acceptance of our products.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, financial condition, and results of operations.

We May Find It Difficult To Enroll Patients In Our Clinical Trials Given The Limited Number Of Patients Who Have The Diseases For The Treatment Of Which Our Product Candidates Are Being Studied. Difficulty In Enrolling Patients In Our Clinical Trials Could Delay Or Prevent Clinical Trials Of Our Product Candidates.

Successful and timely completion of clinical trials will require that we enroll a sufficient number of patient candidates. Clinical trials may be subject to delays as a result of patient enrollment taking longer than anticipated or patient withdrawal. Patient enrollment depends on many factors, including the size and nature of the patient population, eligibility criteria for the clinical trial, the proximity of patients to clinical sites, the design of the clinical protocol, the availability of competing clinical trials, the availability of new drugs approved for the indication the clinical trial is investigating, and clinicians' and patients' perceptions as to the safety and potential advantages of the product candidate being studied in relation to other available therapies.

Because we are focused on addressing rare diseases, there are limited patient pools from which to draw in order to complete our clinical trials in a timely and cost-effective manner. Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process, and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, many of the factors that may lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We May Become Exposed To Costly And Damaging Liability Claims, Either When Testing Our Product Candidates In The Clinic Or At The Commercial Stage, And Our Product Liability Insurance May Not Cover All Damages From Such Claims.

We are exposed to potential product liability and professional indemnity risks that are inherent in the research, development, manufacturing, marketing, and use of pharmaceutical products. We currently have no products that have been approved for commercial sale. However, the current and future use of product candidates by us in clinical trials, and the sale of any approved products in the future, may expose us to liability claims. These claims might be made by patients that use the product, healthcare providers, pharmaceutical companies, or others selling such products. Any claims against us, regardless of their merit, could be difficult and costly to defend, and could compromise the market acceptance of our product candidates or any prospects for commercialization of our product candidates, if approved.

Although the clinical trial process is designed to identify and assess potential side effects, it is always possible that a drug, even after regulatory approval, may exhibit unforeseen side effects. If any of our product candidates were to cause adverse side effects during clinical trials or after approval of the product candidate, we may be exposed to substantial liabilities. Physicians and patients may not comply with any warnings that identify known potential adverse effects and patients who should not use our product candidates.

We purchase liability insurance in connection with our clinical trials. It is possible that our liabilities could exceed our insurance coverage. We intend to expand our insurance coverage to include the sale of commercial products if we obtain regulatory approval for any of our product candidates. However, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Risks Related To Commercialization Of Our Product Candidates

We Have Never Commercialized A Product Candidate And We May Lack The Necessary Expertise, Personnel And Resources To Successfully Commercialize Any Of Our Products That Receive Regulatory Approval On Our Own Or Together With Suitable Partners.

We have never commercialized a product candidate. Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, in-licensing or acquiring our product candidates, identifying potential product candidates and undertaking preclinical studies and clinical trials of our product candidates. We currently have no sales force or marketing or distribution capabilities. To achieve commercial success of our product candidates, if approved, we will have to develop our own sales, marketing and supply capabilities or outsource these activities to a third-party.

Factors that may affect our ability to commercialize our product candidates on our own include recruiting and retaining adequate numbers of effective sales and marketing personnel, obtaining access to or persuading adequate numbers of physicians to prescribe our product candidates and other unforeseen costs associated with creating an independent sales and marketing organization. Developing a sales and marketing organization requires significant investment, is time consuming and could delay the launch of our product candidates. We may not be able to build an effective sales and marketing organization in the United States or other key global markets. If we are unable to build our own distribution and marketing capabilities or to find suitable partners for the commercialization of our product candidates, we may not generate revenues from them.

If We Are Successful In Commercializing Iclaprim, We May Be Subject To Claims From F. Hoffman-La Roche Ltd. And Hoffmann-La Roche Inc. In Connection With Payments On The Net Sales Of Iclaprim For Certain Countries.

Pursuant to the terms of the merger agreement we entered into with Nuprim on December 31, 2014, we agreed to assume Nuprim's obligations under certain agreements. We do not believe that the Sale and Purchase Agreement, dated June 1, 2001, by and between F. Hoffman-La Roche Ltd. and Hoffmann-La Roche Inc., together the Hoffmann-La Roche Seller, and Arpida Ltd., the Hoffman-La Roche/Arpida Agreement, was assigned to Nuprim or the party for which it was a successor in interest with regards to the iclaprim assets and therefore we do not have obligations under such agreement.

The Hoffmann-La Roche/Arpida Agreement provides that the Hoffmann-La Roche Seller will be entitled to receive a royalty of 1 to 5% of net sales of a Drug (as defined in such agreement), such amount depending on various factors (e.g., the final drug composition, timing of commercialization, country of sales). While we do not believe we are a successor to such agreement and it is unlikely our iclaprim product would fit the factors requiring payment under such agreement, if it were determined that we are a successor in interest to the Hoffman-La Roche/Arpida Agreement and our iclaprim product is determined to fit the criteria of being a Drug as defined in such agreement, we could have a payment obligation of 1 to 5% of net sales of our iclaprim product for certain countries for a period of ten years from first commercial sale in such country.

We Operate In A Highly Competitive And Rapidly Changing Industry, Which May Result In Our Competitors Discovering, Developing Or Commercializing Competing Products Before Or More Successfully Than We Do, Or Our Entering A Market In Which A Competitor Has Commercialized An Established Competing Product, And We May Not Be Successful In Competing With Them.

The development and commercialization of new drug products is highly competitive and subject to significant and rapid technological change. Our success is highly dependent upon our ability to in-license, acquire, develop and obtain regulatory approval for new and innovative drug products on a cost-effective basis and to market them successfully. In doing so, we face and will continue to face intense competition from a variety of businesses, including large, fully integrated, well-established pharmaceutical companies who already possess a large share of the market, specialty pharmaceutical companies and biopharmaceutical companies, academic institutions, government agencies and other private and public research institutions in the United States and other jurisdictions.

We are currently aware of various companies that are marketing existing antibiotics or may introduce new products that compete with our product candidates such as Allergan, Cempra, Melinta, Merck & Co., Inc., and Paratek. We anticipate this competition to increase in the future as new companies enter the novel antibiotics market. In addition, the healthcare industry is characterized by rapid technological change, and new product introductions or other technological advancements could make some or all of our products obsolete.

The highly competitive nature of and rapid technological changes in the biotechnology and pharmaceutical industries could render our product candidates or our technology obsolete or non-competitive. Our competitors may, among other things:

- have similar or better product candidates or technologies;
- possess greater financial and human resources as well as supporting clinical data;
- develop and commercialize products that are safer, more effective, effective in a broader range of indications, less expensive, or more convenient or easier to administer;
- obtain regulatory approval more quickly;
- establish superior proprietary positions;
- have access to greater manufacturing capacity;
- seek patent protection that competes with our product candidates;
- implement more effective approaches to sales and marketing; or
- enter into more advantageous collaborative arrangements for research, development, manufacturing and marketing of products.

The Successful Commercialization Of Our Product Candidates Will Depend In Part On The Extent To Which Governmental Authorities And Health Insurers Establish Adequate Coverage And Reimbursement Levels And Pricing Policies.

The successful commercialization of our product candidates, if approved, will depend, in part, on the extent to which coverage and reimbursement for our products or procedures using our products will be available from government and health administration authorities, private health insurers and other third-party payors. To manage healthcare costs, many governments and third-party payors increasingly scrutinize the pricing of new technologies and require greater levels of evidence of favorable clinical outcomes and cost-effectiveness before extending coverage and adequate reimbursement to such new technologies. In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or the Medicare Modernization Act, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly under a new Part D and introduced a new reimbursement methodology based on average sale prices for physician-administered drugs. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class. Cost-reduction initiatives and other provisions of this legislation could decrease the coverage and reimbursement that we receive for any approved products. While the Medicare Modernization Act applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the Medicare Modernization Act may result in a similar reduction in payments from private payors. In light of such challenges to prices and increasing levels of evidence of the benefits and clinical outcomes of new technologies, we cannot be sure that coverage will be available for any product candidate that we commercialize, and, if available, that the reimbursement rates will be adequate. If we are unable to obtain adequate levels of coverage and reimbursement for our product candidates, our ability to generate revenue will be compromised.

Our potential customers, including hospitals, physicians and other healthcare providers that purchase certain injectable drugs administered during a procedure, such as our product candidates, generally rely on third-party payors to pay for all or part of the costs and fees associated with the drug and the procedures administering the drug. These third-party payors may pay separately for the drug or may bundle or otherwise include the costs of the drug in the payment for the procedure. We are unable to predict at this time whether our product candidates, if approved, will be eligible for such separate payments. To the extent there is no separate payment for our product candidates, there may be further uncertainty as to the adequacy of reimbursement amounts. Nor can we predict at this

time the adequacy of payments, whether made separately for the drug and procedure or with a bundled or otherwise aggregate payment amount for the drug and procedure. In addition, obtaining and maintaining adequate coverage and reimbursement status is time consuming and costly.

Because each third-party payor individually approves coverage and reimbursement levels, obtaining coverage and adequate reimbursement is a time consuming, costly and sometimes unpredictable process. We may be required to provide scientific and clinical support, medical necessity or both for the use of any product to each third-party payor separately with no assurance that approval would be obtained, and we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness, medical necessity or both of our products. This process could delay the market acceptance of any product and could have a negative effect on our future revenues and operating results.

Third-party payors may deny coverage and reimbursement status altogether of a given drug product, or cover the product, but may also establish prices at levels that are too low to enable us to realize an appropriate return on our investment in product development or impose coverage restrictions and/or limits that could affect our ability to successfully commercialize our products and impact our profitability, results of operations, financial condition and future success. Because the rules and regulations regarding coverage and reimbursement change frequently, in some cases on short notice, even when there is favorable coverage and reimbursement, future changes may occur that adversely impact such favorable coverage and reimbursement status. Further, the net reimbursement for drug products may be subject to additional reductions if there are changes to laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States.

The unavailability or inadequacy of third-party coverage and reimbursement could negatively affect the market acceptance of our product candidates and the future revenues we may expect to receive from those products. In addition, we are unable to predict what additional legislation or regulation relating to the healthcare industry or third-party coverage and reimbursement may be enacted in the future, or what effect such legislation or regulation would have on our business.

Our Products May Not Gain Market Acceptance, In Which Case We May Not Be Able To Generate Product Revenues.

Even if the FDA, EMA or any comparable foreign regulatory agency approves the marketing of any product candidates that we develop, physicians, healthcare providers, patients or the medical community may not accept or use them. Efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may not be successful. If iclaprim or any other product candidate that we develop does not achieve an adequate level of acceptance, we may not generate significant product revenues or any profits from operations. The degree of market acceptance of iclaprim or any of our product candidates that are approved for commercial sale will depend on a variety of factors, including, but not limited to:

- whether clinicians and potential patients perceive our product candidates to have better or broader efficacy, safety and tolerability profile, and ease of use compared with our competitors;
- the timing of market introduction;
- the number of competing products;
- our ability to provide acceptable evidence of safety and efficacy;
- the prevalence and severity of any side effects;
- relative convenience and ease of administration;
- cost-effectiveness;
- patient diagnostics and screening infrastructure in each market;
- marketing and distribution support; and
- availability of coverage, reimbursement and adequate payment from health maintenance organizations and other third-party payors, both public and private.

In addition, the potential market opportunity for iclaprim, MTF-101 or any other product candidate we may develop is difficult to estimate precisely. Our estimates of the potential market opportunity are predicated on several key assumptions such as industry knowledge and publications, third-party research reports and other surveys. While we believe that our internal assumptions are reasonable, these assumptions may be inaccurate. If any of the assumptions proves to be inaccurate, then the actual market for iclaprim or our other product candidates could be smaller than our estimates of the potential market opportunity. If the actual market for iclaprim or our other product candidates is smaller than we expect, or if the products fail to achieve an adequate level of acceptance by physicians, healthcare payors and patients, our product revenue may be limited and we may be unable to achieve or maintain profitability. Further, given the limited number of treating physicians, if we are unable to convince a significant number of

such physicians of the value of our product candidates, we may be unable to achieve a sufficient market share to make our products, if approved, profitable.

Bacteria Might Develop Resistance To Iclaprim, Which Would Decrease Its Efficacy And Commercial Viability.

Drug resistance is primarily caused by the genetic mutation of bacteria resulting from sub-optimal exposure to antibiotics where the drug does not kill all of the bacteria. While antibiotics have been developed to treat many of the most common infections, the extent and duration of their use worldwide has resulted in new mutated strands of bacteria resistant to current treatments. If physicians, rightly or wrongly, associate bacterial resistance issues with iclaprim, physicians might not prescribe iclaprim. If bacteria develop resistance to iclaprim, its efficacy would decline, which would negatively affect our potential to generate revenues from its commercialization.

Risks Related To Our Reliance On Third-Parties

We Rely On Third-Parties To Conduct Our Nonclinical And Clinical Trials And If These Third-Parties Perform In An Unsatisfactory Manner, Our Business Could Be Substantially Harmed.

We have relied upon and plan to continue to rely upon third-party CROs to conduct and monitor and manage data for our ongoing nonclinical and clinical programs, and may not currently have all of the necessary contractual relationships in place to do so. Once we have established contractual relationships with such third-party CROs, we will have only limited control over their actual performance of these activities. Nevertheless, we are responsible for ensuring that each of our trials is conducted in accordance with the applicable protocol, legal, regulatory, environmental and scientific standards and our reliance on the CROs does not relieve us of our regulatory responsibilities.

We and our CROs and other vendors are required to comply with current Good Manufacturing Practices, or cGMP, current Good Clinical Practices, or cGCP, and Good Laboratory Practice, or GLP, which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the EU and any comparable foreign regulatory agency for all of our product candidates in nonclinical and clinical development. Regulatory authorities enforce these regulations through periodic inspections of study sponsors, principal investigators, trial sites and other contractors. If we or any of our CROs or vendors fail to comply with applicable regulations, the data generated in our nonclinical and clinical trials may be deemed unreliable and the FDA, EMA or any comparable foreign regulatory agency may require us to perform additional nonclinical and clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that all of our clinical trials comply with cGCP regulations. In addition, our clinical trials must be conducted with products produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

Our business involves the controlled use of hazardous materials, chemicals, biologicals and radioactive compounds. Substantially all such use is outsourced to third-party CRO manufacturers and clinical sites. Although we believe that our third-party CROs safety procedures for handling and disposing of such materials comply with industry standards, there will always be a risk of accidental contamination or injury. By law, radioactive materials may only be disposed of at certain approved facilities. If liable for an accident, or if it suffers an extended facility shutdown, we or our CROs could incur significant costs, damages or penalties.

Our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing nonclinical and clinical programs. If our CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. Our CROs may also generate higher costs than anticipated. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase, and our ability to generate revenue could be delayed.

If any of our relationships with these third-party CROs terminates, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. If we are able to replace a CRO, switching or adding additional CROs involves additional cost and requires management time and focus and there is a natural transition period when a new CRO commences work. As a result, delays could occur, which could hurt our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future.

The Failure Of Our Suppliers To Supply Us With The Agreed Upon Drug Substance Or Drug Product Could Hurt Our Business.

We do not currently, and do not expect to in the future, independently conduct manufacturing activities for our product candidates. We expect to rely on third-party suppliers for the drug substance and drug product for our product candidates. The failure of these suppliers to perform as contracted, or the need to identify new suppliers, could result in a delay in the development of our

product candidates. A delay in the development of our product candidates or having to enter into a new agreement with a different third-party on less favorable terms than we have with our current suppliers could hurt our business.

We And Our Collaborators And Contract Manufacturers Are Subject To Significant Regulation With Respect To Manufacturing Our Product Candidates. The Manufacturing Facilities On Which We Rely May Not Continue To Meet Regulatory Requirements Or May Not Be Able To Meet Supply Demands.

All entities involved in the preparation of therapeutics for clinical trials or commercial sale, including our existing contract manufacturers for our product candidates, are subject to extensive regulation. A finished therapeutic product and the active pharmaceutical ingredient ("API") for such product (whether investigational or approved for commercial sale) must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and procedures, including record keeping, and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of contaminants or to inadvertent changes in the properties or stability of our product candidates that may not be detectable in final product testing. We, our collaborators or our contract manufacturers must supply all necessary documentation in support of an NDA or foreign equivalent on a timely basis and must adhere to GLP and cGMP regulations enforced by the FDA and other regulatory agencies through their facilities inspection program. Some of our contract manufacturers have never produced a commercially approved pharmaceutical product and therefore have not obtained the requisite regulatory authority approvals to do so. The facilities and quality systems of some or all of our collaborators and third-party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of our product candidates or any of our other potential products. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of our product candidates or our other potential products or the associated quality systems for compliance with the regulations applicable to the activities being conducted. Although we oversee the contract manufacturers, we cannot control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with the regulatory requirements. If these facilities do not pass a pre-approval plant inspection, regulatory approval of the products may not be granted or may be substantially delayed until any violations are corrected to the satisfaction of the regulatory authority, if ever.

The regulatory authorities also may, at any time before or following approval of a product for sale, inspect the manufacturing facilities of our collaborators and third-party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulations occurs independent of such an inspection or audit, approval may be delayed or denied, and we or the relevant regulatory authority may require remedial measures that may be costly and/or time consuming for us or a third-party to implement, and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a facility.

If we, our collaborators or any of our third-party manufacturers fail to maintain regulatory compliance, the FDA or another applicable regulatory authority could impose regulatory sanctions including, among other things, refusal to approve a pending application our product candidates, withdrawal of an approval or suspension of production, civil or criminal prosecution, or prosecution under the False Claims Act (with the potential for qui tam suits by relators for perceived violation) in connection with any sales of our drug to the U.S. government or related healthcare programs.

Additionally, if the supply from one approved manufacturer is interrupted, an alternative manufacturer would need to be qualified through an NDA supplement or equivalent foreign regulatory filing, which could result in further delay. The regulatory agencies may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause us to incur higher costs and could cause the delay or termination of clinical trials, regulatory submissions, required approvals or commercialization of our product candidates. Furthermore, if our suppliers fail to meet contractual requirements and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical trials may be delayed or we could lose potential revenue.

Our Reliance On Third-Parties Requires Us To Share Our Trade Secrets And Other Proprietary Confidential Information, Which Increases The Possibility That A Competitor Will Discover Them Or That Our Trade Secrets Will Be Misappropriated Or Disclosed.

Because we rely on third-parties to develop and manufacture our product candidates, we must, at times, share trade secrets and other proprietary confidential information with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with our collaborators, advisors, employees, and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third-parties to use or disclose our confidential information, such as trade secrets. Despite the contractual provisions employed when working with third-parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary

position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure of our proprietary confidential information could impair our competitive position and may harm our business.

Risks Related To Our Intellectual Property

If We Or Any Of Our Future Licensors Are Unable To Obtain And Maintain Effective IP Rights For Our Technologies, Product Candidates Or Any Future Product Candidates, Or If The Scope Of The IP Rights Obtained Is Not Sufficiently Broad, We May Not Be Able To Compete Effectively In Our Markets.

We expect to rely upon a combination of marketing exclusivity, data exclusivity, patents, trade secret protection and contractual confidentiality obligation to protect the intellectual property related to our technologies and product candidates. Our success depends in large part on our and our eventual licensors', if any, ability to obtain and maintain intellectual property protection in the United States and in other countries with respect to our proprietary technology and product candidates.

Our only patent, related to iclaprim, expired on December 2, 2016. Iclaprim has been designated as a Qualified Infectious Disease Product ("QIDP") by the FDA. This designation qualifies iclaprim for five years of marketing exclusivity to be added to the five years of exclusivity already provided by the Food, Drug, and Cosmetic Act. This therefore will provide 10 years of market exclusivity from the date of approval. In addition, we have filed additional patents around the new formulation of iclaprim. As part of this QIDP designation, FDA's review of our drug application, when submitted, will also be expedited. We have filed and will continue to file patent applications in the United States and abroad related to our novel and inventive technologies and products that are important to our business. This process is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost, in a timely manner or in all jurisdictions. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain any issued patents, covering technology that we license from third-parties. Therefore, any issued patents and our patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain and involves complex legal and factual questions for which legal principles are evolving or remain unsolved. Any patent applications that we own or in-license may fail to result in issued patents with claims that cover our product candidates in the United States or in foreign countries. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions remain confidential for a period of time after filing, and some remain so until issued. Therefore, we cannot be certain that we were the first to file any patent application related to our product candidates, or whether we were the first to make the inventions claimed in our owned patents or pending patent applications, nor can we know whether those from whom we license patents were the first to make the inventions claimed or were the first to file. As a result, the issuance, scope, validity, enforceability and commercial value of any patent rights we obtain are highly uncertain. There is no assurance that all potentially relevant prior art relating to any patents we obtain and patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application, of affect the scope of any claims issuing from a pending patent application. Even if patents do successfully issue, and even if such patents cover our product candidates, third-parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, found unenforceable or invalidated, which could allow third-parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Furthermore, even if they are unchallenged, any patents we obtain and patent applications may not adequately protect our intellectual property, provide exclusivity for our product candidates, prevent others from designing around our claims or provide us with a competitive advantage. Any of these outcomes could impair our ability to prevent competition from third-parties.

We cannot offer any assurances about which, if any, patents will issue and in which jurisdictions, the breadth of any such patent, or whether any issued patents will be found invalid and unenforceable or will be challenged by third-parties. Any successful opposition to these patents or any other patents owned by or licensed to us after patent issuance could deprive us of rights necessary for the successful commercialization of any product candidates that we may develop. Further, if we encounter delays in regulatory approvals, the period of time during which we could market a product candidate under patent protection could be reduced.

We May Not Have Sufficient Patent Terms To Effectively Protect Our Products And Business.

Patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is first filed in the United States as a non-provisional patent application. Although various extensions or term adjustments may be available, the life of a patent, and the protection it affords, is limited. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such product candidates are commercialized. As a result, any patent portfolio that we may own or license may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours or otherwise provide us with a competitive advantage. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from generic medications.

While patent term extensions in the United States and under supplementary protection certificates in the EU may be available to extend the patent exclusivity term for our product candidates based on the time spent in regulatory review before the FDA or EMA, respectively, we cannot provide any assurances that any such patent term extension will be obtained and, if so, for how long.

Patent Policy And Rule Changes Could Increase The Uncertainties And Costs Surrounding The Prosecution Of Our Patent Applications And The Enforcement Or Defense Of Our Issued Patents.

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States, and vice versa. Assuming the other requirements for patentability are met, in the United States prior to March 15, 2013, the first to invent the claimed invention is entitled to the patent, while outside the United States, the first to file a patent application is entitled to the patent. After March 15, 2013, under the Leahy-Smith America Invents Act, or the AIA, enacted on September 16, 2011, the United States has moved to a first inventor to file system. The AIA also includes a number of significant changes that affect the way patent applications will be prosecuted and may also affect patent litigation. The effects of these changes are currently unclear as the U.S. Patent and Trademark Office, or the USPTO, is still implementing various regulations, the courts have yet to address many of these provisions and the applicability of the act and any new regulation's effect on specific patent applications discussed herein have not been determined and would need to be reviewed. In general, the AIA and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. In addition, recent U.S. Supreme Court rulings have narrowed the scope of patent-eligible subject matter and of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

Third-Party Claims Of Intellectual Property Infringement May Expose Us To Substantial Liability Or Prevent Or Delay Our Development And Commercialization Efforts.

Our commercial success depends in part on our ability to develop, manufacture, market and sell our product candidates, if approved, and use our proprietary technology without alleged or actual infringement, misappropriation or other violation of the patents and proprietary rights of third-parties. There have been many lawsuits and other proceedings involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions and reexamination proceedings before the USPTO and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third-parties, exist in the fields in which we are developing product candidates. Some claimants may have substantially greater resources than we do and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the intellectual property rights of third-parties.

Third-parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to compositions, formulations, methods of manufacture or methods of treatment related to the use or manufacture of our product candidates. We cannot be sure that we know of each and every patent and pending application in the United States and abroad that is relevant or necessary to the commercialization of our product candidates. Because patent applications can take many years to publish or issue, there may be currently pending patent applications that may later result in issued patents upon which our product candidates may infringe. In addition, third-parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any compositions formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such a product candidate unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, manufacture or use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms, or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates, if approved. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign our allegedly infringing products or processes or obtain one or more licenses from third-parties, which may be impossible or require substantial time and monetary expenditure.

Additional Competitors Could Enter The Market With Generic Versions Of Our Products, Which May Result In A Decline In Sales Of Affected Products.

Under the Hatch-Waxman Act, in the United States, a pharmaceutical manufacturer may file an abbreviated new drug application (ANDA), seeking approval of a generic copy of an approved innovator product. Under the Hatch-Waxman Act, a manufacturer may also submit an NDA under Section 505(b)(2) that references the FDA's prior approval of the innovator product. A 505(b)(2) NDA product may be for a new or improved version of the original innovator product. Hatch-Waxman also provides for certain periods of regulatory exclusivity, which require the FDA to delay FDA approval, or, in some circumstances, FDA filing and reviewing, of an ANDA or 505(b)(2) NDA. These include, subject to certain exceptions, the periods during which an FDA-approved drug is subject to New Chemical Entity exclusivity, new clinical study exclusivity, pediatric exclusivity, Orphan Drug exclusivity and/or QIDP exclusivity. In addition to the benefits of regulatory exclusivity, an innovator NDA holder may have patents claiming the active ingredient, product formulation or an approved use of the drug, which would be listed with the product in the FDA publication, "Approved Drug Products with Therapeutic Equivalence Evaluations," known as the "Orange Book." If there are patents listed in the Orange Book, an ANDA or 505(b)(2) applicant that seeks to market its product before expiration of the patents must include in the ANDA what is known as a "Paragraph IV certification," challenging the validity or enforceability of, or claiming non-infringement of, the listed patent or patents. Notice of the certification must be given to the innovator, too, and if within 45 days of receiving notice the innovator sues to protect its patents, approval of the ANDA or 505(b)(2) NDA is stayed for 30 months, or as lengthened or shortened by the court.

Accordingly, if any of our product candidates are approved, competitors could file ANDAs for generic versions of our product candidates, or 505(b)(2) NDAs that reference our product candidates, respectively. If there are patents listed for our product candidates in the Orange Book, those ANDAs and 505(b)(2) NDAs would be required to include a certification as to each listed patent indicating whether the ANDA applicant does or does not intend to challenge the listed patent(s). We cannot predict whether any patents issuing from our pending patent applications will be eligible for listing in the Orange Book, how any generic competitor would address such patents, whether we would sue on any such patents or the outcome of any such suit.

We believe that approval of iclaprim for marketing in the United States and the EU would be the first regulatory approval of this drug substance in either jurisdiction. As such, iclaprim should be entitled to five years of regulatory exclusivity in the United States as a New Chemical Entity, beginning from the date of marketing approval ("NCE Exclusivity"). Iclaprim also received QIDP designation from the FDA for both ABSSSI and HABP in July 2015, pursuant to the Generating Antibiotic Incentives Now Act ("GAIN Act") enacted under Title VIII of the FDA Safety and Innovation Act ("FDASIA") in 2012. The QIDP designation grants iclaprim, if approved for one of the QIDP-designated indications, an additional five years of market exclusivity added sequentially to the NCE Exclusivity, for a total of 10 years exclusivity from the date of marketing approval, and also makes iclaprim's NDA eligible to receive Fast Track designation and Priority Review. The FDA could disagree with our characterization of iclaprim as being entitled to NCE Exclusivity, rescind the QIDP designation, or third-parties could successfully challenge the iclaprim NCE Exclusivity or QIDP determinations, which could shorten or eliminate the relevant exclusivity periods and subject iclaprim to an earlier generic competition. Such generic competition would likely cause sales of iclaprim to decline rapidly and materially, and if so we may have to write off a portion or all of the intangible assets associated with the affected product and our ability to generate revenue could be compromised.

We may not be successful in securing or maintaining proprietary patent protection for products and technologies we develop or license. Moreover, if any patents that are granted and listed in the Orange Book are successfully challenged by way of a Paragraph IV certification and subsequent litigation, the affected product could immediately face generic competition and its sales would likely decline rapidly and materially. Should sales decline, we may have to write off a portion or all of the intangible assets associated with the affected product and our ability to generate revenue could be compromised.

Although We Are Not Currently Involved In Any Litigation, We May Be Involved In Lawsuits To Protect Or Enforce Our Patents Or The Patents Of Our Licensors, Which Could Be Expensive, Time Consuming And Unsuccessful.

Competitors may infringe upon our patents or the patents of our licensors. Although we are not currently involved in any litigation, if we or one of our licensing partners were to initiate legal proceedings against a third-party to enforce a patent covering one of our product candidates, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable, or request declaratory judgment that there is no infringement. They could also challenge the patent being enforced against them in an administrative proceeding before the USPTO, European Patent Office or other relevant national or regional government body. In patent litigation in the United States, defendant counterclaims alleging invalidity, noninfringement and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement or lack of written description. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld material relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability is unpredictable. An infringement litigation defendant may also instigate an Inter Partes Review of the patent at issue before the USPTO, concurrent with the infringement suit. The Inter Partes Review could result in a stay of the infringement litigation, which could significantly extend the cost and time to resolve the matter, and could also result in the USPTO declaring some of all of

the patent claims to be invalid. Such an invalidity ruling by the USPTO could materially compromise our ability to enforce some or all of the patent claims against a competitor in a timely manner.

Interference or derivation proceedings provoked by third-parties or brought by us or declared by the USPTO may be necessary to determine the priority of inventions with respect to our patents or patent applications or those of our licensors. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms, or at all. Our defense of litigation or interference/derivation proceedings may fail and, even if successful, may result in substantial costs, and distract our management and other employees.

In addition, the uncertainties associated with litigation and/or administrative proceedings before any patent offices could compromise our ability to raise the funds necessary to continue our clinical trials, continue our research programs, license necessary technology from third-parties or enter into development partnerships that would help us bring our product candidates to market, if approved.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could hurt the market price of the ADSs and our ordinary shares.

We Have Not Yet Registered A Trademark And Failure To Secure Or Maintain Adequate Protection For Our Trademarks Could Adversely Affect Our Business.

We have filed a United States, Canadian and International (Madrid Protocol) trademark application designating Australia, China, European Community, India, Israel, Japan, Mexico and Turkey for the mark, "Motif Bio." If the United States or any foreign trademark offices raise any objections, we may be unable to overcome such objections. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third-parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. If opposition or cancellation proceedings are filed against our trademarks, our trademarks may not survive such proceedings.

Furthermore, third-parties may allege in the future, that a trademark, trade name or trade dress, or a United States Adopted Name (USAN) or International Nonproprietary Name (INN) that we elect to use for our product candidates may cause confusion in the marketplace and/or not be acceptable to the relevant regulatory agencies. We evaluate such potential allegations in the course of our business, and such evaluations may cause us to change our commercialization or branding strategy for our product candidates, which may require us to incur additional costs. Moreover, any name we propose to use with our product candidate in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. The FDA typically conducts a review of proposed product names, including an evaluation of potential for confusion with other product names, or implied product claims suggested by a trade name that the FDA, may deem to be misleading. If the FDA objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable substitute name that would qualify under applicable trademark laws, not infringe the existing rights of third-parties and be acceptable to the FDA.

At times, competitors may adopt trademarks, trade names or trade dress similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. Over the long term, if we are unable to establish name recognition based on our trademarks, trade names and/or trade dress, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks (including trade names and trade dress), domain names or copyrights may be ineffective and could result in substantial costs and diversion of resources.

In addition, there could be potential domain name, trade name, trade dress or trademark infringement claims brought by owners of other registered trademarks alleging that the use of a corporate name or logo, product names or other signs by which we distinguish our products and services are infringing their trademark rights. The outcome of such claims is uncertain and may adversely affect our freedom to use our corporate name or other relevant signs. If litigation arises in this area, it may lead to significant costs and diversion of management and employee attention.

We May Be Subject To Claims That Our Employees, Consultants Or Independent Contractors Have Wrongfully Used Or Disclosed Confidential Information Of Third-Parties Or That Our Employees Have Wrongfully Used Or Disclosed Alleged Trade Secrets Of Their Former Employers.

We may employ individuals who were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and independent contractors do not use the proprietary information or know-how of others in their work for us, and we are not currently subject to any claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third-parties, we may in the future be subject to such claims. Litigation may be necessary to defend against these

claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

We May Be Subject To Claims Challenging The Inventorship Of Our Patents And Other Intellectual Property.

Although we are not currently experiencing any claims challenging the inventorship of our patent applications or ownership of our intellectual property, we may in the future be subject to claims that former employees, collaborators or other third-parties have an interest in our patent applications, patents or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

We May Not Be Able To Protect Our Intellectual Property Rights Throughout The World.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Further, licensing partners may not prosecute patents in certain jurisdictions in which we may obtain commercial rights, thereby precluding the possibility of later obtaining patent protection in these countries. Consequently, we may not be able to prevent third-parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third-parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Risks Related To Government And Regulation

Even If One Or More Of Our Product Candidates Obtains Regulatory Approval, We Will Be Subject To Ongoing Obligations And Continued Regulatory Requirements, Which May Result In Significant Additional Expense.

If regulatory approval is obtained for any of our product candidates, the product will remain subject to continual regulatory review. Any regulatory approvals that we receive for our product candidates may be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials and surveillance to monitor the safety and efficacy of the product candidate. In addition, if the FDA, the EMA or any comparable foreign regulatory authority approves any of our product candidates, we will be subject to ongoing regulatory obligations and oversight by regulatory authorities, including with respect to the manufacturing processes, labeling, packing, distribution, adverse event reporting, storage, advertising and marketing restrictions, and recordkeeping and, potentially, other post-marketing obligations, all of which may result in significant expense and limit our ability to commercialize such products. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMPs and cGCPs for any clinical trials that we conduct post-regulatory approval.

In addition, approved products, manufacturers and manufacturers' facilities, as well as suppliers, contract manufacturers and their facilities, are subject to continual review and periodic inspections. Later discovery of new or previously unknown problems with a product, including adverse events of unanticipated type, severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product;

- withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, disgorgement of profits or revenues, warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us;
- suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

If any of these events occurs, our ability to sell such product may be impaired, and we may incur substantial additional expense to comply with regulatory requirements. The policies of the FDA, the EMA or any comparable foreign regulatory agency may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any regulatory approval that we may have obtained, which would compromise our ability to achieve or sustain profitability.

Enacted And Future Legislation May Increase The Difficulty And Cost For Us To Obtain Regulatory Approval Of And Commercialize Our Product Candidates, And May Affect The Prices We May Set.

In the United States and the EU, there have been a number of legislative, regulatory and proposed changes regarding the healthcare system. These changes could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities, and affect our ability to sell profitably any products for which we obtain regulatory approval and begin to commercialize.

As a result of legislative proposals and the trend toward managed healthcare in the United States, third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement of new drugs. In the United States, the Medicare Modernization Act changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly under a new Part D and introduced a new reimbursement methodology based on average sale prices for physician-administered drugs. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class. Cost-reduction initiatives and other provisions of this legislation could decrease the coverage and reimbursement that we receive for any approved products. While the Medicare Modernization Act applies only to drug benefits for Medicare beneficiaries, private payors often follow the Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the Medicare Modernization Act may result in a similar reduction in payments from private payors.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, PPACA, a sweeping law intended, among other things, to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry, and impose additional health policy reforms. PPACA, among other things: increased the statutory minimum Medicaid rebates a manufacturer must pay under the Medicaid Drug Rebate Program; addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected; and established a new Medicare Part D coverage gap discount program in which manufacturers must provide 50% point-of-sale discounts on negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturer's outpatient drugs to be covered under Part D and implemented payment system reforms, including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models. Further, PPACA imposed a significant annual nondeductible fee on entities that manufacture or import specified branded prescription drug products and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs. We expect that additional healthcare reform measures will likely be adopted in the future, any of which may increase our regulatory burdens and operating costs and limit the amounts that federal, state and foreign governments will reimburse for healthcare products and services, which could result in reduced demand for our products, if approved, or additional pricing pressures.

Moreover, other legislative changes have also been proposed and adopted in the United States since PPACA was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021 was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect on April 1, 2013 and will stay in effect through 2024 unless additional Congressional action is taken. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further reduced Medicare payments to

several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could compromise the ability of patients and third-party payors to purchase our product candidates.

It is unclear how PPACA and other laws ultimately will be implemented. Some of the provisions of PPACA have yet to be fully implemented, while certain provisions have been subject to judicial and Congressional challenges. Thus, while the full impact of PPACA, or any law replacing elements of it, on our business remains unclear, if we ever obtain regulatory approval and commercialization of one or more of our product candidates, these laws may result in reductions in healthcare funding, which could have a material adverse effect on our customers and accordingly, our financial operations. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates may be.

In the EU, proposed new clinical trial regulations will centralize clinical trial approval, which eliminates redundancy, but in some cases this may extend timelines for clinical trial approvals due to potentially longer wait times. Proposals to require specific consents for use of data in research, among other measures, may increase the costs and timelines for our product development efforts. Austerity measures in certain European nations may also affect the prices we are able to seek if our products are approved, as discussed below.

Both in the United States and in the EU, legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We do not know whether additional legislative changes will be enacted, whether the regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be.

Our Relationships With Customers, Consultants And Payors Will Be Subject To Applicable Fraud And Abuse, Privacy And Security, Transparency And Other Healthcare Laws And Regulations, Which, If Violated, Could Expose Us To Criminal Sanctions, Civil Penalties, Exclusion From Government Healthcare Programs, Contractual Damages, Reputational Harm And Diminished Profits And Future Earnings.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we may in the future obtain regulatory approval and commercialize. Our current and future arrangements with third-party payors, consultants, customers, physicians and others may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, including federal and state laws and regulations in the United States, that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain regulatory approval. Potentially applicable healthcare laws and regulations include, but are not limited to, the following:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or in return for, purchasing, leasing, ordering, arranging for, or recommending the purchase, lease, or order of, any good, facility, item or service for which payment may be made in whole or in part under a U.S. government-funded healthcare program such as Medicare or Medicaid;

- the federal civil and criminal false claims laws and civil monetary penalties laws, including civil whistleblower or qui tam actions, which prohibit, among other things, any person or entity from knowingly presenting, or causing to be presented, a false or fraudulent claim for payment or approval to the federal government or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government, or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the federal government;

- though we are not currently regulated under the Privacy Rule or the Security Rule of the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, which impose various obligations with respect to safeguarding the privacy, security and transmission of individually identifiable health information, it may implicate certain aspects of our business relationships;

- the healthcare fraud provisions of HIPAA, which impose criminal liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, or to obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of, or payment for, healthcare benefits, items or services;

- the federal Physician Payments Sunshine Act under PPACA and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics and medical supplies to annually report to the Centers for Medicare & Medicaid Services information related to payments and other transfers of value made by such manufacturers to physicians and teaching hospitals, and ownership and investment interests held by physicians or their immediate family members; and

- analogous laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements, research, distribution and claims involving healthcare items or services reimbursed by state governmental and non-governmental third-party payors, including private insurers, state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, and state requirements for manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures and other restrictions on drug manufacturer marketing practices.

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available under the U.S. federal Anti-Kickback Statute and analogous state laws, it is possible that some of our current and future business activities could be subject to challenge under one or more of such laws. In addition, recent healthcare reform legislation has strengthened these laws. For example, PPACA, among other things, amends the intent requirement of the U.S. federal Anti-Kickback Statute and criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of these statutes or specific intent to violate them in order to be in violation. Moreover, PPACA provides that the government may assert that a claim including items or services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act.

Efforts to ensure that our business arrangements with third-parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations, agency guidance or case law involving applicable healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to, without limitation, significant civil, criminal and administrative penalties, damages, fines, exclusion from U.S. government funded healthcare programs, such as Medicare and Medicaid, imprisonment, disgorgement, enhanced government reporting and oversight, contractual damages, reputational harm, diminished profits and future earnings and/or the curtailment or restructuring of our operations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses or divert our management's attention from the operations of our business. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to similar penalties, including, without limitation, criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs.

We Are Subject To U.S. And Certain Foreign Export And Import Controls, Sanctions, Embargoes, Anti-Corruption Laws And Anti-Money Laundering Laws And Regulations. Compliance With These Legal Standards Could Impair Our Ability To Compete In Domestic And International Markets. We Can Face Criminal Liability And Other Serious Consequences For Violations Which Can Harm Our Business.

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors and other partners from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third-parties for clinical trials outside of the United States, to sell our products abroad once we enter a commercialization phase and/or to obtain necessary permits, licenses, patent registrations and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors and other partners, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

Risks Related To The Ownership Of The ADSs, The ADS Warrants And Our Ordinary Shares

The Market Price Of The ADSs, The ADS Warrants And Our Ordinary Shares Is Likely To Be Volatile And May Continue to Fluctuate Due To Factors Beyond Our Control.

The trading price of our ADSs and ordinary shares has fluctuated, and is likely to continue to fluctuate, substantially. The trading price of our securities depends on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance.

Our ADSs were sold in our initial public offering on the NASDAQ Capital Market in November of 2016 at a public offering price of $6.98 per ADS and ADS Warrant combination. During the period beginning on November 23, 2016 and ending on April 14, 2017, the price per ADS has ranged from as low as $5.25, to as high as $7.35. During the same period, our ordinary share prices have ranged from as low as £0.21 to as high as £0.32. The market price of our securities may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- positive or negative results of testing and clinical trials by us, strategic partners or competitors;
- delays in in-licensing or acquiring additional complementary product candidates;
- any delay in the commencement, enrollment and the ultimate completion of clinical trials;
- technological innovations or commercial product introductions by us or competitors;
- failure to successfully develop and commercialize any of our product candidates, if approved;
- changes in government regulations;
- developments concerning proprietary rights, including patents and litigation matters;
- public concern relating to the commercial value or safety of any of our product candidates;
- financing or other corporate transactions, or inability to obtain additional funding;
- failure to meet or exceed expectations of the investment community;
- announcements of significant licenses, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- publication of research reports or comments by securities or industry analysts;
- general market conditions in the pharmaceutical industry or in the economy as a whole;
- actual or anticipated fluctuations in our operating results;
- our cash position;
- changes in financial estimates or recommendations by securities analysts;
- potential acquisitions;
- the trading volume of ADSs on NASDAQ;
- sales of our ADSs or ordinary shares by us, our executive officers and directors or our shareholders in the future;
- the impact on the financial markets or otherwise of the expected withdrawal of the United Kingdom from the European Union;
- general economic and market conditions and overall fluctuations in the United States equity markets; and
- changes in accounting principles.

The share price of publicly traded emerging biopharmaceutical and drug discovery and development companies has been highly volatile and is likely to remain highly volatile in the future. In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of individual companies. Broad market and industry factors may hurt the market price of companies' stock, including ADSs, regardless of actual operating performance. Investors may lose some or all of their investment. Our ordinary shares have been, and continue to be, quoted on London's AIM. Continued quotation in this market could contribute to volatility in the ADS and ADS Warrant price.

Future Sales, Or The Possibility Of Future Sales, Of A Substantial Number Of The ADSs, The ADS Warrants Or Our Ordinary Shares Could Adversely Affect The Market Price Of The ADSs, The ADS Warrants Or Our Ordinary Shares.

Future sales of a substantial number of the ADSs, the ADS Warrants or our ordinary shares, or the perception that such sales will occur, could cause a decline in the market price of the ADSs, the ADS Warrants and/or our ordinary shares. As of December 31, 2016, we had 195,741,528 ordinary shares outstanding (including ordinary shares represented by ADSs), which includes 48,769,820 ordinary shares represented by ADSs. Approximately 20% of our ordinary shares (including those represented by ADSs) are subject to lock-up agreements for up to 180 days from November 17, 2016, the date of the final prospectus issued in connection with our initial public offering in the United States. If, after the expiration of such lock-up agreements, these shareholders sell substantial amounts of our ordinary shares, ADSs or ADS Warrants in the public market, or the market perceives that such sales may occur, the market price of our ordinary shares, the ADSs and the ADS Warrants and our ability to raise capital through an issue of equity securities in the future could be adversely affected.

If Securities Or Industry Analysts Do Not Publish Research, Or Publish Inaccurate Or Unfavorable Research, About Our Business, The Market Price Of The ADSs, The ADS Warrants And/Or Our Ordinary Shares And Our Trading Volume Could Decline.

The trading market for the ADSs, the ADS Warrants and our ordinary shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If no or too few securities or industry analysts commence coverage of our company, the trading price for the ADSs, the ADS Warrants and our ordinary shares would likely be negatively affected. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade the ADSs, the ADS Warrants and/or our ordinary shares or publish inaccurate or unfavorable research about our business, the price of the ADSs, the ADS Warrants and/or our ordinary shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for the ADSs, the ADS Warrants and/or our ordinary shares could decrease, which might cause the price of the ADSs, the ADS Warrants and/or our ordinary shares and trading volume to decline.

We Incur Significant Costs As A Result Of The Listing Of The ADSs and ADS Warrants For Trading On The NASDAQ Capital Market And Being A Public Company In The United States And Our Management Is Required To Devote Substantial Time To Compliance Initiatives As Well As To Compliance With Ongoing U.S. Reporting Requirements.

We are a publicly traded company in the United States. As a public company in the United States, we incur significant accounting, legal and other expenses that we did not incur before our initial public offering in the United States. We also incur costs associated with corporate governance requirements of the SEC and the NASDAQ Capital Market, as well as requirements under Section 404 and other provisions of the Sarbanes-Oxley Act. These rules and regulations increase our legal and financial compliance costs, including costs such as investor relations, stock exchange listing fees and shareholder reporting, and make some activities more time consuming and costly. The implementation and testing of such processes and systems may require us to hire outside consultants and incur other significant costs. Any future changes in the laws and regulations affecting public companies in the United States, including Section 404 and other provisions of the Sarbanes-Oxley Act, and the rules and regulations adopted by the SEC and the NASDAQ Capital Market, for so long as they apply to us, will result in increased costs to us as we respond to such changes. These laws, rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, if any, or as executive officers.

Certain Shareholders Have The Ability To Exert Significant Influence With Respect To Corporate Activities And Their Interests May Not Coincide With Yours.

As of March 31, 2017, the Amphion Group and Invesco Asset Management Limited beneficially own approximately 22.24% and 25.23% of our outstanding ordinary shares, respectively. As a result, they may be able to strongly influence the outcome of certain matters requiring shareholder approval, including mergers and other transactions. Their interests may not always coincide with your interests or the interests of our shareholders. The concentrated holdings of our ordinary shares may prevent or discourage unsolicited acquisition proposals or offers that you may feel are in your best interests as one of our shareholders. Moreover, this concentration of share ownership may also adversely affect the trading price of our ordinary shares and ADSs if investors perceive a disadvantage in owning shares of a company with a controlling shareholder.

The Dual Listing Of Our Ordinary Shares On AIM And The ADSs And ADS Warrants On The NASDAQ Capital Market May Adversely Affect The Liquidity And Value Of The ADSs, The ADS Warrants And/Or the Ordinary Shares.

Our ADSs and ADS Warrants are traded on the NASDAQ Capital Market, and our ordinary shares are listed on AIM. The dual listing of our ordinary shares on AIM and the ADSs and ADS Warrants on The NASDAQ Capital Market may dilute the liquidity of these securities in one or both markets. The price of the ADSs and ADS Warrants could also be adversely affected by trading in our ordinary shares on AIM, and vice versa.

Although our ordinary shares remain listed on AIM, we may decide at some point in the future to propose to our ordinary shareholders to delist our ordinary shares from AIM, and our ordinary shareholders may approve such delisting. We cannot predict the

effect such delisting of our ordinary shares on AIM would have on the market price of the ADSs and ADS Warrants on the NASDAQ Capital Market.

Fluctuations In The Exchange Rate Between The U.S. Dollar And The Pound Sterling May Increase The Risk Of Holding The ADSs, The ADS Warrants And The Ordinary Shares.

Our share price is quoted on AIM in pence sterling, while the ADSs and ADS Warrants trade on the NASDAQ Capital Market in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and the pound sterling may result in temporary differences between the value of the ADSs and ADS Warrants and the value of our ordinary shares, which may result in heavy trading by investors seeking to exploit such differences. In addition, as a result of fluctuations in the exchange rate between the U.S. dollar and the pound sterling, including those caused by Brexit, the U.S. dollar equivalent of the proceeds that a holder of the ADSs and ADS Warrants would receive upon a sale in the United Kingdom of any shares withdrawn from the depositary and the U.S. dollar equivalent of any cash dividends paid in pound sterling on our shares represented by the ADSs and ADS Warrants could also decline.

We Have Never Paid Cash Dividends, Do Not Expect To Pay Dividends In The Foreseeable Future And Our Ability To Pay Dividends, Or Repurchase Or Redeem The ADSs And Ordinary Shares, Is Limited By Law.

We have not paid any dividends since our inception and do not anticipate paying any dividends on the ADSs and ordinary shares in the foreseeable future. Even if future operations lead to significant levels of distributable profits, we currently intend that any earnings will be reinvested in our business and that dividends will not be paid until we have an established revenue stream to support continuing dividends. The proposal to pay future dividends to shareholders will in addition effectively be at the sole discretion of our board of directors after taking into account various factors our board of directors deems relevant, including our business prospects, capital requirements, financial performance and new product development.

We Are A Foreign Private Issuer And, As A Result, We Are Not Subject To U.S. Proxy Rules And Are Subject To Exchange Act Reporting Obligations Under The Securities Exchange Act of 1934, As Amended, That, To Some Extent, Are More Lenient And Less Frequent Than Those Of A U.S. Domestic Public Company.

We report under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act and although we are subject to English laws and regulations with regard to such matters, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including: (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations with respect to a security registered under the Exchange Act; (2) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K upon the occurrence of specified significant events. In addition, foreign private issuers are not required to file their annual report on Form 20-F until four months after the end of each financial year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers. We intend to furnish quarterly financial information to the SEC beginning later in this fiscal year.

As A Foreign Private Issuer And As Permitted By The Listing Requirements Of NASDAQ, We Rely On Certain Home Country Governance Practices Rather Than The Corporate Governance Requirements Of NASDAQ.

We continue to be a foreign private issuer as of the date of this filing. As a result, in accordance with NASDAQ Listing Rule 5615(a)(3), we comply with home country governance requirements and certain exemptions thereunder rather than complying with certain of the corporate governance requirements of NASDAQ.

English law does not require that a majority of our board of directors consist of independent directors or that our board committees consist of entirely independent directors. Our board of directors and board committees, therefore, may include fewer independent directors than would be required if we were subject to NASDAQ Listing Rule 5605(b)(1). In addition, we are not subject to NASDAQ Listing Rule 5605(b)(2), which requires that independent directors must regularly have scheduled meetings at which only independent directors are present.

Our Articles of Association ("Articles") provide that at any meeting of shareholders, a shareholder may designate another person to attend, speak and vote at the meeting on their behalf by proxy, but no such proxy shall be voted or acted upon at any subsequent meeting, unless the proxy expressly provides for this. English law does not require shareholder approval for the issuance of securities in connection with the establishment of or amendments to equity-based compensation plans for employees. To this extent, our practice varies from the requirements of NASDAQ Listing Rule 5635, which generally requires an issuer to obtain shareholder approval for the issuance of securities in connection with such events.

For an overview of our corporate governance principles, see "Item 10. Additional Information." As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

We May Lose Our Foreign Private Issuer Status, Which Would Then Require Us To Comply With The Exchange Act's Domestic Reporting Regime And Cause Us To Incur Significant Legal, Accounting And Other Expenses.

We are a foreign private issuer and therefore we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers. Losing our status as a foreign private issuer would require us to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers, including preparing our consolidated financial statements in accordance with accounting standards generally accepted in the United States. In order to maintain our current status as a foreign private issuer, a majority of our ordinary shares must continue to be either directly or indirectly owned of record by non-residents of the United States. If a majority of our ordinary shares are instead held by U.S. residents then in order to maintain our foreign private issuer status, (i) a majority of our executive officers or directors must not be U.S. citizens or residents, (ii) more than 50% of our assets must not be located in the United States and (iii) our business must be administered principally outside the United States. As of the date of this Annual Report, more than 50% of our assets are located in the United States and our business is administered principally in the United States. If we lost this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and stock exchange rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

ADS Holders Are Not Shareholders And Do Not Have Shareholder Rights.

The Bank of New York Mellon, as depositary, has registered and delivered the ADSs on our behalf. Each ADS is a certificate evidencing a specific number of ADSs. The ADS holders are not treated as shareholders and do not have the rights of shareholders. The depositary is the holder of the shares underlying the ADSs. Holders of the ADSs have ADS holder rights. A deposit agreement among us, the depositary and the ADS holders, and the beneficial owners of ADSs, sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs. Our shareholders have shareholder rights prescribed by English law. English law governs such shareholder rights. The ADS holders do not have the same voting rights as our shareholders. Shareholders are entitled to our notices of general meetings and to attend and vote at our general meetings of shareholders. At a general meeting, every shareholder present (in person or by proxy, attorney or representative) and entitled to vote has one vote on a show of hands. Every shareholder present (in person or by proxy, attorney or representative) and entitled to vote has one vote per fully paid ordinary share on a poll. This is subject to any other rights or restrictions which may be attached to any shares. The ADS holders may instruct the depositary to vote the ordinary shares underlying their ADSs. The ADS holders are not entitled to attend and vote at a general meeting unless they withdraw the ordinary shares from the depository. However, the ADS holders may not know about the meeting far enough in advance to withdraw the ordinary shares. If we ask for the ADS holders' instructions, the depositary will notify the ADS holders of the upcoming vote and arrange to deliver our voting materials and form of notice to them. The depositary will try, as far as is practical, subject to the provisions of the deposit agreement, to vote the shares as the ADS holders instruct. The depositary will not vote or attempt to exercise the right to vote other than in accordance with the instructions of the ADS holders. We cannot assure the ADS holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their shares.

The ADS Holders Do Not Have The Same Rights To Receive Dividends Or Other Distributions As Our Shareholders.

Subject to any special rights or restrictions attached to a share, the directors may determine that a dividend will be payable on a share and fix the amount, the time for payment and the method for payment (although we have never declared or paid any cash dividends on our ordinary shares and we do not anticipate paying any cash dividends in the foreseeable future). Dividends and other distributions payable to our shareholders with respect to our ordinary shares generally will be payable directly to them. Any dividends or distributions payable with respect to ordinary shares will be paid to the depositary, which has agreed to pay to the ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. The ADS holders will receive these distributions in proportion to the number of ordinary shares their ADSs represent. However, the depositary may decide that it is unlawful or impractical to make a distribution available to any holders of ADSs. We have no obligation to take any other action to permit the distribution of the ADSs, ordinary shares, rights or anything else to holders of the ADSs. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is illegal or impractical to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

There Are Circumstances Where It May Be Unlawful Or Impractical To Make Distributions To The Holders Of The ADSs.

The deposit agreement with the depositary allows the depositary to distribute foreign currency only to those ADS holders to whom it is possible to do so. If a distribution is payable by us in English pounds sterling, the depositary will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, the ADS holders may lose some of the value of the distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. This means that the ADS holders may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for the depository to make such distributions available to them.

You May Be Subject To Limitations On Transfer Of Your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

Your Rights As A Shareholder Are Governed By English Law And Differ From The Rights Of Shareholders Under U.S. Law.

We are a public limited company incorporated under the laws of England and Wales. Therefore, the rights of holders of ADSs are governed by English law and by our Articles. These rights differ from the typical rights of shareholders in U.S. corporations. In certain cases, facts that, under U.S. law, would entitle a shareholder in a U.S. corporation to claim damages may not give rise to a cause of action under English law entitling a shareholder in an English company to claim damages. For example, the rights of shareholders to bring proceedings against us or against our directors or officers in relation to public statements are more limited under English law than under the civil liability provisions of the U.S. securities laws.

You may have difficulties enforcing, in actions brought in courts in jurisdictions located outside the United States, judgments obtained in the U.S. courts under the U.S. securities laws. In particular, if you sought to bring proceedings in England based on U.S. securities laws, the English court might consider that:

- it did not have jurisdiction;
- it was not the appropriate forum for such proceedings;
- applying English conflict of laws rules, U.S. laws (including U.S. securities laws) did not apply to the relationship between you and us or our directors and officers; or
- the U.S. securities laws were of a penal nature or violated English public policy and should not be enforced by the English court.

For further information with respect to your rights as a holder of the ADSs, see the sections of this Annual Report titled “Item 10. Additional Information” and “Item 16.G. Differences in Corporate Law Between England and the State of Delaware”.

You May Be Unable To Recover Any of Your Investment in the ADS Warrants.

The value of the ADS Warrants depend on the value of the ADSs or the Ordinary Shares, as applicable, which will depend on factors related and unrelated to the success of our commercialization and product development activities, and cannot be predicted at this time. The ADS Warrants have an exercise period of five years.

If the price of the ADSs does not increase to an amount sufficiently above the exercise price of the ADS Warrants during the exercise period of the ADS Warrants, you may be unable to recover any of your investment in the ADS Warrants. There can be no assurance that any of the factors that could impact the trading price of the ADSs and ordinary shares will result in the trading price increasing to an amount that will exceed the exercise price or the price required for you to achieve a positive return on your investment in the ADS Warrants.

Anti-Takeover Provisions In Our Articles And Under English Law Could Make An Acquisition Of Us More Difficult, Limit Attempts By Our Shareholders To Replace Or Remove Our Current Directors And Management Team, And Limit The Market Price Of The ADSs, The ADS Warrants And Our Ordinary Shares.

Our Articles contain provisions that may delay or prevent a change of control, discourage bids at a premium over the market price of the ADSs, the ADS Warrants and our ordinary shares and adversely affect the market price of these securities and the voting and other rights of the holders of such securities. These provisions include:

- dividing our board of directors into three classes, with each class serving a staggered three-year term;
- permitting our board of directors to issue preference shares without shareholder approval, with such rights, preferences and privileges as they may designate;
- provisions which allow our board of directors to adopt a shareholder rights plan upon such terms and conditions as it deems expedient and in our best interests;
- establishing an advance notice procedure for shareholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors; and
- the ability of our board of directors to fill vacancies on our board in certain circumstances.

These provisions do not make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some shareholders. In addition, these provisions may frustrate or prevent any attempts by our shareholders to replace or remove our current management team by making it more difficult for shareholders to replace members of our board of directors, which is responsible for appointing the members of our management.

We Are An "Emerging Growth Company," And We Cannot Be Certain If The Reduced Reporting Requirements Applicable To "Emerging Growth Companies" Will Make The ADSs And ADS Warrants Less Attractive To Investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an "emerging growth company," we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including not being required to comply with the auditor attestation requirements of Section 404, exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We could be an "emerging growth company" for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our ordinary shares (including those represented by ADSs) held by non-affiliates exceeds $700 million as of any June 30 before that time, in which case we would no longer be an "emerging growth company" as of the following December 31, our fiscal year end. We cannot predict if investors will find the ADSs or ADS Warrants less attractive because we may rely on these exemptions. If some investors find the ADSs or ADS Warrants less attractive as a result, there may be a less active trading market for the ADSs or ADS Warrants and the price of the ADSs or ADS Warrants may be more volatile.

We Believe That We Will Be Treated As A U.S. Domestic Corporation For U.S. Federal Income Tax Purposes.

As discussed more fully under "Item 10.E. Material U.S. Federal Income Tax Considerations," we believe that, pursuant to Section 7874 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), even though we are organized as a U.K. public limited company, the Company will be treated as a U.S. domestic corporation for all purposes of the Code. The Company will therefore be taxed as a U.S. domestic corporation for U.S. federal income tax purposes. As a result, the Company will be subject to U.S. federal income tax on its worldwide income.

In addition, if the Company pays dividends to a Non-U.S. Holder, as defined in the discussion under the heading "Item 10.E. Material U.S. Federal Income Tax Considerations," it will be required to withhold U.S. income tax at the rate of 30%, or such lower rate as may be provided in an applicable income tax treaty. Each investor should consult its own tax adviser regarding the U.S. federal income tax position of the Company and the tax consequences of holding the ADSs, ADS Warrants or ordinary shares.

We May Have Contingent Liability Arising Out Of A Possible Violation Of Section 5 Of The Securities Act In Connection With Our Use Of The Free Writing Prospectus Filed With The Securities And Exchange Commission On October 13, 2016.

Rule 433(b)(2) of the Securities Act requires that an unseasoned or non-reporting issuer (such as the company) disseminating a free writing prospectus must accompany or precede such free writing prospectus with the most recent statutory prospectus (unless there have been no changes to a previously provided prospectus).

On October 13, 2016, after filing Amendment No. 7 to the registration statement on Form F-1, or Amendment No. 7, we filed a free writing prospectus with the SEC. Because the warrant coverage ratio had not yet been determined, Amendment No. 7 explained that each ADS was being sold together with up to 0.4 of an ADS Warrant in a fixed combination and that each ordinary share was being sold together with up to 0.4 of an ordinary share warrant in a fixed combination. We believe that disclosing the maximum warrant coverage ratio in Amendment No. 7, as opposed to the exact warrant coverage ratio, complied with Instruction 1 to Regulation S-K Item 501(b)(3), which permits non-reporting issuers to provide a bona fide estimate of the maximum number of securities to be offered, and that Amendment No. 7, therefore, qualified as a statutory prospectus that meets the requirements of Section 10(a) of the Securities Act. As such, we believe that we complied with the requirement of Securities Act Rule 433(b)(2) that requires each free writing prospectus to be accompanied or preceded by the most recent statutory prospectus, and that we were, therefore, eligible to use the free writing prospectus that was filed with the SEC on October 13, 2016 after Amendment No. 7 was filed.

Our use of the October 13, 2016 free writing prospectus, in reliance on Instruction 1 to Regulation S-K Item 501(b)(3), could be challenged as a violation of Section 5 of the Securities Act. If our use of the October 13, 2016 free writing prospectus is challenged, we could have a contingent liability arising out of the possible violation of Section 5 of the Securities Act. Any liability would depend upon the number of ordinary shares and/or ADSs purchased by the 'recipients' of the October 13, 2016 free writing prospectus. If a claim were brought by any such 'recipients' of such free writing prospectus and a court were to conclude that the public dissemination of such free writing prospectus constituted a violation of Section 5 of the Securities Act, the 'recipient' may have rescission rights and we could be required to repurchase the ordinary shares and/or ADSs sold to the 'recipients' who reviewed such free writing prospectus, at the original purchase price, plus statutory interest from the date of purchase, for claims brought during a period of one year from the date of their purchase of ordinary shares and/or ADSs. We could also incur considerable expense in contesting any such claims. Such payments and expenses, if required, could significantly reduce the amount of working capital we have available for our operations and business plan, delay or prevent us from completing our plan of operations, or force us to raise additional funding sooner than expected, which funding may not be available on favorable terms, if at all. Additionally, the value of our securities will likely decline in value in the event we are deemed to have liability, or are required to make payments or pay expenses in connection with the potential claim described above.

Item 4. Information on the Company.

A. History And Development Of The Company

Motif Bio Limited was incorporated in England and Wales on November 20, 2014 with company registration number 09320890. The Company's registered office is at: 27/28 Eastcastle Street, London W1W 8DH, U.K. The Company's telephone number at its registered office is 44 (0)20 7933 8780. On April 1, 2015, Motif Bio Limited was re-registered as a public company limited by shares and changed its name to Motif Bio plc. The Company's country of domicile is the United Kingdom and the Company is subject to English law. The Company's agent in the United States is National Registered Agents, Inc., with an address at 160 Greentree Drive, Suite 101, Dover Delaware, 19904.

Motif BioSciences Inc. was incorporated in the State of Delaware on December 2, 2003 and has its registered office at 160 Greentree Drive, Suite 101, Dover, Delaware, 19904. On April 1, 2015, Motif BioSciences Inc. became a wholly-owned subsidiary of the Company by way of a group reorganization by plan of merger. Therefore, Motif BioSciences Inc. is considered to be the predecessor of the Company prior to the reorganization. The principal place of business is 125 Park Avenue, 25th Floor, New York, NY, 10017, United States of America. The phone number for such principal place of business is (212) 210-6248.

The Company is a clinical stage biopharmaceutical company which specializes in developing novel antibiotics designed to be effective against serious and life-threatening infections caused by multi-drug resistant bacteria. Originally founded as a population genetics company, we have, since 2009, focused on drug discovery and development. On April 1, 2015, Motif BioSciences Inc. acquired the assets owned by Nuprim related to iclaprim through its merger with Nuprim.

In connection with the completion of our initial public offering on AIM on April 2, 2015, we completed a corporate reorganization and reclassification of our shares whereby:

- on February 18, 2015, Motif Bio plc incorporated a Delaware subsidiary, Motif Acquisition Sub, Inc.

- on March 27, 2015, Motif BioSciences Inc., Motif Bio plc, and Motif Acquisition Sub, Inc. entered into a merger agreement where, just prior to the Company's admission to AIM, Motif Acquisition Sub, Inc. would merge with and into Motif BioSciences Inc. and Motif BioSciences Inc. would continue as the surviving entity and become a wholly owned subsidiary of Motif Bio plc. On April 1, 2015, the merger transaction was completed. Prior to the merger Motif BioSciences Inc. completed a reverse stock split in order to increase the share price of Motif BioSciences Inc. so that it was closer to the Motif Bio plc admission price. The former Motif BioSciences Inc. stockholders were issued 36,726,242 ordinary shares in Motif Bio plc in a share-for-share exchange for their common stock in Motif BioSciences Inc., so that the former Motif BioSciences Inc. stockholders owned an equivalent number of ordinary shares in Motif Bio plc as the number of shares of common stock that they had previously owned in Motif BioSciences Inc. All outstanding, unexercised, and vested stock options to purchase shares of common stock in Motif BioSciences Inc. were converted into options to purchase ordinary shares in Motif Bio plc.

- On November 18, 2016, we announced the pricing of our underwritten U.S. public offering. The offering closed on November 23, 2016, and since that time the ADSs and ADSs Warrants have been trading on the NASDAQ Capital Market.

The audited consolidated financial statements included in this Annual Report include the accounts of Motif Bio plc and its wholly-owned subsidiary, Motif BioSciences Inc. (collectively, the "Group"). The transaction has been accounted for as a group reorganization and the financial statements are presented as if Motif Bio plc has always owned Motif BioSciences Inc. The comparative financial information presented in the audited consolidated financial statements therefore represent the results and capital structure of Motif Biosciences Inc.

B. Business Overview

We are a clinical stage biopharmaceutical company engaged in the research and development of novel antibiotics designed to be effective against serious and life-threatening infections in hospitalized patients caused by multi-drug resistant bacteria. The discovery of new antibiotics has not kept pace with the increasing incidence of resistant, difficult-to-treat bacteria. One of the biggest threats of antibiotic resistance is from methicillin resistant *Staphylococcus aureus* (MRSA), a leading cause of hospital-acquired infections and a growing cause of infections in healthy people in the general community. In 2013, the Centers of Disease Control (CDC) reported that at least two million people became infected with antibiotic-resistant bacteria and at least 23,000 Americans died as a direct result of these infections. Our lead product candidate, iclaprim, is being developed for the treatment of acute bacterial skin and skin structure infections (ABSSSI) and hospital-acquired bacterial pneumonia (HABP), including ventilator-associated bacterial pneumonia (VABP), infections which are often caused by MRSA. We are currently conducting a global Phase 3 program (REVIVE) with an IV formulation of iclaprim, for the treatment of ABSSSI.

Iclaprim is a novel diaminopyrimidine antibiotic that inhibits an essential bacterial enzyme called ‘‘dihydrofolate reductase’’ (DHFR). Diaminopyrimidines are a class of chemical compounds that inhibit different enzymes in the production of tetrahydrofolate, a form of folic acid, which is required for the production of bacterial DNA and RNA. The inhibition of DHFR represents a differentiated and under-utilized mechanism of action compared with other antibiotics. We acquired iclaprim from Nuprim Inc., or Nuprim, following the completion of our merger with Nuprim on April 1, 2015. Arpida AG, or Arpida, one of the previous owners of iclaprim, completed a comprehensive development program for iclaprim, including two Phase 3 trials in complicated skin and skin structure infections (cSSSI). Iclaprim has been administered to more than 1,000 patients and healthy volunteers in Phase 1, 2 and 3 clinical trials and in contrast to vancomycin, a standard of care antibiotic in hospitalized patients with ‘‘Gram-positive’’ infections, no evidence of nephrotoxicity (i.e., damage to the kidneys caused by exposure to a toxic chemical, toxin or medication) has been observed with iclaprim. Therapeutic drug monitoring and dosage adjustment in patients with renal impairment may not be required with iclaprim but this determination will ultimately be made by FDA, EMA and other regulatory bodies if and when the drug is approved. ‘‘Gram-positive’’ or ‘‘Gram-negative’’ refer to how bacteria react to the Gram stain test based on the outer casing of the bacteria, and the bacteria’s cell wall structure. Each type of bacteria may be associated with different diseases. Iclaprim has also demonstrated rapid bactericidal activity and a low propensity for resistance development *in vitro*.

We believe that iclaprim is an attractive potential candidate for use as a first-line empiric monotherapy, the initial therapy administered prior to the identification of the pathogen, in severely ill patients who are hospitalized with ABSSSI caused by MRSA and have comorbidities, or also suffer from other health issues, such as renal impairment or diabetes. Renal impairment affects up to an estimated 936,000 of the approximately 3.6 million patients hospitalized with ABSSSI annually in the United States.

On March 2, 2016, we announced the dosing of the first patient in our two REVIVE (Randomized Evaluation intraVenous Iclaprim Vancomycin trEatment) Phase 3 clinical trials in ABSSSI. Topline data from REVIVE-1 were announced in a press release on April 18, 2017; data from REVIVE-2 are expected in the second half of 2017.

REVIVE-1 is a 600-patient double-blinded, active-controlled, global, multicenter trial, in patients with ABSSSI that compares the safety and efficacy of an 80mg intravenous dose of iclaprim with a 15mg/kg intravenous dose of vancomycin. Treatments were administered every 12 hours for 5 to 14 days. Iclaprim achieved the primary endpoint of non-inferiority (10% margin) compared to vancomycin at the early time point (ETP), 48 to 72 hours after the start of administration of the study drug, in the intent-to-treat (ITT) patient population. Iclaprim also achieved NI (10% margin) at the test of cure (TOC) endpoint, 7 to 14 days after study drug discontinuation, in the ITT patient population.

Time point	Endpoint	Iclaprim N=298	Vancomycin N=300	% Difference (95% CI)
ETP	Early Clinical Response (ECR)*	241 (80.9)%	243 (81.0)%	-0.13 (-6.42, 6.17)
TOC	Clinical cure	251 (84.2)%	261 (87.0)%	-2.77 (-8.39, 2.85)

*≥20% reduction of lesion area at 48-72 hours

The goal of many studies is to determine if novel therapies have noninferior efficacies to the ones currently in use. For noninferiority studies, the research hypothesis is that the new therapy is either equivalent or superior to the current therapy. The term “equivalent” is not used in the strict sense, but rather to mean that the efficacies of the two therapies are close enough so that one cannot be considered superior or inferior to the other.

In an analysis of a pre-specified secondary endpoint, 60.4% of patients receiving iclaprim demonstrated resolution or near resolution at end of therapy (EOT), compared to 58.3% of patients receiving vancomycin (treatment difference: 2.07%, 95% CI: -5.80% to 9.94%). In another pre-specified secondary endpoint analysis, using a modified clinical cure TOC endpoint defined by a ≥90% reduction in lesion size at TOC, no increase in lesion size since ETP and no requirement for additional antibiotics, clinical cure was seen in 68.5% of patients receiving iclaprim and 73.0% of patients receiving vancomycin (treatment difference: -4.54%, 95% CI: -

11.83% to 2.74%).

Iclaprim was well tolerated in the study, with most adverse events categorized as mild.

	Iclaprim N=293	Vancomycin N=297
TEAEs (Treatment Emergent Adverse Events)	151 (51.5)%	128 (43.1)%
Study drug related TEAEs	57 (19.5)%	53 (17.8)%
TEAEs leading to discontinuation of study drug	8 (2.7)%	13 (4.4)%
TEAE-related SAEs (Serious AEs)	8 (2.7)%	12 (4.0)%
Deaths	0 (0.0)%	1 (0.3)%

Data from REVIVE-2, the second Phase 3 trial, which uses an identical protocol to REVIVE-1 but has different trial centers, are expected in the second half of 2017.

If successful, we believe that the data from the two REVIVE trials will satisfy the requirements to submit a New Drug Application (NDA) in the United States and a Marketing Authorization Application (MAA) in Europe to obtain marketing approval for an IV formulation of iclaprim in the treatment of ABSSSI caused by Gram-positive pathogens, including resistant strains such as MRSA. Submission of a New Drug Application (NDA) for iclaprim for the treatment of ABSSSI is anticipated in the first half of 2018. If approved, we believe that iclaprim can become a valuable addition to the formulary of life-saving antibiotics used by hospital physicians.

Our INSPIRE (Iclaprim for NoSocomial PneumonIa gRam- positive pathogEns) Phase 3 clinical trial with iclaprim in patients with HABP, including patients with VABP, is planned to start later in 2017, with data read-out expected in 2020. This could further expand iclaprim's addressable market to include another serious unmet medical need. There are approximately 1.4 million patients hospitalized annually in the United States with HABP, including patients with VABP. We believe that iclaprim is well suited for use as a first-line empiric therapy for patients with HABP, including patients with VABP, caused by Gram-positive bacteria, based on data from a Phase 2 clinical trial, which support the efficacy of iclaprim in this patient population. Additionally, in a Phase 1 healthy volunteer trial, concentrations of iclaprim at the site of infection in the lungs were considerably higher than concentrations in plasma.

In July 2015, the FDA, designated the IV formulation of iclaprim as a Qualified Infectious Disease Product (QIDP) for ABSSSI and HABP. QIDP status grants iclaprim regulatory Fast Track designation, Priority Review and, if approved, a five-year extension to the statutory market exclusivity period in the United States, resulting in 10 years of market exclusivity from the date of approval. If approved by the European Medicines Agency, or EMA, we expect that iclaprim will qualify for eight years of data exclusivity and an additional two years of market exclusivity in the EU. If approved by the Pharmaceuticals and Medical Devices Agency (PDMA) in Japan, we expect that iclaprim will qualify for eight years of data exclusivity (which may be extended to ten years for orphan or pediatric indications) and an additional two years of market exclusivity in Japan.

Our Strategy

Our goal is to help physicians to treat hospitalized patients with serious and life-threatening infections by building a leading, commercially-oriented biopharmaceutical company dedicated to the development and commercialization of novel antibiotics, designed to be effective against multi-drug resistant bacteria. We are pursuing the following strategies:

- ***Focus on developing novel antibiotics designed to be effective against serious and life-threatening infections caused by multi-drug resistant bacteria.*** We are developing antibiotic treatments designed to be effective against the most common and serious life-threatening infections in hospitalized patients such as ABSSSI and HABP, including VABP, caused by Gram-positive pathogens, including resistant strains such as MRSA. These infections, which have become increasingly prevalent in hospitalized patients and more recently in healthy people in the general community (who then require hospitalization), have a high unmet need for innovative treatment options.

- ***Rapidly advance our lead product candidate, iclaprim, through Phase 3 clinical trials.*** Our two REVIVE Phase 3 clinical trials are designed to obtain marketing approval for an IV formulation of iclaprim for the treatment of ABSSSI. Positive topline data from REVIVE-1 were announced on April 18, 2017 and data readout from REVIVE-2 is expected in the second half of 2017. We plan to evaluate iclaprim in our INSPIRE Phase 3 clinical trial of iclaprim in HABP, including VABP, patients. Subject to the availability of funding, we expect to initiate dosing of the first patients in our INSPIRE trial in 2017.

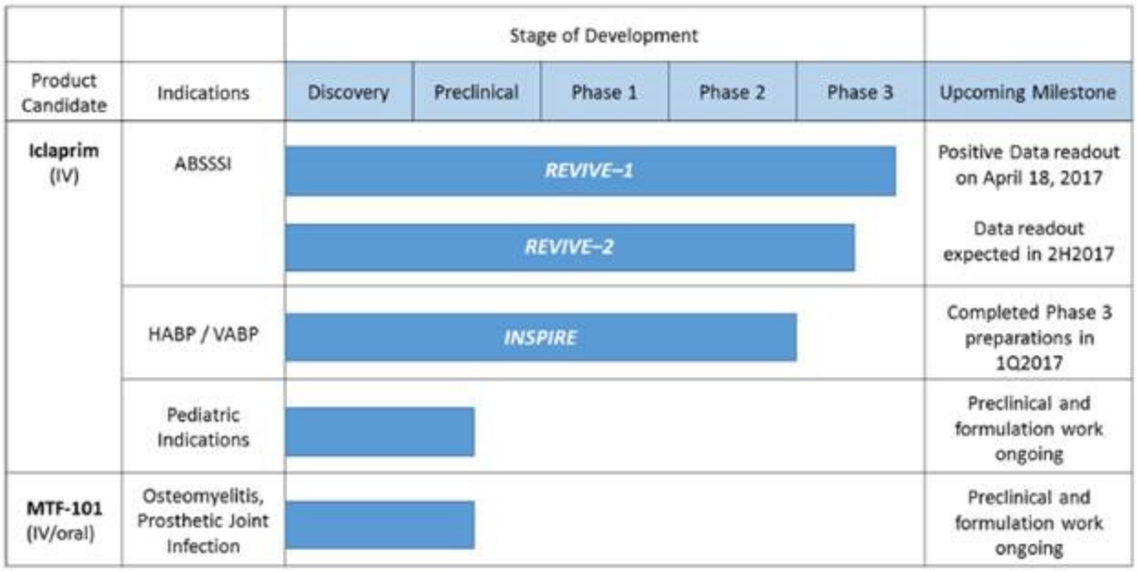
- ***Commercialize iclaprim in the United States.*** If approved, we intend to commercialize iclaprim in the United States, and identify proven commercialization partners in other key global markets. We believe that our ability to execute this strategy is enhanced by our focus on the hospital setting and the significant prior commercial experience of key members of our management team and board of directors, who were involved in the launch and/or commercialization of several blockbuster (annual revenues of at least $1 billion) pharmaceutical products prior to joining our company.

- ***Expand indications of product candidates within our franchise.*** We intend to leverage opportunities to develop internally product candidates for additional indications, including a potential oral DHFRi. We believe that this approach will enable us to maximize our commercial potential by utilizing our existing resources and expertise.

- ***Expand our portfolio through acquisition and disciplined in-licensing.*** We plan to source new product candidates through acquisition or in-licensing. Our management team intends to mitigate the potential risks of this strategy by adhering to our disciplined criteria of focusing on in-licensing or acquisition of products that are already commercially available or that have clinical data that we believe suggest a high probability of success for development progression and an attractive potential return on investment.

Our Product Candidates

The following table summarizes the indications for which we are developing our product candidates and the status of development.



Background

Antibiotic Market And Scientific Overview

Bacteria are broadly classified as Gram-positive or Gram-negative. Gram-positive bacteria possess a single membrane and a thick cell wall and turn dark-blue or violet when subjected to a laboratory staining method known as a Gram stain. Based on our analysis of data from industry sources, we estimate that approximately 84% of all ABSSSI cases are caused by Gram-positive bacteria. Gram-positive bacteria can also cause other serious illnesses, including pediatric and adult osteomyelitis, community- and HABP, including VABP, bacteremia and diabetic foot infection. Among Gram-positive bacteria, MRSA and vancomycin-resistant enterococci (VRE) seem to be the most problematic in terms of their occurrence and impact on the clinical outcomes of hospitalized patients.

Antibiotics that treat bacterial infections can be classified as broad spectrum, targeted spectrum or narrow spectrum. Antibiotics that are active against both Gram-positive and Gram-negative bacteria are referred to as broad spectrum. Those that are active against either Gram-positive or Gram-negative bacteria, but not both, are referred to as targeted spectrum. Antibiotics that are active only against a select subset of Gram-positive or Gram-negative are referred to as narrow spectrum. Because it usually takes from 48 to 72 hours from the time the specimen is received in the laboratory to diagnose a particular bacterial infection definitively, effective first-line treatment in hospital emergency departments of serious infections requires the use of broad spectrum antibiotics or targeted spectrum antibiotics with activity against Gram-positive bacteria until the bacterial infection can be diagnosed.

Since the introduction of antibiotics in the 1940s, numerous antibiotic classes have been discovered and developed for therapeutic use. The worldwide antibiotic market has been valued at over $40 billion and is expected to grow. Two gram positive hospital antibiotics, Cubicin (daptomycin) and Zyvox (linezolid), achieved peak global sales in excess of $1 billion over the 2010 to 2015 time horizon.

The development of new antibiotic classes and new antibiotics within a class is important because of the ability of bacteria to develop resistance to existing mechanisms of action of currently approved antibiotics. However, the pace of discovery and development of new antibiotic classes has slowed considerably in the past few decades. The CDC estimates that the pathogens responsible for more than 70% of U.S. hospital infections are resistant to at least one of the antibiotics most commonly used to treat them.

Antibiotic resistance is primarily caused by genetic mutations in bacteria selected by exposure to antibiotics where the drug does not kill all of the bacteria. In addition to mutated bacteria being resistant to the drug used for treatment, many bacterial strains can also be cross-resistant, meaning that the use of a particular treatment to address one kind of bacteria can result in resistance to other types of antibiotics. As a result, the effectiveness of many antibiotics has declined, limiting physicians' options to treat serious infections and creating a global health issue. In 2013, the CDC reported that at least two million people became infected with antibiotic-resistant bacteria and at least 23,000 Americans died as a direct result of these infections. Antibiotic resistance also contributes heavily to healthcare system costs. The CDC has noted that while the total economic cost of antibiotic resistance to the U.S. economy has been difficult to calculate, estimates have ranged as high as $20 billion in excess direct healthcare costs, with additional costs to society for lost productivity as high as $35 billion a year (based on a study completed in 2008). One of the biggest threats of antibiotic resistance is from MRSA, a leading cause of hospital-acquired infections and a growing cause of infections in healthy people in the general community.

In addition to resistance issues, current antibiotic therapies also have other limitations, including serious side effects. These side effects may include: DDIs, severe allergic reaction, decreased blood pressure, nausea and vomiting, suppression of platelets, pain and inflammation at the site of injection, muscle, renal and other toxicities, optic and peripheral neuropathies and headaches. Some of these side effects may be significant enough to require that therapy be discontinued or not used. As a result, some treatments require clinicians to closely monitor patients' blood levels and other parameters, increasing the expense and inconvenience of treatment. Further, many of the existing antibiotics used to treat serious infections are difficult or inconvenient to administer. Many drugs are given twice daily for seven to 14 days or more and patients can be hospitalized for much or all of this period or require in-home IV therapy. We believe that there is a need for new antibiotics that have improved potency and pharmacokinetics, effectiveness against resistant bacterial strains and improved side effect profiles.

Currently, the most widely prescribed antibiotic for treating Gram-positive infections caused by MRSA in the United States, including ABSSSI, is vancomycin, which is available in both branded and generic versions. It is estimated that vancomycin had a 74% share of patient days of therapy for selected Gram-positive antibiotics for MRSA for 2013, 2014 and 2015. Length of treatment associated with vancomycin has been estimated to be approximately 13 days, and length of hospitalization associated with vancomycin has been estimated to be approximately 19 days (including intensive care unit (ICU) days and additional complications). Based on our analysis of data from industry sources, we estimate that the cost of treating ABSSSI caused by MRSA with vancomycin in patients with renal impairment is approximately $28,000 per patient (approximately 19% higher than the cost of treating ABSSSI caused by MRSA with vancomycin in patients without renal impairment, which has been estimated to be approximately $23,600). However, because of an increase in MRSA infections that are resistant or not clinically responsive to treatment with vancomycin and the need for therapeutic monitoring and dose adjustment, due to nephrotoxicity, physicians and patients would benefit from more effective options with demonstrated safety profiles.

Acute Bacterial Skin And Skin Structure Infections (ABSSSI)

ABSSSI are skin and skin structure infections with a lesion size of at least 75 cm^2 (lesion size measured by the area of redness, edema or induration), and includes cellulitis/erysipelas, wound infections and major cutaneous abscesses. In the United States, an estimated 3.6 million patients are hospitalized annually with ABSSSI, and up to 26% of these patients, or approximately 936,000 patients are co-morbid with renal impairment. Common Gram-positive bacteria that may cause ABSSSI include *Staphylococcus aureus*, including MRSA, and *Streptococcus pyogenes*.

ABSSSI Versus cSSSI

The terms "skin and skin structure infection" (SSSI) and "skin and soft tissue infection" (SSTI) were coined to describe infectious processes such as cellulitis, erysipelas, cutaneous abscesses, and infected wounds, ulcers, or burns. The designation of more severe SSSI included a lowercase "c" (cSSSI) for "complicated" skin and skin structure infection and typically implied a need for inpatient management, surgical procedures, or a significant underlying comorbidity such as diabetes or systemic immunosuppression that complicates response to therapy.

In 2013, the FDA issued guidance that standardized the nomenclature to be used in the evaluation of new antimicrobial treatments for cSSSI, which are now referred to as ABSSSI. The rationale for developing this terminology was to provide a consistent means of identifying infections for which a reliable drug treatment effect can be estimated.

Hospital Acquired Bacterial Pneumonia (HABP) And Ventilator Associated Bacterial Pneumonia (VABP)

HABP refers to any pneumonia contracted by a patient in a hospital at least 48 hours after being admitted. VABP is pneumonia that develops 48 hours or longer after mechanical ventilation is given by means of an endotracheal tube or tracheostomy. Symptoms and signs include malaise, fever, chills, rigor, cough, dyspnea, and chest pain, but in ventilated patients, pneumonia usually manifests as worsening oxygenation and increased tracheal secretions. HABP, including VABP, is a serious and life-threatening infection associated with a mortality rate of 20% to 50%, affecting approximately 680,000 patients annually in the United States, which can lead to increased hospital costs by an average of approximately $40,000 per patient. One of the major causative organisms of HABP, including VABP, is *Staphylococcus aureus*, including MRSA.

Limitations Of Currently Available Treatment Options

When confronted with a new patient suffering from a serious and life-threatening infection, a physician may be required to quickly initiate first-line empiric antibiotic treatment to stabilize the patient prior to definitively diagnosing the particular bacterial infection. Currently available antibiotics for serious and life-threatening infections suffer from significant limitations, including:

- *Safety, Tolerability and Suitability of Use.* Many current antibiotics are associated with adverse events, including drug interactions (DDIs), allergic reactions, renal toxicity and high rates of vomiting and nausea. Adverse events are one of the leading reasons why patients stop treatment and fail therapy. Vancomycin, for example, is associated with infusion reactions and can cause kidney damage or renal toxicity, loss of balance, or vestibular toxicity, and loss of hearing, or oto-toxicity, in certain patients. In addition, adjusting the dosage of vancomycin requires frequent therapeutic drug monitoring to ensure safe administration. Linezolid is associated with bone marrow suppression and contraindicated for use in patients taking monoamine oxidase inhibitors, a class of drugs used as anti-depressants, and should not be used without careful observation in people taking selective serotonin reuptake inhibitors, a class of drugs commonly used as anti-depressants, among other uses. Linezolid also has a label warning for patients with diabetes since it has been associated with hypoglycemia in patients receiving insulin or oral hypoglycemic agents. Daptomycin has been associated with the development of antibiotic resistance during the course of therapy, a reduction of efficacy in patients with moderate renal insufficiency and a side effect profile that includes muscle damage. In vivo potency at the prescribed dose can be limited by restrictions around the amount of drug delivered stemming from safety concerns surrounding some currently available treatments.

- *Spectrum of Coverage, Resistance Profile and Potency.* Currently available treatments, such as vancomycin, linezolid and daptomycin, are beginning to show signs of bacterial resistance. For example, there have been reports of resistance developing during treatment with daptomycin and concerns about an increasing frequency of strains of *S. aureus* with reduced susceptibility to vancomycin— “vancomycin intermediate” and “vancomycin resistant” strains (VISA and VRSA). Broad spectrum antibiotics such as the tetracyclines, macrolides and cephalosporins are considered to have broad spectrum activity against Gram-positive and Gram-negative bacteria. In ABSSSI cases, 84% of infections are caused by *Staphylococcus aureus*, including MRSA and a targeted Gram-positive antibiotic is a better choice as fewer non-causal organisms are exposed to the antibiotic mechanism and there is less selection pressure to develop resistant strains of bacteria.

- *Cidality and Speed of Effect.* Antibiotics are either bactericidal or bacteriostatic. Bactericidal antibiotics kill the bacterial pathogen directly, which is particularly important for patients with weakened immune systems that cannot effectively eradicate the infecting bacteria on their own. Numerous currently available treatment options, including linezolid are bacteriostatic, which means that although they stop bacteria from growing or reproducing, the patient’s own immune system must be strong enough to kill the static bacteria itself. Currently available bactericidal treatment options, such as vancomycin act relatively slow and may extend the period in hospitals for patients with severe infections.

Market Research

In early 2016 we commissioned BAL Pharma Consulting, LLC, for whom one of our retained consultants acts as principal, to conduct an on-line survey of treatment practices for hospitalized MRSA skin infection and HABP patients. A total of 45 respondents participated in the 20 minute on-line survey which was conducted from April to May 2016. Of the 45 participants, 15 were infectious disease clinicians, 15 were hospital pharmacy directors, ten were hospitalists or critical care clinicians, and five were emergency room clinicians. The participants each had between three and 35 years of practice since their residency and more than 70% of them came from a hospital-based practice (with an average size of 475 beds), with 80% of these participants being affiliated with a hospital that belonged to an integrated delivery network or healthcare system and 70% sitting on hospital pharmacy and therapeutic formulary review committees.

Participants in the survey were asked to provide information regarding their last 20 patients treated for MRSA skin infections and HABP. The results indicated that the majority of patients treated or consulted by these respondents for suspected or proven MRSA with mild renal impairment received vancomycin (on average 14 of 20 patients). A majority of patients treated or consulted for suspected proven MRSA skin infections with moderate to severe renal impairment also received vancomycin (on average 12 of 20 patients). The results from the survey also found that on average approximately 32% of MRSA skin infection patients with moderate

or severe renal impairment also required a change of dose or therapy due to actual/risk of nephrotoxicity from vancomycin, and that nearly 70% of the respondents identified patients with MRSA skin infections who develop nephrotoxicity due to vancomycin or other agents as being candidates for iclaprim.

Participants were also asked to predict their use of iclaprim (if on formulary) for their next 20 patients treated for MRSA skin infections and HABP. Respondents on average indicated that they would expect to treat approximately eight of their next 20 MRSA skin infection patients with moderate to severe renal impairment with iclaprim, approximately six of their next 20 MRSA skin infection patients with mild renal impairment with iclaprim, and approximately four of their next 20 patients with suspected or proven MRSA skin infections with iclaprim. Respondents also estimated that on average more than 35% of skin infection patients have moderate to severe renal impairment, and many expect the percentage of skin infection patients with moderate to severe renal impairment to modestly increase in the future.

Investors are cautioned not to place undue reliance on the future predictions made by participants in this survey with respect to their future use of iclaprim or the future increase in the percentage of skin infection patients with moderate to severe renal impairment, as such predictions constitute forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements." Such predictions are based only on the current expectations of the participants in the survey, based on information that was known to the participants at the time they completed the survey. These predictions are subject to numerous risks, uncertainties and other factors which may cause their actual future use of iclaprim or the future percentage of skin infection patients with moderate to severe renal impairment to differ from their earlier predictions.

Generating Antibiotics Incentives Now (GAIN) Act

In July 2012, the Generating Antibiotic Incentives Now Act, or GAIN Act, was enacted as part of the Food and Drug Administration Safety and Innovation Act. Under the GAIN provisions, the FDA may designate a product as a "qualified infectious disease product," or QIDP. In order to receive this designation, a drug must be an antibacterial or antifungal drug for human use intended to treat serious or life-threatening infections, including those caused by either (1) an antibacterial or antifungal resistant pathogen, including novel or emerging infectious pathogens, or (2) a so-called "qualifying pathogen" found on a list of potentially dangerous, drug-resistant organisms to be established and maintained by the FDA under the new law. 21 U.S.C. § 355f(g). A sponsor must request designation before submitting a marketing application. 21 U.S.C. §355f(d). The FDA has designated iclaprim as a QIDP for ABSSSI and HABP.

Drugs that fall under the GAIN provisions may be eligible to receive Fast Track status and undergo an expedited regulatory review process with FDA. 21 U.S.C. 356(b). In addition, QIDP-designated products that are approved under section 505(b) after the enactment of the GAIN Act receive an additional five years' exclusivity, 21 U.S.C. § 355f(a). The extra five years of market protection is in addition to any existing exclusivity, including that which may be applicable under the Hatch Waxman Act (five years or three years), orphan drug (seven years), or pediatric exclusivity (six months) 21 U.S.C. § 355f(a)-(b). The additional five-year exclusivity does not apply to supplements to a 505(b) application; a subsequent application filed by the same sponsor for a change that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device. or strength; or a product that does not meet the definition of a qualified infectious disease product. 21 U.S.C. § 355f(c).

Iclaprim

Overview

Iclaprim is a novel diaminopyrimidine that inhibits DHFR, an essential bacterial enzyme. This represents a differentiated and under-utilized mechanism of action with recently approved antibiotics. Iclaprim was designed to be more potent than, and effective against bacteria that have developed resistance to trimethoprim (TMP), the only other antibiotic with the DHFRi mechanism of action. Unlike TMP, iclaprim need not be used in combination with a sulfonamide to be effective against a range of Gram-positive bacteria. Iclaprim is rapidly bactericidal and has shown a low propensity for resistance development in vitro.

Iclaprim was originally discovered by F. Hoffman-La Roche AG. In 2001, iclaprim was sold to Arpida. A comprehensive development program was completed by Arpida including the Phase 2 and 3 trials described below. In 2008, Arpida submitted requests to the FDA and the EMA for approval to market the compound. In January 2009, Arpida received a Complete Response Letter (CRL) from the FDA requesting an additional study or studies to demonstrate effectiveness of iclaprim; however, no safety concerns were raised by the agency in the CRL. Subsequently, the application with the EMA was withdrawn and development was discontinued. On December 31, 2014, Motif BioSciences Inc. entered into a merger agreement with Nuprim Inc. in order to acquire the assets owned by Nuprim Inc. related to iclaprim, subject to the completion of an initial public offering on AIM. The initial public offering on AIM was completed on April 2, 2015. The merger with Nuprim Inc. and the corporate reorganization occurred on April 1, 2015, when it was substantially certain that the initial public offering would close the next day. We concluded that iclaprim could be returned rapidly to late stage clinical testing with improvements to the original development program.

As a result of our merger with Nuprim, we acquired the rights to purchase up to 613 kg of iclaprim API, which was manufactured mostly in 2008. We are paying an annual storage fee of 4,800 EUR and can purchase API at a cost of 600 EUR per kg

through the end December 2017. We have already purchased 100 kg, which was returned to, and reprocessed by, the original API manufacturer during October 2015. This reprocessed material was used to manufacture the clinical trial supplies for the REVIVE Phase 3 program.

Key Attributes Of Iclaprim

We believe that iclaprim is well suited for use as a first-line empiric monotherapy in patients with ABSSSI who are comorbid with renal impairment for the following reasons:

- iclaprim achieved high cure rates against the common Gram-positive causal organisms, including MRSA, in patients with cSSSI in completed Phase 2 and 3 trials;
- iclaprim exhibited safety and tolerability comparable to vancomycin and linezolid in over 600 patients and healthy volunteers in completed Phase 1, 2 and 3 trials;
- iclaprim has not shown nephrotoxicity in clinical studies to date and no therapeutic drug monitoring or dosage adjustment has been required in renally impaired patients;
- no symptomatic hypoglycemia has been reported in iclaprim-treated patients with diabetes mellitus receiving insulin or oral hypoglycemic agents;
- iclaprim has demonstrated no clinically significant drug-drug interactions (DDIs) with selective serotonin reuptake inhibitors (SSRIs), or vasopressors; and
- no myopathy or rhabdomyolysis has been reported in iclaprim-treated patients who received recent prior or concomitant therapy with an HMG-CoA reductase inhibitor or in whom elevations in CPK occur during treatment.

We also believe that iclaprim is well positioned as a first-line empiric therapy for patients with HABP, including patients with VABP, for the following reasons:

- iclaprim achieved high cure rates against the common Gram-positive causal organisms, including MRSA, in patients with HABP, including patients with VABP, in a completed Phase 2 trial;
- iclaprim has demonstrated high and sustained concentrations in epithelial lining fluid (ELF) and alveolar macrophages which were 20-30 times the plasma concentration, respectively, throughout an entire 7-hour sampling period; and
- iclaprim has demonstrated no clinically significant DDIs with commonly used antibiotics in patients with combined Gram-positive and Gram-negative infections.

The table below shows characteristics of iclaprim as compared to other standard of care therapies.

Table of Contents

Empiric Treatment Considerations: Hospitalized ABSSSI with Renal Impairment/Diabetes		Standard of Care Gram Positive Hospital Antibiotics		
	Iclaprim	Vancomycin	Daptomycin	Linezolid
Mechanism of Action	Underutilized MOA Diaminopyrimidine	Glycopeptide	Lipopeptide	Oxazolidinone
Cidality (*in vitro*)	Rapidly cidal;	Cidal	Cidal	Static
MRSA in-vitro activity MIC_{90} / MIC_{50} µg/mL n=582 isolates[2]	0.5/0.06	1/1	0.5/.25	1/1
Spectrum of Activity	Gram +	Gram +	Gram +	Gram +
Propensity for Resistance	Low propensity for resistance *in vitro*	MIC "creep," VISA, VRSA	Resistance reported	Resistance reported
Safety; considerations for use in diabetics	Low incidence of QTc prolongation and AEs leading to discontinuation	Nephrotoxic, ototoxic, infusion related events	Myopathy, rhabdomyolysis; eosinophilic pneumonia; peripheral neuropathy	Myelo-suppression serotonin syndrome; hypoglycemia when insulin or oral hypoglycemics are co-administered
Use in Renal Impairment	No dosage adjustment or monitoring/no nephrotoxicity observed	Nephrotoxicity risk especially with higher doses (*eg.* obese patients); dosage adjustment	Dosage adjustment required; decreased efficacy with moderate renal impairment	Primary metabolites accumulate; increases with severity of renal dysfunction; more frequent adverse events[3]
Dosing	Fixed	Weight based, monitoring required	Weight based; high drug cost in obese patients	Fixed

Clinical Development Plans

Prior to the initiation of REVIVE, our global Phase 3 program in ABSSSI, Arpida completed two Phase 3 clinical trials (ASSIST-1 and 2) for the treatment of cSSSI, in which 500 patients in total received iclaprim. In these trials iclaprim was compared to linezolid, a standard of care treatment. The primary efficacy endpoint for each of these trials was the noninferiority of iclaprim compared to linezolid based on a pre-determined noninferiority margin. Noninferiority comparisons of drugs are the standard for most antibiotic drug development, and noninferiority margins are used in the statistical analysis comparing two treatment arms in a study to distinguish the degree of potential difference between antibiotics being evaluated.

Effective standards of care have been developed in many clinical settings, and it is increasingly more difficult to develop new therapies with higher efficacy than the standard of care. Accordingly, the goal of many studies is to determine if novel therapies have noninferior efficacies to the ones currently in use. For noninferiority studies, the research hypothesis is that the new therapy is either equivalent or superior to the current therapy. The term "equivalent" is not used in the strict sense, but rather to mean that the efficacies of the two therapies are close enough so that one cannot be considered superior or inferior to the other. This concept is formalized in the definition of a constant called the equivalence margin, denoted by δ. The equivalence margin defines a range of values for which the efficacies are "close enough" to be considered equivalent. In practical terms, the margin is the maximum clinically acceptable difference that one is willing to accept in return for the secondary benefits of the new therapy. The equivalence margin is the most distinctive feature of noninferiority testing. In summary, the equivalence of a new therapy is established when the data provide enough evidence to conclude that its efficacy is within δ units from that of the current therapy. Similarly, noninferiority is established if the evidence suggests that the efficacy of the new therapy is no more than δ units less than that of the current therapy.

Noninferiority is most easily assessed using a confidence interval approach. Firstly, a noninferiority margin is specified. The noninferiority margin is the maximum difference investigators are prepared to tolerate in a given direction if the new treatment is not to be considered (clinically) inferior. If a 95% confidence interval for the difference between treatment means lies above or below this boundary value (in a favorable direction) then noninferiority is deemed to have been established.

During the period iclaprim was being developed, particularly during calendar years 2007 and 2008, the FDA was re-evaluating the requirement of the non-inferiority margin to support marketing approval. When the iclaprim Phase 3 clinical trials were first initiated in cSSSI an acceptable non-inferiority margin was -12.5%. However, during 2008, the FDA decided to evaluate NDAs for the treatment of skin and skin structure infections using a non-inferiority margin of -10% instead of -12.5%.

Arpida's two Phase 3 clinical trials of iclaprim (ASSIST-1 and 2) were designed and conducted pursuant to the FDA's prior guidance, and based on Arpida's analysis, iclaprim met the originally agreed upon noninferiority margin of -12.5%. However, after trial completion, the FDA revised the noninferiority margin to -10%. The FDA requested an advisory committee meeting to discuss the approval of iclaprim for cSSSI. The advisory committee evaluated the efficacy of the two Phase 3 ASSIST trials using a non-inferiority margin of -10% consistent with the FDA's revised requirement. Iclaprim did not achieve the revised noninferiority margin of -10% in one of the two trials and was not, therefore, based on Arpida's analysis of the data, approved by the FDA.

The FDA did not provide Arpida with any feedback or concerns related to the method or structure of Arpida's Phase 3 trials. The FDA indicated in its letter that they could not approve the application for iclaprim in its current form, however, and that additional clinical data would be required to demonstrate efficacy for the treatment of cSSSI within an acceptable non-inferiority margin in order to gain approval.

To address this deficiency, the FDA requested an additional study or studies to demonstrate the effectiveness of iclaprim. An additional study showing non-inferiority of iclaprim to an approved comparator may be sufficient to meet this requirement, depending on the study results.

We believe that had the revised noninferiority margin of -10% been agreed upon prior to initiating the ASSIST Phase 3 trials, Arpida would have enrolled a greater number of patients in the trials to meet the required noninferiority endpoints. We believe that we have developed a clinical and regulatory strategy for iclaprim, addressing the deficiencies in the original development program and have designed our Phase 3 clinical trials for iclaprim to demonstrate adequate noninferiority and satisfy the regulatory requirements for approval. Since those prior phase 3 studies were completed, we have modified the formulation and administration of iclaprim to improve safety and efficacy, specifically to improve pharmacodynamic parameters and to reduce peak plasma levels.

On April 14, 2015, the FDA agreed to our proposed Phase 3 clinical development program for the treatment of ABSSSI with iclaprim. The Phase 3 program is designed to obtain marketing approval for an IV formulation of iclaprim in the treatment of ABSSSI and HABP, including VABP, caused by Gram-positive pathogens, including resistant strains such as MRSA.

ABSSSI

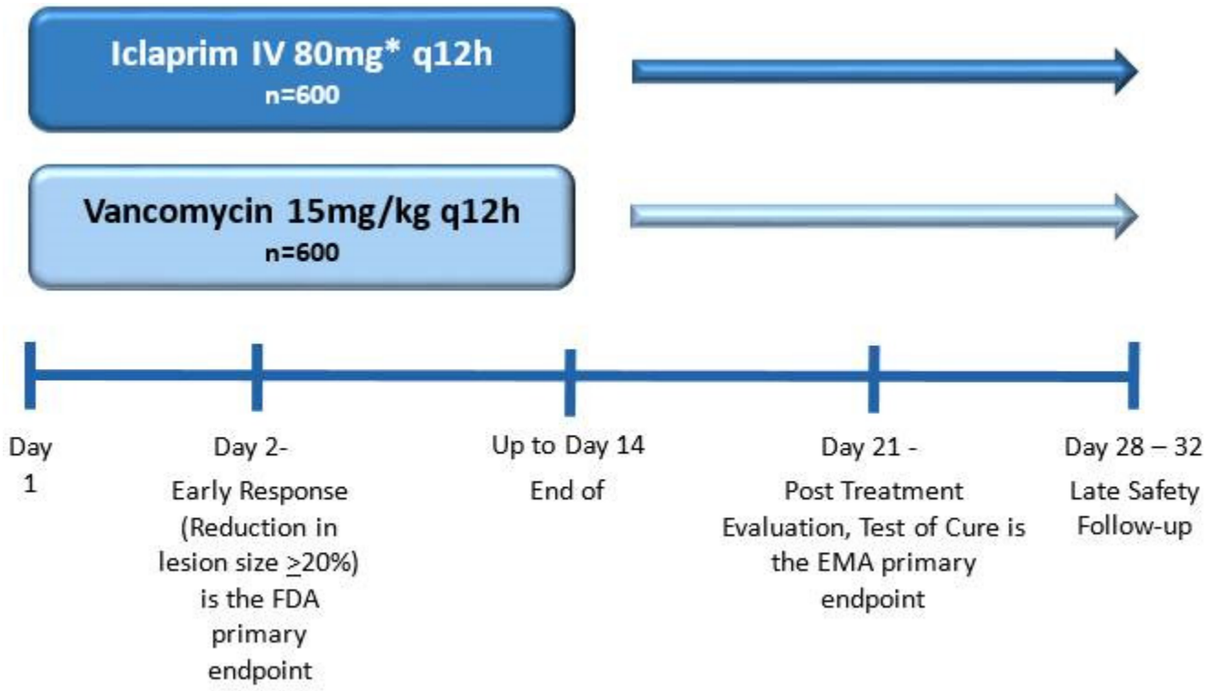
We have initiated two Phase 3 global trials with input from the FDA and the Dutch Health Authorities, the lead rapporteur for Arpida's MAA for iclaprim, to study iclaprim compared to vancomycin for the treatment of ABSSSI. These two global, 600-patient, randomized, double-blind Phase 3 trials will have two arms and assign patients to receive either iclaprim or vancomycin. These trials will incorporate both the FDA endpoint of an early clinical response of at least 20% reduction in lesion size at 48-72 hours and the EMA endpoint of clinical cure at test of cure one to two weeks after antibiotic treatment ends. Vancomycin, the most used standard of care treatment for Gram-positive hospitalized infections caused by MRSA, will be the comparator in the REVIVE-1 and -2 trials. A sample size of 1,200 subjects will be studied to demonstrate safety and efficacy with a noninferiority margin of -10% for the primary endpoint. A fixed dose of 80 mg of iclaprim, based on modelling and simulation of pharmacokinetic (PK) data from previous Phase 3 clinical trials of cSSSI, optimizes the potential clinical efficacy and safety outcomes for the REVIVE-1 and -2 studies. We believe these additions based on previous experience maximize the probability of success for iclaprim in our REVIVE program. Iclaprim may be an important addition to the armamentarium of antibiotics needed to combat antimicrobial resistance.

On April 18, 2017, we announced positive topline results from REVIVE-1. Iclaprim achieved the primary endpoint of non-inferiority at the early time point after start of study drug administration as well as non-inferiority for the test of cure endpoint. Given its differentiated mechanism, potency, spectrum, safety and efficacy of iclaprim, if approved, could provide a valuable new antibiotic treatment option to offset the rising problem of bacterial resistance. Iclaprim was well tolerated in the study, with most adverse events categorized as mild.

Data from REVIVE-2, the second Phase 3 trial, which uses an identical protocol to REVIVE-1 but has different trial centers, are expected in the second half of 2017. We believe that the successful completion of these two pivotal Phase 3 trials satisfy both FDA and EMA requirements for regulatory submission for an IV formulation of iclaprim in the treatment of ABSSSI. Submission of a New Drug Application (NDA) for iclaprim for the treatment of ABSSSI is anticipated in the first half of 2018.

The diagram below summarizes the design of our REVIVE Phase 3 program.

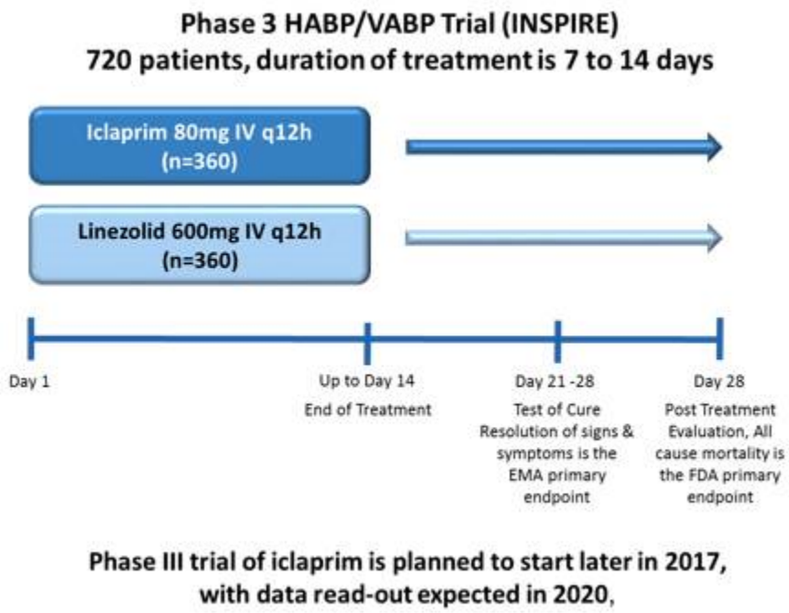
REVIVE-1 and -2 Phase 3 Trial Design in ABSSSI; 600 patients per trial



Hospital Acquired Bacterial Pneumonia (HABP), Including Ventilator Associated Bacterial Pneumonia (VABP)

We have designed a double-blind, randomized, comparator controlled international study to determine the efficacy and safety of iclaprim for the treatment of patients with HABP, including VABP. We have completed preparations for our global INSPIRE Phase 3 clinical trial of iclaprim for HABP, including VABP, in the first quarter of 2017. Subject to the availability of funding, we would look to start dosing patients thereafter and to complete the trial approximately 36 months after the first dosing. Linezolid will be the comparator in the INSPIRE trial. The duration of treatment of both iclaprim and linezolid is 7 to 14 days. A large sample size of 720 subjects will be studied with a noninferiority margin of -10% for this trial. The primary endpoint for the study will be all cause mortality at Day 28. We believe the key secondary endpoint is clinical cure at one to two weeks after antibiotic treatment ends. We believe that the successful completion of this pivotal Phase 3 trial would satisfy both FDA and EMA requirements for regulatory approval.

The diagram below summarizes the design of our INSPIRE Phase 3 program.



Clinical Experience

Prior to our acquisition of iclaprim from Nuprim, Arpida had completed a total of two Phase 3, two Phase 2, and 14 Phase 1 clinical trials, in which more than 600 patients have been dosed with iclaprim.

Acute Bacterial Skin And Skin Structure Infections (ABSSSI)

Phase 3 Clinical Trials

Two parallel Phase 3 studies, ASSIST-1 and ASSIST-2, were conducted by Arpida in patients with cSSSI. Both were evaluator-blinded, randomized, multicenter studies designed to compare the efficacy and safety of IV iclaprim to linezolid in the treatment of patients with cSSSI known or suspected to be caused by susceptible pathogens. The primary objective of the studies was to compare the clinical cure rates at the test-of-cure visit (7-14 days after the end treatment). The trials were designed to demonstrate noninferiority to linezolid with a lower bound on the 95% confidence interval of -12.5%.

ASSIST-1. In December 2006, Arpida reported positive results from a Phase 3 clinical trial, dubbed ASSIST-1, of iclaprim for the treatment of cSSSI. The trial was designed to compare iclaprim to linezolid, a standard of care treatment for cSSSI. This international, randomized, double-blind trial enrolled 497 subjects with cSSSI. Subjects were assigned (1:1) to receive IV iclaprim (0.8 mg/kg) or IV linezolid (600mg) for 10 to 14 days and were evaluated during treatment. The test-of-cure visit took place 7-14 days after the end of treatment. Treatment was generally well tolerated. Based on Arpida's analysis of the data, the primary endpoint, statistical noninferiority in the clinical cure rate at the test-of-cure visit, was reached. The overall clinical cure rates for the Intent-To-Treat (ITT) population of 497 subjects, were 83.1% and 88.7% for iclaprim and linezolid, respectively (treatment difference and 95% CI: -5.6% [-11.7% to 0.6%]). The incidence of any possible drug-related adverse events was higher in the linezolid arm compared to the iclaprim arm (20.2% versus 16.4%, respectively). The microbiological eradication rates for methicillin-susceptible MSSA bacteria were 85.0% and 86.5% for iclaprim and linezolid, respectively, and for MRSA 80.0% and 83.8%, respectively.

ASSIST-2. In July 2007, Arpida reported positive results from a Phase 3 clinical trial, dubbed ASSIST-2, of iclaprim for the treatment of cSSSI. This randomized, blinded, comparator controlled trial enrolled 494 subjects internationally. The trial was designed to compare IV iclaprim to linezolid. The primary efficacy endpoint, statistical noninferiority in the clinical cure rate at the test-of-cure visit, was achieved based on Arpida's analysis of the data. The overall clinical cure rates were 81.3% and 81.9% for iclaprim and linezolid, respectively (treatment difference and 95% CI: -0.6% [-7.7% to 6.5%]). The microbiological eradication rates for methicillin-susceptible MSSA bacteria were 82.2% and 83.4% for iclaprim and linezolid, respectively, and for MRSA 74.3% and 75.0%, respectively. The incidence of drug-related adverse events was higher in the linezolid arm compared to the iclaprim arm (34.6% versus 27.9%, respectively).

Efficacy Results. For the combined dataset, the clinical cure rates were similar between the iclaprim and linezolid arms for the Intent to Treat (ITT) population (82.2% and 85.3% in the iclaprim and linezolid arms, respectively; treatment difference and 95% confidence interval (CI) (-3.1% [-7.9% to 1.6%]).

Study Population	ICLAPRIM (0.8mg/kg Q12h IV)	LINEZOLID (600mg Q12h IV)
ITT (Intent to Treat) Pooled	(N=500)	(N=491)
Clinical Cure	411 (82.2)%	419 (85.3)%
Treatment Difference and 95% CI	-3.1% [-7.9% to 1.6%]	
ITT ASSIST-1	(N=249)	(N=248)
Clinical Cure	207 (83.1)%	220 (88.7)%
Treatment Difference and 95% CI	-5.6% [-11.7% to 0.6%]	
ITT ASSIST-2	(N=251)	(N=243)
Clinical Cure	204 (81.3)%	199 (81.9)%
Treatment Difference and 95% CI	-0.6% [-7.7% to 6.5%]	

Regulatory Review of ASSIST-1 and ASSIST-2. Based on Arpida's analysis of the data, for the ASSIST-1, the lower bound of the 95% confidence interval was within the prespecified -12.5% noninferiority margin but just outside of the -10% noninferiority margin at -11.7%. For ASSIST-2, the lower bound of the 95% confidence interval was within both the pre-specified -12.5% and -10% noninferiority margin at -7.7%, which demonstrates noninferiority of iclaprim to linezolid for the treatment of cSSSI. While the ASSIST-1 and ASSIST-2 trials met the originally agreed standards for noninferiority of -12.5%, after trial completion, the FDA determined to require a -10% noninferiority margin. As a result of the changed endpoints, in January 2009, Arpida received a CRL from the FDA requesting an additional study or studies to demonstrate the effectiveness of iclaprim. We believe that had the new guidance been in place prior to the commencement of the trials, Arpida would have enrolled a greater number of patients in the trials to meet the required noninferiority endpoints.

Safety Results. Overall, iclaprim was found to exhibit a safety and tolerability profile in the Phase 3 ASSIST trials comparable to that demonstrated by linezolid. The FDA has not, however, made any determination regarding the safety and efficacy of iclaprim. Adverse events were comparable among patients treated with iclaprim as compared to linezolid. There were 22 serious adverse events (SAEs) experienced by 20 (4%) of the iclaprim-treated patients with the most frequent events characterized as effecting the infections and infestation, cardiac, renal and urinary system organ classes. There were 21 SAEs experienced by 16 (3.3%) of the linezolid-treated patients with the most frequent events characterized as effecting the infections and infestations, vascular, and gastrointestinal system organ classes. The table below describes the combined adverse events reported for at least 5% of patients in either treatment group.

ASSIST 1 & 2 Combined Adverse Events Reported for at Least 5% of Patients in Either Treatment Group

Phase 3 cSSSI Combined Safety Population	Iclaprim	Linezolid
Number of Patients	(n=500)	(N=491)
Alanine aminotransferase (ALT) increased	33 (6.6)%	31 (6.3)%
Aspartate aminotransferase (AST) increased	32 (6.4)%	26 (5.3)%
Nausea	30 (6.0)%	39 (7.9)%
Diarrhea	29 (5.8)%	22 (4.5)%
Constipation	27 (5.4)%	19 (3.9)%
Pyrexia	26 (5.2)%	10 (2.0)%
Headache	30 (6.0)%	28 (5.7)%
QT prolongation	4 (0.8)%	2 (0.4)%

Six deaths were reported during the ASSIST-1 study (five in the iclaprim group and one in the linezolid group). Two deaths were recorded in ASSIST-2 (one in the iclaprim group and one in the linezolid group). The investigators found all deaths to be unrelated to iclaprim and instead attributable to serious underlying diseases. Four of the six deaths occurred well beyond five half-lives of the drug (3-12 days after the last dose of iclaprim). The causes of the six deaths in the iclaprim group were sepsis or septic shock (two patients), alcoholic cardiomyopathy (one patient), acute cardiac failure (one patient), acute renal failure (one patient), and colon cancer (one patient). The deaths were not ever proven to be directly related to iclaprim.

With respect to cardiac effects, results from the Phase 3 clinical trials indicated that the incidence of QTc prolongation (a measure of the delay in the depolarization and repolarization of the heart's ventricles) in the iclaprim treatment arms was similar to that observed in the linezolid treatment arms. No cases of QTc prolongation or other treatment-related cardiac effects classified as treatment-related adverse effect were reported in these studies. Iclaprim treatment was associated with a mean increase of the QTc interval of about 5 to 6 msec greater than that observed with linezolid, which is not considered to be a QTc-prolonging drug.

Post-hoc Analyses of ASSIST-1 and -2. At the 2015 ID Week Conference, we presented post-hoc analyses of data pooled from ASSIST-1 and -2 comparing iclaprim to linezolid in the treatment of patients with cSSSI. The post-hoc analyses evaluated the endpoint of cessation of the spread of lesion and absence of fever at a 72-hour visit from the commencement of treatment in the intent to treat (ITT) population. The total ITT population comprised 991 (iclaprim: 500; linezolid: 491). *Staphylococcus aureus* (591 isolates) accounted for 69.9% of all Gram-positive pathogens, of which 39.9% were methicillin-resistant (MRSA). 73% had a fever greater than 38°C, and 94% had an erythema score of moderate or severe. A high lesion response and fever resolution occurred at 72 hours in the ITT population: 73.6% for iclaprim and 72.5% for linezolid recipients (difference 1.1%, 95% CI = -4.5% to 6.6%). In this post-hoc analyses, at 72 hours, iclaprim achieved a high rate of cessation of spread of erythema and fever resolution in patients with cSSSI. This was comparable to that seen with linezolid.

	ASSIST-1		ASSIST-2		Combined	
	Iclaprim (n)	Linezolid (n)	Iclaprim (n)	Linezolid (n)	Iclaprim (n)	Linezolid (n)
All patients	249	248	251	243	500	491
Responders	184 (73.9)%	177 (71.4)%	184 (73.3)%	179 (73.7)%	368 (73.6)%	356 (72.5)%

In addition, in a separate analysis, in the subset of patients with renal impairment, iclaprim compared favorably to linezolid.

	Mild 90≥ CrCI>60 (N=270)		Moderate/Severe 60≥ CrCI>615 (N=144)	
	ICL (N=135)	LZD (N=135)	ICL (N=71)	LZD (N=73)
Age, years, mean (SD)	54.2 (11.6)	50.6 (13.0)	66.6 (10.8)	65.2 (11.3)
Endocrinologic, metabolic	29 (21.5)%	34 (25.2)%	31 (43.7)%	24 (32.9)%
≥1 AE, N (%)	61 (45.2)%	75 (55.6)%	41 (57.7)%	43 (58.9)%
≥1 SAE, n (%)	6 (4.4)%	4 (3.0)%	7 (9.9)%	5 (6.8)%
≥1 drug-related AE, n (%)	26 (19.3)%	36 (26.7)%	14 (19.7)%	21 (28.8)%
≥1 AE, leading to discontinuation, n(%)	3 (2.2)%	2 (1.5)%	6 (8.5)%	3 (4.1)%
Hypoglycemia	3 (2.2)%	6 (4.4)%	0	5 (6.8)%
QTc prolongation	0	0	3 (4.2)%	3 (4.1)%

Phase 2 Clinical Trials

Phase 2 cSSSI Trial. In December 2003, Arpida completed a Phase 2 clinical trial of iclaprim, for the treatment of cSSSI. This randomized, double-blind comparator controlled trial enrolled 87 hospitalized patients with cSSSI and compared the safety and efficacy of two doses of iclaprim with a standard of care agent, vancomycin. Patients were treated with either iclaprim 0.8 mg/kg or iclaprim 1.6 mg/kg or vancomycin 1g. All drugs were administered by IV infusion two or three times daily for 10 days and patients

were examined for clinical and microbiological responses at the conclusion of therapy and 20 days after therapy. The primary endpoint was clinical cure and secondary endpoints included tolerability and microbiological responses at the test of cure visit.

Iclaprim demonstrated high clinical and microbiological response rates when compared with vancomycin. Moreover, as in earlier clinical trials, iclaprim was shown to exhibit a safety and tolerability profile comparable to that demonstrated by vancomycin and linezolid in clinical trials. The FDA has not, however, made any determination regarding the safety and efficacy of iclaprim.

Outcomes in evaluable patients demonstrated a clinical cure rate of 92.9% (26/28 patients) with iclaprim 0.8 mg/kg, 90.3% (28/31 patients) with iclaprim 1.6 mg/kg and 92.9% (26/28 patients) with vancomycin. Microbiological success (Gram-positive eradication rate) was 89.7% and 80.0% with iclaprim 0.8 mg/kg and iclaprim 1.6 mg/kg, respectively, and compared favorably with vancomycin 72.0%. Iclaprim was well tolerated and adverse events were infrequent and similar across all study arms. There were no trends in any lab abnormalities in patients receiving iclaprim.

Phase 2 cSSSI trial versus vancomycin: 87 patients

	Iclaprim 0.8mg/kg Q12h	Iclaprim 1.6mg/kg Q8h	Vancomycin 1g Q12h
ITT Population (N=)	28	31	28
Clinical Cure	26	28	26
% Clinical Cure	*92.9 %*	*90.3 %*	*92.9*
Gram-positive eradication rate	*89.7 %*	*80.0 %*	*72.0 %*
S. aureus eradication rate	*80.0 %*	*72.2 %*	*58.8 %*

Phase 2 HABP, including VABP, Trial. In a similar study, a double-blind, randomized (1:1:1), dose ranging Phase 2 proof of concept study, patients with HABP, including VABP, treated with iclaprim, also showed comparable efficacy to vancomycin in that population, with end of treatment cure rates in the Intent-To-Treat (ITT) population of 73.9% and 62.5% for 0.8mg/kg and 1.2 mg/kg iclaprim, respectively, compared to 52.2% for vancomycin 1g, all doses administered two or three times daily. Patients treated with iclaprim also experienced fewer deaths within 28 days than patients treated with vancomycin.

Phase 2 HABP, including VABP trial versus vancomycin: 70 patients

	Iclaprim 0.8mg/kg Q12h	Iclaprim 1.2mg/kg Q8h	Vancomycin 1g Q12h
ITT Population (N=)	23	24	23
Clinical Cure	17	15	12
% Clinical Cure	*73.9 %*	*62.5 %*	*52.2 %*
Fatalities within 28 days	2	3	5
% Death rate	*8.7 %*	*12.5 %*	*21.7 %*

Phase 1 Clinical Trials

The effects of iclaprim have been studied in 14 Phase 1 clinical trials conducted in Europe in which iclaprim was administered to 247 patients.

Single Ascending Dose/Multiple Dose Studies. Iclaprim given as a single IV infusion diluted with normal saline at doses up to 3.2 mg/kg exhibited a safety and tolerability profile comparable to that demonstrated by vancomycin and linezolid in clinical trials. The FDA has not, however, made any determination regarding the safety and efficacy of iclaprim. In Phase 1 and Phase 2 studies, repeated doses of 60 or 120 mg of iclaprim administered twice daily for 10 days to healthy volunteers, as well as doses of 0.8 mg/kg twice daily and 1.6 mg/kg twice daily administered to patients for up to 10 days, exhibited safety and tolerability results compared to vancomycin and linezolid. No treatment-related abnormalities in laboratory parameters were observed in any of the treated subjects. No serious adverse events (SAEs) were reported in Phase 1 studies with IV iclaprim.

Formal QT/QTc Studies. Dose-dependent transient and rapidly reversible prolongation of the corrected QT interval (QTc) was observed. However, dosing with iclaprim with 0.8 mg/kg and 1.6 mg/kg infused over 30- and 60-minute intervals, respectively, were assessed to be safe for clinical application. At the end of the infusion, when maximum plasma levels were achieved, the mean maximum time-matched, placebo-corrected QTc increase following 0.8 mg/kg infused for 30 minutes (the dose regimen in the Phase 3 cSSSI studies) was about 10 ms and declined rapidly thereafter. No gender-dependent differences or clinical signs and symptoms of arrhythmia related to treatment were observed.

Iclaprim concentrations in plasma, epithelial lining fluid, and alveolar macrophages in healthy volunteers. In a Phase 1 clinical trial, a validated microbiological assay was used to measure concentrations of iclaprim in plasma, alveolar macrophages (AM) and ELF after a single 1.6 mg/kg intravenous infusion of iclaprim among 24 healthy male volunteers. Iclaprim concentrations in ELF and AM exceeded serum concentrations by 20 and 30 times, respectively. Furthermore, iclaprim exceeded the MIC90 for *Streptococcus pneumonia*e and methicillin-resistant *Staphylococcus aureus* for the seven-hour sampling period. Compared to linezolid

and vancomycin, antibiotics approved for HABP including VABP caused by Gram-positive pathogens, iclaprim achieves high and sustained concentrations in ELF and AM that should be effective in the treatment of HABP including VABP.

Antibiotic Concentrations in Epithelial Lining Fluid (ELF) and Alveolar Macrophages (AM) Compared with Serum Levels

Antibiotic	Dose	Epithelial lining fluid (mg/L)	Alveolar macrophages (mg/L)	Serum (mg/L)	ELF/serum concentration	AM/serum concentration
Iclaprim	1.6mg/kg IV, single dose	40.9	67.7	1.8	22.7	37.6
Linezolid	600mg q12h IV, 9 doses	622.8	27.2	190.0	3.3	0.1
Vancomycin	1g q12h IV, 9 doses	92	926	367	0.3	2.5

Preclinical Development

We commissioned JMI Laboratories to conduct a worldwide microbiological survey to determine the activity of iclaprim and other antibiotics against Gram-positive clinical isolates of MSSA and MRSA and beta-hemolytic Streptococci spp. (including *S. pyogenes, S. agalactiae*). The 2012-2014 isolates were from patients with skin and skin structure infections and HABP. *S. aureus* is the most common Gram-positive bacterial cause of both ABSSSI and HABP, including VABP. These microbiological data demonstrate that iclaprim is 16 fold more potent than TMP, for *S. aureus*, the only DHFRi approved. These data also demonstrate that iclaprim is potent compared to other approved antibiotics for the treatment of ABSSSI and HABP.

	S. aureus (n=1,178)	MRSA (n=582)	MSSA (n=596)	Beta-hemolytic streptococcus (n=199)
Iclaprim	0.12/0.06	0.5/0.06	0.12/0.06	0.25/0.06
Vancomycin	1/1	1/1	1/1	0.5/0.25
Daptomycin	0.5/0.25	0.5/0.25	0.5/0.25	0.25/0.12
Linezolid	1/1	1/1	1/1	1/1

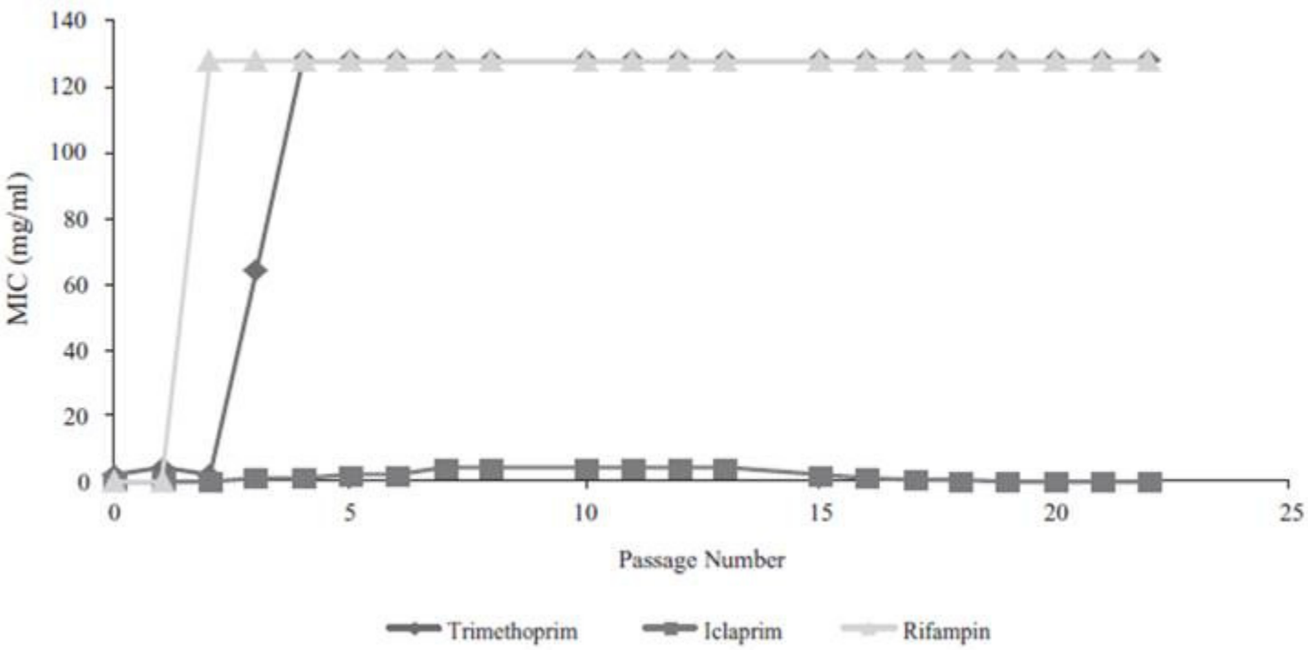
Additionally, iclaprim was compared with other antibiotics against 20 isolates of MRSA and MSSA. The MIC and MBC of iclaprim was found to be essentially identical against these isolates, with no difference between MRSA and MSSA.

	Median MIC* (µg/mL)	MIC range (µg/mL)	Median MBC* (µg/mL)	MBC range (µg/mL)
Iclaprim	0.09	0.06-0.125	0.10	0.06-0.125
Vancomycin	1.62	1-2	1.74	1-4
Teicoplanin	1.07	0.5-2	1.41	0.5-8
Linezolid	3.73	2-4	>32	>32

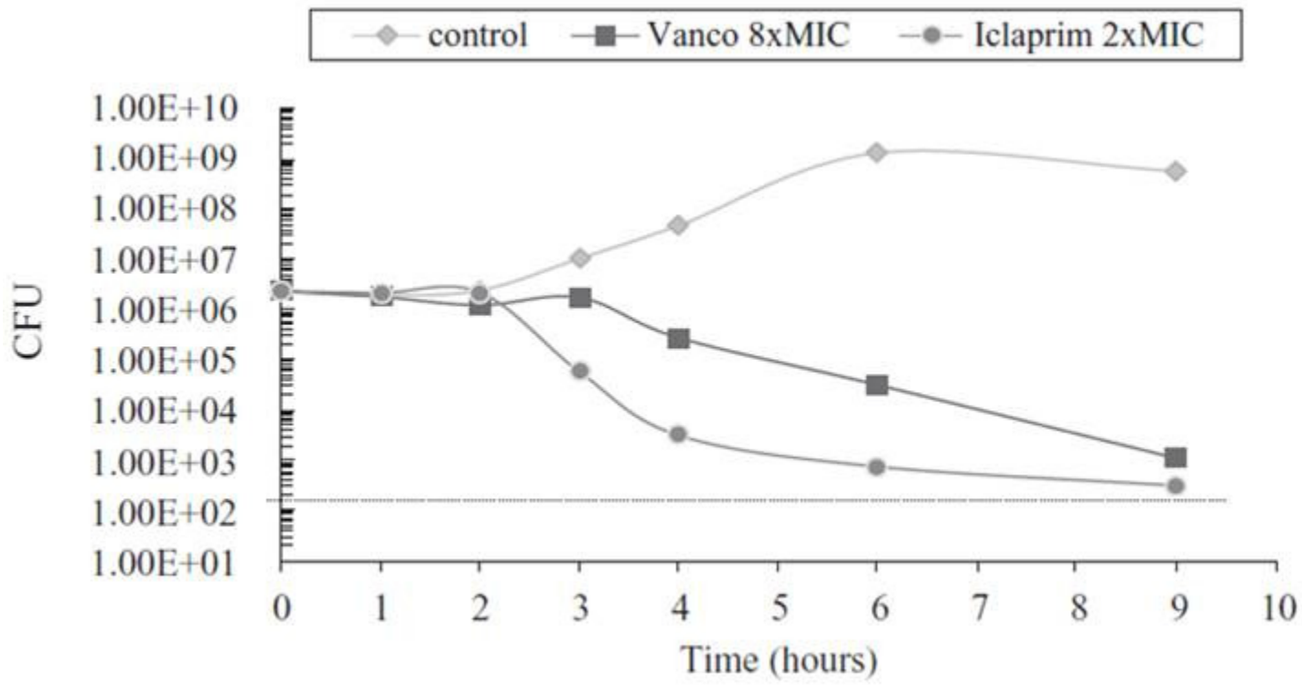
Comparison of the Activity (MIC_{90} µg/mL) of Iclaprim and Other Anti-infectives against Clinical Isolates (2012-2014) from US, Europe, Latin America, and Asia Pacific Associated with ABSSSI and HABP

Abbreviations: n = number of isolates; ICL = iclaprim; LIN = linezolid; MIC_{90} = minimum concentration required to inhibit 90% of isolates; TMP = trimethoprim; VAN = vancomycin

As illustrated in the figure below, serial passage studies were conducted to determine the propensity for bacteria, TMP-sensitive and —resistant, to develop resistance to iclaprim. Bacteria were passaged in the presence of sub-inhibitory concentrations of antibiotics with different mechanism of actions. Thirty *S. aureus* strains were tested. Even after 22 passages, *S. aureus* resistance to iclaprim was small compared to resistance to TMP and rifampin, which was large, and observed as early as after three passages. In addition, even after 22 passages, no stable mutations in DHFR genes were observed among isolates tested. These data suggest that iclaprim may be an appropriate empiric first-line antibiotic because it is potent and rapidly bactericidal even after continued exposure to iclaprim.



As illustrated in the figure below, iclaprim demonstrated rapidly bactericidal activity *in vitro*, achieving 99.9% kill against MRSA within four to six hours of iclaprim 2x minimum inhibitory concentrations (MIC), versus eight to ten hours for vancomycin 8xMIC:



Microbiology

Iclaprim exhibits activity against a wide range of Gram-positive and a select range of Gram-negative isolates as well as several intracellular bacteria. It is rapidly bactericidal against Gram-positive clinical isolates and exerts a significant sub-MIC, post-antibiotic-effect (PAE) aligned with the PK profile of iclaprim after clinical administration that would generally cover an entire 12-hour dosing interval. No synergistic action with antibiotics other than sulfonamides was demonstrated, nor was there any observed antagonism with other antibiotic classes. Human plasma did not significantly affect the MICs of iclaprim against MSSA. The activity of iclaprim was not influenced by the mode of administration in *in vivo* rodent infection models. Current *in vitro* data suggest that the propensity for resistance development is predicted to be low.

- Iclaprim exhibited potent activity against Gram-positive clinical isolates of many genera of staphylococci (including MSSA and MRSA), streptococci (including *Streptococcus pyogenes, Streptococcus agalactiae, Streptococcus pneumoniae*) and enterococci (e.g., *Enterococcus faecalis*) and was also active against bacterial isolates clinically resistant to antibiotics in use. Overall, iclaprim has antibacterial activity against Gram-positive causative pathogens of ABSSSI (including MRSA) and of HABP, including VABP.

- Iclaprim exhibits select activity against a variety of Gram-negative isolates including *Haemophilus influenzae, Moraxella catarrhalis, Legionella pneumophila* and *Neisseria gonorrhoea*. Against Enterobacteriaceae, iclaprim exhibits only modest activity and is generally inactive against non-fermenters including *Pseudomonas aeruginosa*, and *Stenotrophomonas maltophila*.

- Iclaprim also exhibits potent activity against several intracellular bacteria including *Chlamydia pneumoniae*, *Chlamydia trachomatis*, and *Listeria monocytogenes.* Furthermore, in a cellular *Pneumocystis jirovecii* infection model, iclaprim compared favorably with TMP/sulfamethoxazole (SMX), the current empirical prophylaxis and treatment for *P. jirovecii* pneumonia.

- Iclaprim was rapidly bactericidal against Gram-positive clinical isolates and exhibited a significant post-antibiotic sub-microbial MIC effect.

Even when iclaprim concentrations are below the MIC, it generally covers an entire 12-hour dosing interval, which is in line with the PK profile after clinical administration.

- Based on *in vitro* data, the propensity for resistance development is predicted to be low.

- Iclaprim showed synergistic action with sulfonamides and no antagonism with other antibiotic classes.

- Human plasma did not significantly affect the MICs of iclaprim against MSSA or MRSA.

- Iclaprim was active when administered by both IV and oral routes in *in vivo* rodent infection models.

Mechanism Of Action

X-ray crystallography studies have been undertaken to determine the binding properties of iclaprim and its enantiomers in *S. aureus* TMP-susceptible and TMP-resistant DHFRs. These studies demonstrate that iclaprim has additional binding affinity to the DHFRs, as compared with TMP. These interactions form the structural basis of the increased affinity of iclaprim for DHFR and result in sufficient overall binding affinity to also inhibit the TMP-resistant (TMP-R) F98Y mutant enzyme. These interactions occur in a highly conserved region of the bacterial enzyme that is important for substrate binding. Considering the highly conserved nature of the bacterial DHFR active site, we believe similar binding is likely to occur with streptococcal DHFR.

Enzymatic studies demonstrate that iclaprim potently inhibits bacterial DHFR as reflected in its inhibitory activity against Gram-positive bacterial strains, which include Gram-positive pathogens implicated in ABSSSI infection (i.e., *S. aureus*, *S. pyogenes* and *S. agalactiae*). Importantly, iclaprim does not exhibit any significant activity against human DHFR at concentrations 4-5 orders of magnitude higher than those needed to inhibit microbial DHFR.

Safety Pharmacology

Assessment of general behavior, locomotor activity, cardiovascular system, respiratory parameters, and the *in vitro* activity on cardiac ion channels in animal models treated with iclaprim did not reveal any major safety issues.

Pharmacokinetics

There were no major differences in the PK profile between IV or oral administration, gender or the duration of treatment in the species studied. These results are in good agreement with human data. Toxicokinetic studies showed that PK parameters did not change following repeat-dose administration, and no accumulation of iclaprim was seen. Overall, the quantitative differences observed were consistent with the known interspecies differences in the activities of the metabolizing enzymes. Metabolism in animal models was similar to that observed in humans, with all major human metabolites also being major metabolites in these species.

Toxicology

In acute toxicity studies, the median lethal dose (LD50) of iclaprim per IV route ranged from 75 mg/kg in mice to 150 mg/kg in rats. Repeated-dose toxicity studies in rats showed histopathological changes at the injection sites at dosing regimens of $\geq$10 mg/kg/day.

Repeated-dose toxicity studies in marmoset and mini-pig resulted in no observed adverse effect levels (NOAELs) of 30 mg/kg/day and 20 mg/kg, respectively.

Reproductive toxicity studies did not reveal adverse effects on embryo-fetal survival or growth in rats receiving 20 mg/kg/day iclaprim; however, since a small number of fetuses showed the major abnormality of bent scapula, a clear NOAEL for embryo-fetal development was not established. In a Segment II study in mini-pigs by IV administration, no fetal NOAEL could be established and maternal toxicity was observed in all groups treated with iclaprim. Iclaprim was not mutagenic or clastogenic in genotoxicity studies.

Pediatric Indications

We intend to study iclaprim for the treatment of pediatric patients with serious and life threatening indications in adequate and well-controlled comparator controlled studies of Gram-positive infections in pediatric patients ranging in age from birth through 11 years. Preclinical studies and a pediatric IV formulation work is ongoing.

MTF-101

In addition to our clinical programs, we have a preclinical development program underway to identify a formulation of iclaprim suitable for adolescent and pediatric patients. We are also developing IV and oral formulations of MTF-101, a diaminopyrimidine that may be suitable for testing in clinical trials to demonstrate safety and efficacy in patients with osteomyelitis and patients with prosthetic joint infections.

Additional Portfolio Plans

We intend to build a portfolio of novel antibiotics by licensing preclinical and/or clinical stage programs from academic centers and pharmaceutical companies specializing in antibacterial research. Several programs are under review, including compounds designed to be effective against Gram-positive and Gram-negative bacteria.

Intellectual Property

Iclaprim has been designated by FDA as a QIDP for ABSSSI and HABP. Under the GAIN Act, if approved for marketing by the FDA, iclaprim would benefit from a five-year extension to an NCE (New Chemical Entity) exclusivity period of five years, if NCE exclusivity is granted for iclaprim, for a potential total of 10 years of market exclusivity, starting on the date of marketing

approval. During this period of exclusivity, FDA is not permitted to accept any ANDA or Section 505(b)(2) filing until at least the ninth year after marketing approval, and is not permitted to approve any such applications until at least the tenth year after marketing approval. As discussed below, we have filed and plan to file patent applications covering iclaprim which, once issued in the United States, may be eligible to be listed in the FDA publication, "Approved Drug Products with Therapeutic Equivalence Evaluations," known as the "Orange Book." If there are patents listed in the Orange Book, a generic or 505(b)(2) applicant that seeks to market its product before expiration of the patents must include what is known as a "Paragraph IV certification," challenging the validity or enforceability of, or claiming non-infringement of, the listed patent or patents. Notice of the certification must be given to us as well, and we would intend to sue the generic challenger within the proscribed 45 day period after receiving notice of the certification for infringement of our listed patent or patents. Upon initiation of our infringement law suit, approval of the ANDA or 505(b)(2) application would be stayed for a further 30 months, or as lengthened or shortened by the court. In Europe, the generation of additional data in our Phase 3 clinical trials is expected to result in 10 years of data exclusivity. In Japan, the generation of additional data in our Phase 3 clinical trials is expected to result in eight years of data exclusivity (which may be extended to 10 years for orphan or pediatric indications) and an additional two years of market exclusivity.

NCE-type exclusivity periods are expected to be granted for iclaprim in other key markets. We have exclusive access to the complete U.S. and European data packages for iclaprim, generated to support the original regulatory submissions in 2008. In addition to providing critical input into our clinical and regulatory strategy development, we believe the existing data will provide supportive information to future regulatory reviews. Having access to this existing data will avoid the need for us to complete an entire development program starting from scratch, representing a considerable advantage in terms of time and cost compared to more traditional drug development programs.

We are building a patent estate to provide additional protection for iclaprim and MTF-101. We own a provisional patent application covering the fixed dose of iclaprim being used in our Phase 3 trials, which has been filed. This patent application is designed to protect a number of proprietary categories, including kits comprising a dosage form and instructions for administration, dosing regimens, and the use of a dosage for treatment of infection. Other patent applications have been and are expected to be filed that are designed to protect our proprietary technologies, including processes for manufacturing the iclaprim and MTF-101 active pharmaceutical ingredient and therapeutic formulations, their use in pharmaceutical preparations and methods of treating disease with iclaprim or MTF-101.

Commercialization Strategy

We have no products approved for commercialization and have never generated any revenue from product sales. We will not generate revenue from product sales unless and until we successfully complete the development of, obtain regulatory approval for and commercialize one or more of our product candidates. If approved, we intend to commercialize iclaprim, our lead product candidate, in the United States, and identify proven commercialization partners in other key global markets, including Japan and countries in the EU. We believe that our ability to execute this strategy is enhanced by our focus on the hospital setting and the significant prior commercial experience of key members of our management team. Prior to joining us, members of our management team and board of directors were involved in the launch or commercialization of several blockbuster (annual revenues of at least $1 billion) pharmaceutical products.

Competition

The biopharmaceutical and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. We face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing products and new products that may become available in the future. Many of our competitors, alone or with their strategic partners, have greater experience than we do in conducting preclinical studies and clinical trials, and obtaining FDA, EMA and other regulatory approvals, and have substantially greater financial, technical and other resources than we do, such as larger research and development, clinical, marketing and manufacturing organizations. As a result, these companies may obtain regulatory approval for competing products more rapidly than we are able and may be more effective in selling and marketing their products. Companies that complete clinical trials, obtain required regulatory authority approvals and commence commercial sale of their drugs before their competitors may achieve a significant competitive advantage, and our commercial opportunity could be reduced or eliminated if competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Drugs resulting from our research and development efforts or from our joint efforts with collaboration partners therefore may not be commercially competitive with our competitors' existing products or products under development.

We are not currently aware of any other company with a DHFRi in clinical development for antibacterial use. Other companies are developing antibiotics that are not DHFRis and that work differently from our compounds. For example, Durata Therapeutics, Inc. developed and gained approval for dalbavancin and The Medicines Company developed and gained approval for oritavancin. Both antibiotics are glycopeptides, the same class as vancomycin, one of the most commonly prescribed antibiotics and both antibiotics were required by the FDA to conduct additional studies around the same time as Arpida received the CRL for iclaprim. Other companies are developing various classes of antibiotics, including tetracyclines (Tetraphase, Paratek), cephalosporins

(Basilea, GlaxoSmithKline, Merck), quinolones (Melinta, Actavis), oxazolidinones (Melinta, Merck), macrolides (Cempra), carbapenems (Merck, The Medicines Company), aminoglycosides (Achaogen) and defensin-mimetics (Cellceutix). To avert the pending antibiotic crisis, several classes with different mechanisms will likely be needed and it is our belief that our product will assist in diversifying the antibiotic products available on the market.

Government Regulation

Product Approval Process

The clinical testing, manufacturing, labeling, storage, distribution, record keeping, advertising, promotion, import, export and marketing, among other things, of our product candidates are subject to extensive regulation by governmental authorities in the United States and other countries. The FDA under the Federal Food, Drug, and Cosmetic Act regulates pharmaceutical products in the United States. Failure to comply with applicable FDA requirements at any time during the product development process, approval process, or after approval, may subject a company to a range of administrative and judicial enforcement actions, which could include refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls, products seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties.

The steps required before a drug may be approved for marketing in the United States generally include:

- the completion of preclinical laboratory tests and animal tests conducted under Good Laboratory Practices, or GLPs, and other applicable regulations;
- the submission to the FDA of an IND application for human clinical testing, which must be reviewed by the FDA and become effective before human clinical trials commence;
- approval by an independent IRB prior to initial of a clinical trial at a particular study site, and ongoing oversight of the trial by the IRB;
- the successful performance of adequate and well-controlled human clinical trials conducted in accordance with Good Clinical Practices to establish the safety and efficacy of the product candidate for each proposed indication;
- analysis of clinical trial data and preparation of submission to the FDA of an NDA;
- the submission to the FDA of an NDA;
- the FDA's acceptance of the NDA;
- satisfactory completion of an FDA inspection of the manufacturing facilities at which the product is made to assess compliance with cGMPs to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;
- if clinical investigators are investigated satisfactory completion of FDA inspections of their clinical trial sites under GCP;
- satisfactory completion of FDA inspections of clinical trial sites and GLP toxicology studies; and
- the FDA's review and approval of an NDA prior to any commercial marketing or sale of the drug in the United States.

The testing and approval process requires substantial time, effort and financial resources, and the receipt and timing of any approval is uncertain.

Preclinical studies include laboratory evaluations of the product candidate, as well as animal studies to assess the potential safety and efficacy of the product candidate. The results of the preclinical studies, together with manufacturing information, analytical data and a proposed clinical trial protocol, are submitted to the FDA as part of the IND, which must become effective before clinical trials may be commenced. The IND will become effective automatically 30 days after receipt by the FDA, unless the FDA raises concerns or questions about the conduct of the clinical trials as outlined in the IND prior to that time and places the IND on clinical hold. In this case, the IND sponsor and the FDA must resolve any outstanding concerns before clinical trials can proceed. A clinical hold may occur at any time during the life of an IND, due to safety concerns or non-compliance, and may affect one or more specific studies or all studies conducted under the IND.

Clinical trials involve the administration of the product candidates to (depending on the phase, explained below) healthy volunteers or patients with the disease to be treated under the supervision of a qualified principal investigator. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, the parameters to be used in monitoring safety, and the efficacy criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. Further, each clinical trial must be reviewed and approved by an independent institutional review board, or IRB, either centrally or individually at each institution at which the clinical trial will be conducted. The IRB will consider, among other things, ethical factors, the safety of human subjects and the possible liability of the institution. Progress reports detailing the status of the clinical trials must be submitted to the FDA annually. Sponsors must also report to the FDA serious and unexpected adverse reactions, any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigation brochure, or any findings from other studies or animal or *in vitro* testing that suggest a significant risk in humans exposed to the drug. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries (*e.g.,* ClinicalTrials.gov).

Clinical trials are typically conducted in three sequential phases prior to approval, but the phases may overlap. These phases generally include the following:

Phase 1. Phase 1 clinical trials represent the initial introduction of a product candidate into human subjects, frequently healthy volunteers. In Phase 1, the product candidate is usually tested for safety, including adverse effects, dosage tolerance, absorption, distribution, metabolism, excretion and pharmacodynamics.

Phase 2. Phase 2 clinical trials usually involve studies in a limited patient population to: (1) evaluate the efficacy of the product candidate for specific indications; (2) determine dosage tolerance and optimal dosage; and (3) identify possible adverse effects and safety risks.

Phase 3. Phase 3 clinical trials are conducted to further demonstrate clinical efficacy, optimal dosage and safety within an expanded patient population at geographically dispersed clinical trial sites, and to provide sufficient data for the statistically valid evidence of safety and efficacy.

Concurrent with clinical studies, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the product and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

Phase 4 clinical trials, whether conducted voluntarily or mandated by the FDA, are often conducted after approval to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of drugs approved under accelerated approval regulations, or when otherwise requested by the FDA in the form of post-market requirements or commitments. Failure to promptly conduct any required Phase 4 clinical trials could result in withdrawal of approval.

Clinical trials are inherently uncertain and any phase may not be successfully completed. A clinical trial may be suspended or terminated by the FDA, IRB or sponsor at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides ongoing oversight and safety reviews to determine whether or not a clinical trial may move forward at designated check points based on access to certain data from the clinical trial. We may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate.

Sponsors have the opportunity to meet with the FDA at certain points during the development of a new drug to share information about the data gathered to date and for the FDA to provide advice on the next phase of development. These meetings may be held prior to the submission of an IND, at the end of Phase 2 and/or before an NDA is submitted. Meetings may be requested at other times as well.

The results of preclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information on the manufacture, composition and quality of the product, proposed labeling and other relevant information are submitted to the FDA in the form of an NDA requesting approval to market the product. The NDA must be accompanied by a significant user fee payment. The FDA has substantial discretion in the approval process and may refuse to accept any application, for example if the NDA is not sufficiently complete, or decide that the data are insufficient for approval and require additional preclinical, clinical or other studies.

In addition, under the Pediatric Research Equity Act, or PREA, an NDA or supplement to an NDA must contain data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers. In 2012, the FDASIA amended the FDCA to require that a sponsor who is planning to

submit such an application submit an initial Pediatric Study Plan (PSP) within sixty days of an end-of-phase 2 meeting or as may be agreed between the sponsor and the FDA. The FDA and the sponsor must reach agreement on the PSP. Unless otherwise required by regulation, PREA does not apply to any drug for an indication for which orphan drug designation has been granted. However, if only one indication for a product has orphan drug designation, a pediatric assessment may still be required for any applications to market that same product for the non-orphan indication(s). We note that we do not currently have orphan drug designation for any of our product candidates.

Once the NDA submission has been submitted, the FDA has 60 days after submission of the NDA to conduct an initial review to determine whether it is sufficient to accept for filing. NDAs receive either a standard or priority review. Under the Prescription Drug User Fee Act, the FDA sets a goal date by which it plans to complete its review. For a standard review, this is typically 12 months from the date of submission of the NDA application. The review process is often extended by FDA requests for additional information or clarification. Before approving an NDA, the FDA will inspect the facilities at which the product is manufactured and will not approve the product unless the manufacturing facility complies with cGMPs and may also inspect clinical trial sites for integrity of data supporting safety and efficacy. The FDA may also convene an advisory committee of external experts to provide input on certain review issues relating to risk, benefit and interpretation of clinical trial data. The FDA is not bound by the recommendations of an advisory committee, but generally follows such recommendations in making its decisions. The FDA may delay approval of an NDA if applicable regulatory criteria are not satisfied and/or the FDA requires additional testing or information. The FDA may require post-marketing testing and surveillance to monitor safety or efficacy of a product.

Priority Review is granted where there is evidence that the proposed product would be a significant improvement in the safety or effectiveness of the treatment, diagnosis, or prevention of a serious condition. Priority review designation does not change the scientific or medical standard for approval or the quality of evidence necessary to support approval. Also, FDA has a Fast Track program that is intended to expedite or facilitate the process for reviewing new drugs that meet certain criteria. Specifically, new drugs are eligible for Fast Track designation if they are intended to treat a serious or life-threatening disease or condition for which there is no effective treatment and demonstrate the potential to address unmet medical needs for the condition. Fast Track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a new drug or biologic may request the FDA to designate the drug or biologic as a Fast Track product concurrently with, or at any time after, submission of an IND, and the FDA must determine if the product candidate qualifies for Fast Track designation within 60 days of receipt of the sponsor's request. The FDA may initiate review of sections of a Fast Track drug's NDA before the application is complete. This rolling review is available if the applicant provides, and the FDA approves, a schedule for the submission of each portion of the NDA and the applicant pays applicable user fees. However, the FDA's time period goal for reviewing an application does not begin until the last section of the application is submitted. Additionally, the Fast Track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical study process.

Before approving an NDA, the FDA will often inspect the facilities at which the product is manufactured, FDA will not approve the product unless it finds adequate assurance (through inspection or otherwise) that the manufacturing facility complies with cGMPs FDA may also inspect clinical trial sites for integrity of data supporting safety and efficacy. The FDA may also convene an advisory committee of external experts to provide input on certain review issues relating to risk, benefit and interpretation of clinical trial data. The FDA is not bound by the recommendations of an advisory committee, but generally follows such recommendations in making its decisions. The FDA may delay approval of an NDA if applicable regulatory criteria are not satisfied and/or the FDA requires additional testing or information. The FDA may require post-marketing testing and surveillance to monitor safety or efficacy of a product.

After the FDA evaluates the NDA and evaluates manufacturing facilities where the drug product and/or its API will be produced, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter generally outlines the deficiencies in the NDA submission and may require substantial additional clinical testing, such as an additional pivotal Phase 3 clinical trial(s), clinical data, and/or other significant, expensive and time consuming requirements related to clinical trials, preclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval.

The FDA may approve the NDA with a REMS plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include Phase 4 clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval and may require additional clinical

trials and NDA submissions. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained, or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated type, severity or frequency, with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information, imposition of post-market studies or clinical trials to assess new safety risks, or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, but are not limited to:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA, as well as the Department of Justice, strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA, DOJ and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. Although recent court decisions and FDA Guidances suggest that certain off-label communications (e.g., truthful and non-misleading speech) may be protected under the First Amendment, the scope of any such protection is unclear and there are still significant risks in this area as it is unclear how these court decisions will impact the FDA's enforcement practices, and there is likely to be substantial disagreement and difference of opinion regarding whether any particular statement is truthful and not misleading.

Moreover, the federal Drug Supply Chain Security Act (DSCSA) imposes obligations on manufacturers of pharmaceutical products, among others, related to product tracking and tracing. Among the requirements of DSCSA, manufacturers will be required to provide certain information regarding the drug product to individuals and entities to which product ownership is transferred, label drug product with a product identifier, and keep certain records regarding the drug product. Further, under DSCSA manufacturers will have drug product investigation, quarantine, disposition, and notification responsibilities related to counterfeit, diverted, stolen, and intentionally adulterated products, as well as products that are the subject of fraudulent transactions or which are otherwise unfit for distribution such that they would be reasonably likely to result in serious health consequences or death.

Foreign Regulation

In order to market any product outside of the United States, we would need to comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we would need to obtain the necessary approvals by the comparable foreign regulatory authorities before we can commence clinical trials or marketing of the product in foreign countries and jurisdictions. Although many of the issues discussed above with respect to the United States apply similarly in the context of the EU, the approval process varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. Furthermore, in light of the recent Brexit vote, it is unclear at this time what impact Brexit could have on the pharmaceutical industry and the process for approving product candidates in the United Kingdom. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

Other Healthcare Laws

In addition to FDA restrictions on the marketing of pharmaceutical products, federal and state healthcare laws restrict certain business practices in the biopharmaceutical industry. Although we currently do not have any products on the market, we may be subject, and once our product candidates are approved and we begin commercialization, will be subject to additional healthcare laws and regulations enforced by the federal government and by authorities in the states and foreign jurisdictions in which we conduct our business. These laws include, but are not limited to, anti-kickback, false claims, data privacy and security, and transparency statutes and regulations.

The federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, purchasing, leasing, arranging for, ordering or recommending any good, facility, item or service for which payment is made, in whole or in part, under Medicare, Medicaid or any other federal healthcare program. The term "remuneration" has been broadly interpreted to include anything of value, including for example, gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash, waivers of payment, ownership interests and providing anything at less than its fair market value. The federal Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand, and prescribers, purchasers and formulary managers on the other. Although there are a number of statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution, the exceptions and safe harbors are drawn narrowly, and our future practices may not in all cases meet all of the criteria for a statutory exception or safe harbor protection. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor. Failure to meet all of the requirements of a particular applicable regulatory safe harbor does not make the conduct *per se* illegal under the federal Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare program covered business, the statute has been violated. Additionally, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, PPACA, amended the intent requirement under the Anti-Kickback Statute and criminal healthcare fraud statutes (discussed below) such that a person or entity no longer needs to have actual knowledge of the statute or the specific intent to violate it in order to have committed a violation. In addition, PPACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act (discussed below). Furthermore, many states have adopted anti-kickback laws similar to the federal Anti-Kickback Statute. Some of these state anti-kickback laws are more extensive than the federal law, including state kickback prohibitions that apply to items and services not reimbursed by private third-party payors and/or cash-giving patients. Due to the breadth of these federal and state anti-kickback laws, and the potential for additional legal or regulatory change in this area, it is possible that our current and future sales and marketing practices and/or our future relationships with physicians might be challenged under these laws, which could cause harm to us.

The civil monetary penalties statute imposes penalties against any person or entity who, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

The federal false claims laws prohibit, among other things, any person or entity from knowingly presenting, or causing to be presented, a false or fraudulent claim for payment or approval to the federal government or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the U.S. government. Multiple pharmaceutical and other healthcare companies have been prosecuted under these laws for, among other things, allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies' marketing of the product for unapproved, and thus non-covered, uses.

The Health Insurance Portability and Accountability Act of 1996, or HIPAA, created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of, or payment for, healthcare benefits, items or services.

In addition, we may be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA's security standards directly applicable to business associates—independent contractors or agents of covered entities that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also created four new tiers of civil monetary penalties, and

newly empowered state attorneys general with the authority to enforce HIPAA. In January 2013, the Office for Civil Rights of the U.S. Department of Health and Human Services issued the Final Omnibus Rule under HIPAA pursuant to HITECH that makes significant changes to the privacy, security, and breach notification requirements and penalties. The Final Omnibus Rule generally took effect in September 2013 and enhances certain privacy and security protections, and strengthens the government's ability to enforce HIPAA. The Final Omnibus Rule also enhanced requirements for both covered entities and business associates regarding notification of breaches of unsecured protected health information. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways. These state laws may not have the same effect and often are not preempted by HIPAA, thus complicating compliance efforts.

Additionally, PPACA also included the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually information related to certain payments or other transfers of value made or distributed to physicians and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, the physicians and teaching hospitals and to report annually certain ownership and investment interests held by physicians and their immediate family members. Failure to comply with required reporting requirements could subject applicable manufacturers and others to substantial civil money penalties.

Also, many states have similar healthcare statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Certain states require pharmaceutical companies to implement a comprehensive compliance program that includes a limit or outright ban on expenditures for, or payments to, individual medical or health professionals and/or require pharmaceutical companies to track and report gifts and other payments made to physicians and other healthcare providers.

Because we intend to commercialize products that could be reimbursed under federal and other governmental healthcare programs, we plan to develop a comprehensive compliance program that establishes internal controls to facilitate adherence to the state and federal rules and healthcare program requirements. Although compliance programs and adherence thereto may mitigate the risk of violation of and subsequent investigation and prosecution for violations of the above laws, the risks cannot be entirely eliminated. If our operations are found to be in violation of any of the healthcare laws or regulations described above or any other laws that apply to us, we may be subject to penalties, including potentially significant criminal, civil and/or administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion of products from reimbursement under government programs, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings and/or the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. To the extent that any of our products will be sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, fraud and abuse and conflict of interest laws, and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

Pharmaceutical Coverage, Pricing And Reimbursement

In both domestic and foreign markets, our sales of any future approved products, if and when commercialized, will depend in part on the availability of coverage and adequate reimbursement from third-party payors. Third-party payors include government authorities, managed care providers, private health insurers and other organizations. Patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our products, if approved, unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our products. Sales of our products will therefore depend substantially, both domestically and abroad, on the extent to which the costs of our products will be paid by third-party payors. These third-party payors are increasingly focused on containing healthcare costs by challenging the price, imposing coverage restrictions or limits and examining the cost-effectiveness of medical products and services.

In addition, significant uncertainty exists as to the coverage and reimbursement status of newly approved healthcare product candidates. The market for our product candidates for which we may receive regulatory approval will depend significantly on access to third-party payors' drug formularies, or lists of medications for which third-party payors provide coverage and reimbursement. The industry competition to be included in such formularies often leads to downward pricing pressures on pharmaceutical companies. Also, third-party payors may refuse to include a particular branded drug in their formularies or otherwise restrict patient access to a branded drug when a less costly generic equivalent or other alternative is available. Furthermore, third-party payor reimbursement to providers for our product candidates may be subject to a bundled payment that also includes the procedure administering our products. To the extent there is no separate payment for our product candidates, there may be further uncertainty as to the adequacy of reimbursement amounts. Because each third-party payor individually approves coverage and reimbursement levels, obtaining coverage and adequate reimbursement is a time consuming, costly and sometimes unpredictable process. We may be required to provide scientific and clinical support for the use of any product to each third-party payor separately with no assurance that approval would be obtained, and we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness and/or medical necessity of our products. This process could delay the market acceptance of any product and could have a negative

effect on our future revenues and operating results. We cannot be certain that our product candidates will be considered cost-effective or medically necessary. Because coverage and reimbursement determinations are made on a payor-by-payor basis, obtaining acceptable coverage and reimbursement from one payor does not guarantee the Company will obtain similar acceptable coverage or reimbursement from another payor. A payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. If we are unable to obtain adequate coverage of, and adequate reimbursement and payment levels for, our product candidates from third-party payors, physicians may limit how much or under what circumstances they will prescribe or administer them and patients may decline to purchase them. This in turn could affect our ability to successfully commercialize our products and impact our profitability, results of operations, financial condition and future success.

Furthermore, in many foreign countries, particularly the countries of the EU, the pricing of prescription drugs is subject to government control. In some non-U.S. jurisdictions, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the EU provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. We may face competition for our product candidates from lower-priced products in foreign countries that have placed price controls on pharmaceutical products. In addition, there may be importation of foreign products that compete with our own products, which could negatively impact our profitability.

Healthcare Reform

In the United States and foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system that could affect our future business and operations if and when we begin to directly commercialize our products.

In particular, there have been and continue to be a number of initiatives at the U.S. federal and state level that seek to reduce healthcare costs. Initiatives to reduce the federal deficit and to reform healthcare delivery are increasing cost-containment efforts. We anticipate that Congress, state legislatures and the private sector will continue to review and assess alternative controls on healthcare spending through limitations on the growth of private health insurance premiums and Medicare and Medicaid spending, the creation of large insurance purchasing groups, price controls on pharmaceuticals and other fundamental changes to the healthcare delivery system. Any proposed or actual changes could limit or eliminate our spending on development projects and affect our ultimate profitability.

In March 2010, PPACA was signed into law. PPACA has substantially changed the way healthcare is financed by both governmental and private insurers. PPACA, among other things: established an annual, nondeductible fee on any entity that manufactures or imports certain branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs; revised the methodology by which rebates owed by manufacturers for covered outpatient drugs under the Medicaid Drug Rebate Program are calculated; increased the statutory minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program; addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted, or injected; extended the Medicaid Drug Rebate Program to prescriptions of individuals enrolled in Medicaid managed care organizations; required manufacturers to offer 50% point-of-sale discounts on negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; and implemented payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models.

In the future, there may continue to be additional proposals relating to the reform of the U.S. healthcare system, some of which could further limit the prices we will be able to charge for our product candidates, or the amounts of reimbursement available for our product candidates. If future legislation were to impose direct governmental price controls and/or access restrictions, it could have a significant adverse impact on our business. Managed care organizations, as well as Medicaid and other government agencies, continue to seek price discounts. Some states have implemented, and other states are considering, measures to reduce costs of the Medicaid program, and some states are considering implementing measures that would apply to broader segments of their populations that are not Medicaid-eligible. Due to the volatility in the current economic and market dynamics, we are unable to predict the impact of any unforeseen or unknown legislative, regulatory, payor or policy actions, which may include cost containment and healthcare reform measures. Such policy actions could have a material adverse impact on our profitability.

C. Organizational Structure.

As described above under the heading "Item 4.A. History And Development Of The Company", in connection with the corporate reorganization, Motif Bio plc became the holding company for Motif BioSciences, Inc. Information about Motif Bio plc's ownership position in Motif BioSciences Inc. is included in the table below.

Company name	Country of incorporation	Percentage shareholding	Percentage voting power	Method used to account for investment
Motif BioSciences Inc.	Delaware, U.S.	100%	100%	Consolidation

D. Property, Plants and Equipment.

We do not own or lease any material office space, manufacturing facilities or equipment and do not have any current plans to construct or acquire any facilities.

Item 4A. Unresolved Staff Comments.

Not applicable.

Item 5. Operating and Financial Review and Prospects.

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and the related notes appearing elsewhere in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business and its related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Annual Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

All amounts included herein with respect to the years ended December 31, 2016, 2015 and 2014 are derived from our audited consolidated financial statements included elsewhere in this Annual Report. The audited consolidated financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 have been prepared in accordance with IFRS as issued by the IASB, and in accordance with IFRS as endorsed for use in the European Union. As permitted by the rules of the SEC for foreign private issuers, we do not reconcile our financial statements to U.S. generally accepted accounting principles.

Overview

We are currently conducting a global Phase 3 program (REVIVE) with an IV formulation of iclaprim, for the treatment of ABSSSI. On April 18, 2017, we announced positive topline results from REVIVE-1, our global Phase 3 clinical trial in patients with ABSSSI. Iclaprim achieved the primary endpoint of non-inferiority at the early time point after start of study drug administration as well as non-inferiority for the test of cure endpoint. Iclaprim was well tolerated in the study, with most adverse events categorized as mild. Data from REVIVE-2, the second Phase 3 trial, which uses an identical protocol to REVIVE-1 but has different trial centers, are expected in the second half of 2017 and submission of a New Drug Application (NDA) for iclaprim for the treatment of ABSSSI is anticipated in the first half of 2018.

Based on our current plans, we do not expect to generate significant revenue unless and until we obtain marketing approval for, and commercialize, iclaprim. We do not expect to obtain marketing approval before 2018, if at all. Accordingly, we will need to obtain additional funding in connection with our continuing operations, including completion of the REVIVE-1 and REVIVE-2 trials and our plans to conduct our INSPIRE Phase 3 clinical trial of iclaprim in HABP, including VABP, patients. Adequate additional financing may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization effort.

We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we continue the development of and seek marketing approval for iclaprim and, possibly, other product candidates and continue our research activities. Our expenses will increase if we suffer any delays in our Phase 3 clinical programs for iclaprim. If we obtain marketing approval for iclaprim or any other product candidate that we develop, we expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing.

Furthermore, as of November 18, 2016, our American Depositary Receipts are now publicly traded on the Nasdaq Capital Market. As a result, we are now incurring additional costs associated with operating as a public company in the United States.

A. Operating Results

The following discussion sets forth certain components of our statements of operations as well as factors that impact those items.

Revenues

To date, we have not generated any revenues from product sales and we do not expect to recognize any revenue from the sale of products, even if approved, for the next few years. Our success depends primarily on the successful development and regulatory approval of our product candidates and our ability to finance operations. If our development efforts result in clinical success and regulatory approval, or we enter into collaboration agreements with third-parties for our product candidates, we may generate revenue from those product candidates. Our ability to generate product revenue and become profitable depends upon our ability to obtain regulatory approval for and to successfully commercialize our product candidates.

Research and Development

Our research and development expenses consist primarily of costs incurred in connection with the development of our product candidates, including:

- personnel-related costs, such as salaries, bonuses, benefits, travel and other related expenses, including share-based compensation;
- expenses incurred under our agreements with CROs, clinical sites, contract laboratories, medical institutions and consultants that plan and conduct our preclinical studies and clinical trials, including, in the case of consultants, share-based compensation;
- costs associated with regulatory filings;
- costs of acquiring preclinical assay and clinical trial materials; and
- costs associated with preclinical development, formulation development and process development.

To date, we have expensed all research and development costs as incurred. Clinical development expenses for our product candidates are a significant component of our current research and development expenses as we progress our product candidates into and through clinical trials. Product candidates in later stage clinical development generally have higher research and development costs than those in earlier stages of development, primarily due to increased size and duration of the clinical trials. We recognize costs for each grant project, preclinical study or clinical trial that we conduct based on our evaluation of the progress to completion, using information and data provided to us by our research and development vendors and clinical sites.

If we meet the following conditions, we would be able to capitalize expenditures on drug development activities:

- it is probable that the asset will create future economic benefits;
- the development costs can be measured reliably;
- technical feasibility of completing the intangible asset can be demonstrated;
- there is the intention to complete the asset and use or sell it;
- there is the ability to use or sell the asset; and
- adequate technical, financial, and other resources to complete the development and to use or sell the asset are available.

These conditions are generally met when a filing is made for regulatory approval for commercial production. At this time, we do not meet all conditions and therefore, development costs are recorded as expense in the period in which the cost is incurred.

We expect our research and development expenses to increase over the next few years as a result of our ongoing and anticipated Phase 3 clinical trials and as we prepare for commercial launch of our products, if approved. The process of conducting the necessary clinical research to obtain regulatory approval of a product candidate is costly and time consuming. We will require additional funding to fund our continuing operations, including completion of the REVIVE-1 and REVIVE-2 trials and our plans to conduct our INSPIRE Phase 3 clinical trial of iclaprim in HABP, including VABP, patients. The probability that any of our product candidates receives regulatory approval and eventually is able to generate revenue depends on a variety of factors, including the quality of our product candidates, early clinical data, investment in our clinical program, competition, manufacturing capability and commercial viability. As a result of these uncertainties, we are unable to determine the duration and completion costs of our research and development projects or if, when and to what extent we will generate revenue from the commercialization and sale of any of our product candidates, if approved. We may never succeed in achieving regulatory approval for any of our product candidates.

We do not allocate personnel-related research and development costs, including share-based compensation or other indirect costs, to specific programs, as they are deployed across multiple projects under development.

General and Administration

General and administrative expenses include personnel costs, costs for outside professional services and other allocated expenses. Personnel costs consist of salaries, bonuses, benefits, travel and share-based compensation. Outside professional services consist of legal, accounting and audit services, commercial evaluation and strategy services, and other consulting services. We expect general and administrative expenses to increase in the near future with the expansion of our staff and management team to include new personnel responsible for finance, legal, information technology and later, sales and business development functions. We also expect to incur additional general and administrative costs as a result of operating as a U.S. public company, including expenses related to compliance with the rules and regulations of the SEC and those of any national securities exchange on which our securities are traded, additional insurance expense, investor relations activities and other administrative and professional services. We also expect to incur additional expenses related to in-licenses, acquisitions or similar transactions that we may pursue as part of our strategy, including legal, accounting and audit services and other consulting fees.

Interest Income, Expense

Interest income consists of interest earned on our cash and cash equivalents. Interest expense consists of interest paid or payable on financial liabilities.

Net Foreign Exchange Losses

Items included in our consolidated financial statements are measured using the currency of the primary economic environment in which we operate (‘‘the functional currency’’). The consolidated financial statements are presented in United States Dollars (US$), which is our functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

Historically, our cash and cash equivalents have been held primarily in U.S. dollars, in the United Kingdom and most of our expenses have been U.S. dollar-denominated.

The following table sets forth our results of operations for the years ended December 31, 2016, 2015 and 2014.

	Year ended December 31,		
	2016	2015	2014
	(in thousands, except share and per share data)		
Consolidated Statement of Comprehensive Loss			
Operating expenses:			
General and administrative	$ (4,912)	$ (3,577)	$ (1,096)
Research and development	(34,794)	(4,681)	—
Gains on settlement of contract disputes	83	5	360
Total operating expenses	$ (39,623)	$ (8,253)	$ (736)
Operating loss	(39,623)	(8,253)	(736)
Other income (expense), net			
Interest income	70	15	—
Interest expense	(383)	(268)	(449)
Loss from revaluation of derivative liability	(136)	—	—
Net foreign exchange losses	(251)	(10)	—
Total other expense, net	$ (700)	$ (263)	$ (449)
Loss before income taxes	(40,323)	(8,516)	(1,185)
Income tax loss	(1)	(1)	(1)
Net loss	$ (40,324)	$ (8,517)	$ (1,186)
Total comprehensive loss	$ (40,324)	$ (8,517)	$ (1,186)

Comparison of the year ended December 31, 2016 and December 31, 2015

General and Administrative Expense

General and administrative expenses increased by US$1.3 million, to US$4.9 million, in the year ended December 31, 2016 from US$3.6 million in the year ended December 31, 2015. This increase was primarily attributable to an increase in legal and other professional fees, including: (i) the costs associated with being a public company in the United Kingdom and in the United States; (ii) the costs associated with the filing of a registration statement on Form F-1 with the U.S. Securities and Exchange Commission relating to the U.S. public offering of American Depositary Shares; and (iii) increases in the costs of outside professional services, including commercial evaluation and strategy services, investor relations and other consulting services.

Research and Development Expense

Research and development expenses increased by US$30.1 million to US$34.8 million in the year ended December 31, 2016 from US$4.7 million in the year ended December 31, 2015. This increase was primarily attributable to the commencement of iclaprim clinical development. For the year ended December 31, 2016, US$30.4 million was spent in relation to contract research organization expenses, US$2.2 million in relation to clinical operations and US$2.1 million in relation to chemistry and manufacturing development and other non-clinical development.

Loss from Revaluation of Derivative Liability

In November 2016, we issued warrants that are classified as a liability due to a potential variability in the number of shares that may be issued upon exercise if we fail to maintain an effective registration statement. This liability is carried at fair value and is remeasured each reporting period using the Black-Scholes option pricing model. The increase in the fair value of the warrant liability from issuance to December 31, 2016 was primarily attributable to an increase in our stock price.

Net Foreign Exchange Loss

The net foreign exchange loss for the year ended December 31, 2016 was US$ 250,926, as compared to a loss of US$ 9,644 in the year ended December 31, 2015. In both periods the loss recognized relates to the re-measurement of our Sterling denominated cash deposits to US dollars at the closing US dollar to Sterling exchange rate as well as the gains and losses resulting from the settlement of transactions denominated in foreign currency. Sterling denominated cash deposits totaled £14,424 and £1,774,741 at December 31, 2016 and 2015, respectively.

Comparison of the year ended December 31, 2015 and December 31, 2014

General and Administrative Expense

General and administrative expenses increased by US$2.5 million, to US$3.6 million, in the year ended December 31, 2015 from US$1.1 million in the year ended December 31, 2014. The increase was primarily due to an increase of US$0.8 million in personnel related expenses which increased to two key management personnel from none in the year ended December 31, 2014, a US$0.7 million increase in legal and other professional fees and higher other costs associated with being a public company in the United Kingdom.

Research and Development Expense

Research and development expenses were US$4.7 million in the year ended December 31, 2015. There were no research and development expenses in the year ended December 31, 2014. The increase was primarily attributed to the commencement of iclaprim clinical development. For the year ended December 31, 2015 US$3.1 million was spent in relation to contract research organization expenses, US$0.7 million on clinical operations and US$0.9 million in relation to chemistry and manufacturing development and other non-clinical development.

Gains on Settlement Of Contract Disputes

The gain of $0.4 million in the year ended December 31, 2014 includes $0.3 million due to a write off of salary owed to a director, for his services as Chief Executive Officer, which was written off as part of a settlement agreement in 2014.

B. Liquidity and Capital Resources

At December 31, 2016 and 2015, we had cash and cash equivalents of approximately US$21.8 million and US$28.6 million, respectively. We do not expect to generate significant revenue from product sales unless and until we obtain regulatory approval for and commercialize our current or any future product candidates. We anticipate that we will continue to generate losses for the foreseeable future, and we expect our losses to increase as we continue the development of and seek regulatory approvals for our product candidates and begin to commercialize any approved products. We are subject to all of the risks applicable to the development of new products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may harm our business.

Our operations have been financed primarily by net proceeds from the issuance of ADSs on the NASDAQ Capital Market, the issuance of ordinary shares on AIM, and the issuance of convertible promissory notes to related parties. Our primary uses of capital are, and we expect will continue, at least in the short term, to be, third-party expenses associated with the planning and conduct of preclinical and clinical trials, costs of process development services and manufacturing of our product candidates, and compensation-related expenses. We also expect our cash needs to increase to fund potential in-licenses, acquisitions or similar transactions as we pursue our strategy.

Cash used to fund operating expenses is affected by the timing of when we pay expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

Our future funding requirements will depend on many factors, including the following:

- the scope, rate of progress, results and cost of our preclinical studies and clinical trials and other related activities;
- the cost of formulation, development, manufacturing of clinical supplies and establishing commercial supplies of our product candidates and any other product candidates that we may develop, in-license or acquire;
- the cost, timing and outcomes of pursuing regulatory approvals;
- the cost and timing of establishing administrative, sales, marketing and distribution capabilities;
- the terms and timing of any collaborative, licensing and other arrangements that we may establish, including any required milestone and royalty payments thereunder; and
- the emergence of competing technologies and their achieving commercial success before we do or other adverse market developments.

We expect to continue to incur losses. Our ability to achieve and maintain profitability depends upon the successful development, regulatory approval and commercialization of our product candidates and achieving a level of revenues adequate to support our cost structure. We may never achieve profitability, and unless and until we do, we will continue to need to raise additional capital. If we need to raise additional capital to fund our operations and complete our ongoing and planned clinical trials, funding may not be available to us on acceptable terms, or at all.

We will need to raise additional capital through equity or debt financings to continue to fund our operations and meet our capital funding needs. On April 18, 2017, we announced positive topline results from REVIVE-1, our global Phase 3 clinical trial in patients with ABSSSI. Iclaprim achieved the primary endpoint of non-inferiority at the early time point after start of study drug administration as well as non-inferiority for the test of cure endpoint. Iclaprim was well tolerated in the study, with

most adverse events categorized as mild. We believe that this new data and the fact that REVIVE-2, the second Phase 3 trial, uses an identical protocol to REVIVE-1 but has different trial centers, could provide the basis for increased investor interest in us and, hence, potentially provide greater opportunities to raise additional capital

The sale of additional equity would result in additional dilution to our shareholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. If we are not able to secure adequate additional funding, we may be forced to make reductions in spending, extend payment terms with suppliers, sell assets where possible or suspend or curtail planned programs. In addition, lack of funding would limit any strategic initiatives to in-license or acquire additional product candidates or programs.

Cash Flows

	Year ended December 31,		
	2016	2015	2014
	(in thousands, except share and per share data)		
Net cash (used in) / provided by:			
Operating activities	(27,942)	(7,998)	(2)
Financing activities	21,428	36,599	5
Effect of exchange rate changes on cash and cash equivalents	(251)	(11)	—
	(6,765)	28,590	3

Operating Activities

Net cash used in operating activities was US$27.9 million in the year ended December 31, 2016, which reflects the continuation of the clinical development of iclaprim, including a US$11.3 million increase in trade payables. In addition, pursuant to a Sale and Purchase Agreement with Acino Pharma AG ("Acino"), we are obligated to pay Acino US$500,000 upon completion of any iclaprim Phase 3 clinical study. As a result of the REVIVE-1 read out in April 2017, the Acino milestone has been reclassified as a current liability as of December 31, 2016. Net cash used in operating activities was approximately US$8.0 million for the year ended December 31, 2015, reflecting the commencement of clinical development of iclaprim. Our activities in 2014 were comprised of building medicinal chemistry plans, seeking new capital, and pursuing additional in-licensing opportunities.

Financing Activities

Net cash provided by financing activities amounted to US$21.4 million in the year ended December 31, 2016, resulting from our November 2016 offering as described further below. Net cash provided by financing activities was US$36.6 million in the year ended December 31, 2015, resulting from (i) the issuance of promissory notes; (ii) our initial public offering on AIM, pursuant to which we issued 14,186,140 of our ordinary shares at a price of £0.20 (US$0.30) per share; and (iii) our follow on offering on AIM, pursuant to which we issued 44,000,000 of our ordinary shares at a price of £0.50 (US$0.79) per share.

On November 18, 2016, we announced the pricing of our underwritten U.S. public offering and European placement, which were concurrently conducted, of 71,633,248 ordinary shares, comprised of 22,863,428 ordinary shares plus 2,438,491 ADSs (representing 48,769,820 ordinary shares at a 20 to 1 ratio). We offered 48,769,820 ordinary shares in a U.S. firm commitment public offering in the form of 2,438,491 American Depositary Shares or ADSs, together with warrants to purchase 1,219,246 ADS Warrants. Each ADS represents 20 of our ordinary shares and was sold together with 0.5 of an ADS Warrant in a fixed combination. Each full ADS Warrant is exercisable for one ADS at an exercise price of $8.03 per ADS, exercisable from the date of issuance until five years thereafter. In Europe, we offered in a concurrent placement on a best efforts basis 22,863,428 ordinary shares, together with warrants to purchase 11,431,714 ordinary shares. Each ordinary share was sold together with 0.5 of an Ordinary Share Warrant in a fixed combination. Each full Ordinary Share Warrant is exercisable for one ordinary share at an exercise price of £0.32 ($0.40), exercisable from the date of issuance until five years thereafter. The public offering price of the ADSs and ADS Warrants in the U.S. offering was $6.98 per ADS and ADS Warrant combination, and the public offering price of our ordinary shares and Ordinary Share Warrants in the European placement was £0.28 ($0.35) per ordinary share and Ordinary Share Warrant combination.

On December 22, 2016, we announced that, at our General Meeting, our shareholders authorized our directors to (i) allot relevant securities up to an aggregate nominal value of £313,938.23 in connection with the exercise of various share options,

warrants and convertible securities granted by the Company between April 1, 2015 and December 22, 2016, and (ii) allot relevant securities for purposes other than those identified in (i) above, up to an aggregate nominal amount of £270,965.62. Our shareholders further authorized our directors to disapply statutory preemptive rights, but only with respect to the two aforementioned allotments.

On April 28, 2017, we announced the appointment of Peel Hunt LLP as nominated adviser and joint corporate broker with immediate effect.

Critical Accounting Policies And Significant Judgments And Estimates

A description of our principal accounting policies, critical accounting estimates and key judgments is set out in Note 2 ("Significant accounting policies") to our audited consolidated financial statements included elsewhere in this Annual Report.

Recent Accounting Pronouncements

For a discussion of the new standards and interpretations not yet adopted by us, see Note 2 ("Significant accounting policies—New standards and interpretations not yet adopted") to our consolidated audited financial statements which appear elsewhere in this Annual Report.

C. Research and Development

For a discussion of our research and development activities, see "Item 4.B. Business Overview" and "Item 5.A. Operating Results."

D. Trend Information

For a discussion of trends, see "Item 4.B. Business Overview," "Item 5.A. Operating Results" and "Item 5.B. Liquidity and Capital Resources."

E. Off-Balance Sheet Arrangements

We do not have variable interests in variable interest entities or any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table discloses aggregate information about material contractual obligations and periods in which payments were due as of December 31, 2016. Future events could cause actual payments to differ from these estimates.

At December 31, 2016	< 1 year $	Between 1 and 3 years $	Between 3 and 5 years $	Over 5 years $	Total
			(in thousands)		
Milestone payments	500	—	—	—	500
Total	500	—	—	—	500

We have entered into an agreement with an independent contract research organization for clinical trials and with vendors for preclinical studies and other services and products for operating purposes, which are cancelable at any time by us, generally upon 60 days prior written notice. Future payment obligations under these agreements are not included in the contractual obligations table above or our consolidated balance sheets, as the amount and timing of these milestones are not probable and estimable at this time.

G. Safe Harbor.

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and as defined in the Private Securities Litigation Reform Act of 1995. See "Cautionary Note Regarding Forward-Looking Statements."

Item 6. Directors, Senior Management and Employees.

A. Directors and Senior Management.

The following table sets forth information regarding our executive officers and directors, including their ages, as of December 31, 2016. Unless otherwise indicated, the current business addresses for our executive officers and non-employee directors is 125 Park Avenue 25th Floor, New York, NY 10011, United States.

Name	Age	Position
Executive Officers		
Graham George Lumsden	57	Chief Executive Officer and Executive Director
Robert Dickey IV	61	Chief Financial Officer
David Huang	42	Chief Medical Officer
Non-Employee Directors		
Richard Cecil Eversfield Morgan(1)(2)	72	Non-Executive Chairman
Robert Bertoldi	63	Executive Director
Charlotta Ginman-Horrell(1)	51	Non-Executive Director
Jonathan Gold(1)	44	Non-Executive Director
Zaki Hosny(2)	68	Non-Executive Director
Mary Lake Polan (3)	73	Non-Executive Director
Bruce Andrew Williams(1)(2)	62	Non-Executive Director

(1) Member of the audit committee. Mr. Morgan was a member of the audit committee until being replaced by Mr. Williams in December 2016.
(2) Member of the remuneration committee.
(3) Member of the nomination committee.

Executive Officers

Graham Lumsden has served as our Chief Executive Officer and Executive Director since May 2013. Prior to joining the Company, Dr. Lumsden was a senior executive at Merck & Co., Inc. (NYSE: MRK) (from 1985 to 2011), where he held various commercial worldwide leadership positions, with global responsibility for osteoporosis and then contraceptives. He also served as Chief Executive Officer of TieMed LLC (from 2012 to 2014), and as a principal of Carnethy Consulting LLC (from 2012 to 2014). Dr. Lumsden is a member of the Royal College of Veterinary Surgeons (MRCVS). He obtained a postgraduate diploma in marketing from the Chartered Institute of Marketing in London, United Kingdom in 1998, and his BVM&S in veterinary medicine and surgery from the Royal School of Veterinary Studies in Edinburgh, Scotland in 1982.

Dr. David Huang has served as our Chief Medical Officer since October 2014. Prior to joining the Company, Dr. Huang served as a clinical consultant for several start-up companies developing anti-infectives and as an attending physician in emergency medicine at the Veterans Affairs Medical Center in Houston, which he continues to do. Prior to his clinical consultant role, Dr. Huang served as the former Chief Medical Officer at ContraFect Corporation (NASDAQ: CFRX) (from 2011 to 2014), where he had responsibility for the development of biologic anti-infectives, including bacteriophage lysins and monoclonal antibodies. Dr. Huang also led drug development groups in anti-infectives at Pfizer Inc. (NYSE: PFE) (from 2008 to 2011) and Boehringer Ingelheim (from 2005 to 2008). Dr. Huang has 15 years of clinical, academic and research experience in medicine and in the subspecialty of infectious diseases. He served as a faculty member at Baylor College of Medicine and is currently an adjunct Assistant Professor at Rutgers New Jersey Medical School (since 2009). He is well versed in the design, execution and close out of Phase 1-3 clinical trials for both antibacterials and antiviral agents. Dr. Huang completed his medical school at the University of Texas at Houston Medical School, and completed his internship and residency in internal medicine at the University of Texas Southwestern and fellowship in infectious diseases at Baylor College of Medicine.

Robert Dickey IV has served as our Chief Financial Officer since January 2017. Mr. Dickey is an accomplished financial professional with senior leadership experience in private and public healthcare companies. Prior to joining Motif Bio, he was CFO at Tyme Technologies Inc., a NASDAQ-listed clinical stage oncology company. Robert previously held senior leadership positions at NeoStem, Inc. (now known as Caladrius Biosciences Inc.), Hemispherx Biopharma Inc., Stemcyte Inc., Locus Pharmaceuticals Inc. and Protarga Inc. Mr. Dickey began his career as an Investment Banker at Lehman Brothers and Legg Mason Wood Walker Inc. He has an MBA from The Wharton School, University of Pennsylvania, and an AB from Princeton University.

Non-Employee Directors

Richard Cecil Eversfield Morgan has served as the Non-Executive Chairman of our board of directors since 2004. He is also Chief Executive Officer of Amphion Innovations plc (the successor firm to Amphion Capital Partners LLC, which Mr. Morgan co-founded), a position he has held since 2005. Over the course of his career, Mr. Morgan has been directly involved in the start-up and development of more than 35 companies in the biopharma, healthcare, and IT industries, including Celgene Corporation (NASDAQ: CELG) (from 1987 to 2016) and Sequus Pharmaceuticals, Inc. He was also the managing general partner of Amphion Partners LLC (formerly known as Wolfensohn Partners, LP), a position which he retains, although the partnership is no longer active. Before joining Wolfensohn, Mr. Morgan spent 15 years with Schroders plc, a British merchant bank, as a member of the board and head of the Schroder Strategy Group, which he founded. Mr. Morgan currently serves as Chairman of four other Amphion Partner Companies (Axcess International Inc. (since May 2004), FireStar Software, Inc. (since June 2005), PrivateMarkets, Inc. (since 2007) and WellGen, Inc. (since November 2007) and is also a director of DataTern, Inc. (since 2008). He graduated with a B. Engineering First Class Honors from the University of Auckland, New Zealand. In 1982 he completed the Advanced Management Program at Harvard Business School. We believe that Mr. Morgan is qualified to serve on our board of directors because of his extensive experience in the healthcare and biotechnology industries as well as his extensive background in finance.

Robert Bertoldi has served as an executive director of the Company since November 2014. He is also President and Chief Financial Officer of Amphion Innovations plc (since July 2014). Mr. Bertoldi was a founder President and Chief Financial Officer of Amphion Capital Partners LLC (the predecessor to Amphion Innovations plc) (from 1995 to 2004) and VennWorks LLC (from 1999 to 2016). Mr. Bertoldi is also a general partner of Amphion Partners LLC (formerly known as Wolfensohn Partners, LP) (since 1995). Prior to that, he served as Chief Financial Officer for James D. Wolfensohn, Inc. (from 1988 to 1995) and Hambro America Inc. (from 1982 to 1988). He began his career at KPMG and left as a manager in the investment services department. Mr. Bertoldi was a director of Axcess International, Inc. (OTCBB: AXSI.OB) from 2000 to 2013. Mr. Bertoldi received a B.A. in Accounting and Economics from Queens College, New York in 1976 and became a Certified Public Accountant in 1978. He is a member of the AICPA and NYSCPA. We believe that Mr. Bertoldi is qualified to serve on our board of directors because of his extensive background in finance and accounting.

Charlotta Ginman-Horrell has served as a non-executive director of the Company since April 2015. Ms. Ginman-Horrell is also a non-executive director of Polar Capital Technology Trust plc (since February 2015), Pacific Assets Trust plc (since October 2014), Consort Medical plc (since February 2015), Unicorn AIM VCT plc (since July 2016) and acts as the audit committee chair for Polar Capital Technology Trust plc and Pacific Assets Trust plc. Ms. Ginman-Horrell was formerly a non-executive director of Wolfson Microelectronics plc (from July 2013 to August 2014) and Kromek plc (from February 2014 to December 2015). She held senior positions in the investment banking (UBS, Deutsche Bank, and JPMorgan) and telecom sectors (Nokia Corporation and Vertu Ltd). A qualified chartered accountant in England and Wales, Ms. Ginman-Horrell also holds a MSc. in Economics from the Swedish School of Economics and Business Administration in Helsinki. We believe that Ms. Ginman-Horrell is qualified to serve on our board of directors because of her substantial experience in financial and operational management gained during her career in investment banking and global telecommunications.

Jonathan Gold was a founding officer of the Company and has served as a non-executive director since 2004. Mr. Gold is a managing director of JEG Capital LLC, a family office and asset manager (since August 2012). Previously he was a portfolio manager for the Federated Kaufmann Funds (from 2004 to 2012). Prior to that, Mr. Gold was a partner at Amphion Capital Partners LLC (the predecessor to Amphion Innovations plc) (from 1996 to 2004) and Wolfensohn Partners (originally affiliates of James D. Wolfensohn Inc.) (from 1995 to 2004), where he was active in financing and growing early stage life sciences and information technology companies. Early in his career, Mr. Gold was a financial analyst for Prudential's Realty Group (from 1995 to 1996), which managed over $10 billion in equity and mortgage real estate investments. Mr. Gold received his Bachelor of Science and MBA in Finance from New York University's Stern School of Business. We believe that Mr. Gold is qualified to serve on our board of directors because of his extensive background in finance.

Zaki Hosny has served as a non-executive director of the Company since 2006. Mr. Hosny is an independent consultant to life sciences companies. Mr. Hosny spent most of his career at Merck & Co, Inc. (NYSE: MRK) (from 1998 to 2007) in marketing and general management positions around the world, including management responsibility for the company's business in major markets in Europe. He also held senior marketing positions in the United States and several European countries in general management, marketing roles with worldwide responsibility for cardiovascular and other franchises, and was closely involved in the clinical development of some of the company's major products. Mr. Hosny was Chief Executive Officer of Motif Biosciences, Inc. (from 2006 to 2013) and Deputy Chairman of its Board of Directors (from 2006 to 2013). Mr. Hosny is currently a Senior Advisor to the Albright Stonebridge Group, a strategic consultancy firm based in Washington, DC and a consultant to Harel Consulting of New Jersey, Mettle Consulting Limited of the United Kingdom and Mansfield Consulting LLC. Mr. Hosny is based in Princeton, New Jersey, and is a graduate of Cambridge University with an M.A. in History and Law. We believe that Mr. Hosny is qualified to serve on our board of directors because of his extensive experience in the pharmaceutical and biotechnology industries.

Dr. Mary Lake Polan has served as a non-executive director of the Company since February 2004. Dr. Polan is a Clinical Professor in the Department of Obstetrics, Gynecology, and Reproductive Sciences at Yale University School of Medicine (since 2014). From 2008 to 2014, Dr. Polan served as adjunct professor in the Department of Obstetrics and Gynecology at Columbia University School of Medicine. She served as chair and emeritus professor in the Department of Obstetrics and Gynecology at Stanford Medical School from 1990 to 2006. Dr. Polan specializes in reproductive endocrinology and infertility and hormonal issues related to gynecology patients and menopause. Dr. Polan served on the board of Wyeth (NYSE: WYE) (from 1995 to 2009) prior to its acquisition by Pfizer Inc. and currently serves on the board of Quidel Corp. (NASDAQ: QDEL) (since 1993), and on the boards of several privately held life sciences companies. She chairs a Scientific Advisory Board on Women's Health for the Proctor and Gamble Company and several other advisory boards of private life sciences companies. She is also Managing Director of Golden Seeds, an angel investing group which invests in women led companies. She received her bachelor's degree from Connecticut College, her Ph.D. in Molecular Biophysics and Biochemistry, her M.D. from Yale University, and completed her residency and Reproductive Endocrine Fellowship at the Department of Obstetrics and Gynecology at the Yale School of Medicine. Dr. Polan received her M.P.H. (Maternal and Child Health Program) from the University of California, Berkeley. As a medical doctor, Dr. Polan brings an important practicing physician perspective in evaluating and overseeing the Company's performance and strategic direction.

Bruce Andrew Williams has served as a non-executive director of the Company since February 2004. Mr. Williams served as the Chief Executive Officer of WellGen, Inc. (from November 2010 to May 2011) and Head of Commercial Operations at Corcept Therapeutics Incorporated (from March 2010 to November 2010). Mr. Williams was Senior Vice President, Sales and Marketing at Genta Incorporated (from February 2001 to March 2005), where he led the negotiation of a licensing and

co-development/co-marketing agreement with Aventis for the company's lead product. Mr. Williams was previously Senior Vice President of Sales and Marketing at Celgene Corporation (from June 1996 to February 2001), where he built the company's commercial and distribution infrastructure to support the launch of its first product, Thalomid (thalidomide). Mr. Williams was an executive director of Ortho Biotech Products LP (from July 1989 to June 1996), where he led the marketing of this Johnson & Johnson subsidiary's lead product, Procrit (epoetin alfa), from pre-launch to its fifth year on the market. Mr. Williams currently serves on the boards of Motif, Inc., the Company's subsidiary (since February 2004), and Afaxys, Inc. (since February 2011). Mr. Williams obtained his MBA in finance and accounting from Columbia Business School in 1982, and obtained his BA in biology from Syracuse University in 1976. We believe that Mr. Williams is qualified to serve on our board of directors due to his significant operational experience in the pharmaceutical and biotechnology industries, as well as his marketing background.

Family Relationships

There are no family relationships among any of our executive officers or directors.

Arrangements with Major Shareholders, Customers, Supplies or Others.

There are no arrangements or understandings with any major shareholder, customer, supplier or other, pursuant to which any person referred to above was selected as a director or member of senior management.

B. Compensation.

The following discussion provides the amount of compensation paid, and benefits in kind granted, by us to our current directors and executive officers for services provided in all capacities to us for the year ended December 31, 2016. Mr. Dickey did not join our company until January 2017 and his compensation information, is, therefore, not reflected in the table below. For additional detail regarding the compensation offered to our directors and executive officers, please see "Item 7.B. Related Party Transactions — Agreements with Directors, Executive Officers and Others."

Name	Salaries and Fees ($)	Bonuses ($)	Social Security ($)	Total ($)
Executive Officers:				
Graham Lumsden(1)	425,000	50,000	13,510	488,510
Chief Executive Officer and Director				
Pete Meyers(2)	235,577	—	10,763	246,340
Chief Financial Officer				
David Huang(1)	400,000	50,000	13,147	463,147
Chief Medical Officer				
Non-Employee Directors:				
Richard Cecil Eversfield Morgan(3)	114,950	62,775	—	177,725
Non-Executive Chairman				
Robert Bertoldi	127,500	—	10,283	137,783
Executive Director				
Charlotta Ginman-Horrell	57,475	—	—	57,475
Non-Executive Director				
Jonathan Gold(4)	114,094	—	—	114,094
Non-Executive Director				
Zaki Hosny	57,475	—	—	57,475
Non-Executive Director				
Mary Lake Polan	54,094	—	—	54,094
Non-Executive Director				
John Wilbur Stakes III(5)	30,869	—	—	30,869
Non-Executive Director				
Bruce Andrew Williams	54,094	—	—	54,094
Non-Executive Director				

(1) In addition to the bonuses included in the table above, contingent bonuses of $50,000 and $35,000 were awarded to Dr. Lumsden and Mr. Huang, respectively, for services provided in 2016. These bonuses were not accrued for at December 31, 2016, as the payments are contingent upon: the closing of the next significant financing; continued service; and no material adverse conditions impacting us.

(2) Mr. Meyers, our former Chief Financial Officer, resigned from the Company effective January 13, 2017.

(3) Mr. Morgan was awarded a bonus of 100,000 pounds sterling by the Board of Directors in March 2017 for services provided in 2016. Half of the bonus was payable upon board approval in March 2017; the remainder is contingent upon us completing a financing of at least US$20 million.

(4) Mr. Gold received $60,000 in 2016 for services provided under a consulting agreement with us.

(5) Mr. Stakes resigned from our board of directors effective July 1, 2016.

Basic salary

Basic salaries for Executive Directors are reviewed annually having regard to individual performance and market practice.

Annual Bonuses

Each calendar year, a bonus may be awarded at the discretion of the board of directors having considered the recommendations of the remuneration committee to reward the executives' contribution to the achievement of our strategic and financial targets and personal performance objectives.

Discretionary bonuses were awarded to Executive Directors and the Chairman in recognition of their extraordinary service in successfully completing the acquisition of Nuprim assets, the AIM listing, a secondary fund raising, QIDP designation from the FDA and the initiation of the Phase 3 clinical trials.

Longer term incentives

In order to further incentivize the Executive Directors and align their interests with shareholders, we granted share options. See "Outstanding Equity Awards, Grants and Option Exercise" below for information regarding the share options that are held by our directors and executive officers.

Outstanding Equity Awards, Grants and Option Exercise

The table below sets out information on outstanding options to purchase ordinary shares held by our current directors and executive officers as of December 31, 2016. See "Employment Agreement With Robert Dickey IV" below for a description of the share option granted to Mr. Dickey upon his joining our company in January 2017.

	January 1, 2016	Granted	December 31, 2016	Exercise price	Grant date	Expiry date
Richard Morgan	73,215	—	73,215	$ 0.70	1/1/10	1/1/20
Non-Executive Chairman	6,179	—	6,179	$ 0.70	1/1/11	1/1/21
	502,950	—	502,950	$ 0.14	12/4/14	12/4/24
	582,344	—	582,344			
Robert Bertoldi	53,887	—	53,887	$ 0.70	1/1/10	1/1/20
Executive Director	251,475	—	251,475	$ 0.14	12/4/14	12/4/24
	305,362	—	305,362			
Charlotta Ginman-Horrell	251,475	—	251,475	$ 0.14	12/4/14	12/4/24
Non-Executive Director	251,475	—	251,475			
Jonathan Gold	73,502	—	73,502	$ 0.70	1/1/10	1/1/20
Non-Executive Director	5,964	—	5,964	$ 0.70	1/11/11	1/11/21
	251,475	—	251,475	$ 0.14	12/4/14	12/4/24
	330,941	—	330,941			
Zaki Hosny	53,888	—	53,888	$ 0.70	6/18/09	6/18/19
Non-Executive Director	14,370	—	14,370	$ 0.70	1/1/10	1/1/20
	2,587	—	2,587	$ 0.70	1/1/11	1/1/21
	107,774	—	107,774	$ 0.14	1/30/13	1/30/23
	251,475	—	251,475	$ 0.14	12/4/14	12/4/24
	430,094	—	430,094			
Graham Lumsden	574,800	—	574,800	$ 0.14	5/25/13	5/25/23
Chief Executive Officer and Executive Director	2,874,000	—	2,874,000	$ 0.14	12/4/14	12/4/24
	3,448,800	—	3,448,800			
Mary Lake Polan	67,036	—	67,036	$ 0.70	1/1/10	1/1/20
Non-Executive Director	5,461	—	5,461	$ 0.70	1/1/11	1/1/21
	251,474	—	251,474	$ 0.14	12/4/14	12/4/24
	323,971	—	323,971			
John Stakes(1)	62,366	—	62,366	$ 0.70	1/1/10	1/1/20
Non-Executive Director	2,802	—	2,802	$ 0.70	1/1/11	1/1/21
	251,474	—	251,474	$ 0.14	12/4/14	12/4/24
	316,642	—	316,642			
Bruce Williams	67,252	—	67,252	$ 0.70	1/1/10	1/1/20
Non-Executive Director	28,740	—	28,740	$ 0.70	1/16/10	1/16/20
	71,850	—	71,850	$ 0.70	11/15/10	1/16/20
	2,802	—	2,802	$ 0.70	1/1/11	1/1/21
	251,474	—	251,474	$ 0.14	12/4/14	12/4/24
	422,118	—	422,118			
Pete Meyers(2)						
Chief Financial Officer	—	2,961,577	2,961,577	£ 0.405	4/21/16	4/21/26
	—	2,961,577	2,961,577			
David Huang	718,500	—	718,500	$ 0.14	12/4/14	12/4/24
Chief Medical Officer	100,000	—	100,000	£ 0.4775	6/02/15	6/02/25
	818,500	—	818,500			

(1) Mr. Stakes resigned from our board of directors effective July 1, 2016.

(2) Mr. Meyers, our former Chief Financial Officer, resigned from the Company effective January 13, 2017.

In addition to the above, in February 2017, we granted options to purchase ordinary shares at an exercise price of 26 pence per share. The Chief Executive Officer was granted 1,700,000 options of which 1,000,000 options will vest monthly over four years from the date of grant and 700,000 options will vest monthly over 4 years from the date of the data read out on the REVIVE-1 trial, which was April 18, 2017. The Chief Medical Officer was granted 1,000,000 options that will vest monthly over four years from the date of grant. The Chief Financial Officer was granted 600,000 options of which 150,000 options will vest on the anniversary date of the commencement of his employment and 450,000 options will vest over the following 3 years. The options will expire ten years from the date of grant.

Share Option Plan

On December 4, 2014, Motif, Inc. adopted the Motif BioSciences, Inc. Share Option Plan. Upon our admission to AIM, we adopted Motif Inc.'s Share Option Plan and assumed all stock options that had been granted by Motif BioSciences, Inc. under the Share Option Plan, which are now exercisable for our ordinary shares. Participation in the Share Option Plan is limited to our employees. Options may be granted to non-employees (consultants and directors) by way of a sub-plan, governed by the same rules of the Share Option Plan unless the context otherwise provides. The Share Option Plan has the following key terms:

- the number of shares that may be allocated on any day shall not, when added to the aggregate number of shares allocated under the Share Option Plan in the previous ten years and any other employees' share option scheme adopted by the Company, exceed the number of shares that represents 10% of the ordinary share capital of the Company in issue immediately prior to that day;

- the maximum total number of shares that may be issued under the Share Option Plan is 12,993,000 and such share options shall consist of authorized but unissued or reacquired shares or any combination thereof;

- the exercise price for each share option will not be less than the nominal value of the relevant shares if the share options are to be satisfied by a new issue of shares by the Company. The exercise price is to be established by the board of directors; however, must not be less than the fair market value at the effective date of grant of the share option, as judged by the board of directors if the Company's shares are not listed on a securities exchange, or by reference to a closing price, if the Company's shares are listed on a securities exchange;

- the share options may be exercised at such time or times, or upon such event or events and subject to such terms, conditions, performance criteria and restrictions as determined by the board and set out in the share option agreements evidencing the share options. However, no share option shall be exercisable after the expiration of ten years after the effective date of grant;

- subject to earlier termination of a share option as otherwise provided by the Share Option Plan, an option shall terminate upon the option holder's termination of service to the Company, whether as employee, director or consultant. A share option terminated in this way must be exercised within three months after the date on which the share option holder's service to the Company terminated;

- upon a change of control of the Company, the board may provide for acceleration of the exercisability and/or vesting in connection with any share options acquired pursuant to the change of control. The board also has the absolute discretion to determine that any share options outstanding immediately prior to a change of control shall be cancelled in return for payment. The entity acquiring the Company may assume or continue the Company's rights and obligations in relation to each share option that has been granted; and

- the board may amend, suspend or terminate the Share Option Plan at any time.

Limitations On Liability And Indemnification Matters

To the extent permitted by the United Kingdom Companies Act 2006, we are empowered to indemnify our directors against any liability they incur by reason of their directorship. We maintain directors' and officers' insurance to insure such persons against certain liabilities.

C. Board Practices.

Our board of directors consists of eight members, including a non-executive chairman, two executive directors and six non-executive directors. The following table sets forth the names of our directors and the years of their initial appointment as directors.

Name	Current Position	Year of Initial Appointment
Richard Cecil Eversfield Morgan(1)(2)	*Non-Executive Chairman*	2004
Graham Lumsden	*Executive Director*	2013
Charlotta Ginman-Horrell(1)	*Non-Executive Director*	2015
Jonathan Gold(1)	*Non-Executive Director*	2004
Zaki Hosny(2)	*Non-Executive Director*	2006
Mary Lake Polan(3)	*Non-Executive Director*	2004
Bruce Williams(1)(2)	*Non-Executive Director*	2004
Robert Bertoldi	*Executive Director*	2014

(1) Member of Audit Committee. Mr. Morgan was a member of the audit committee until being replaced by Mr. Williams in December 2016.
(2) Member of Remuneration Committee
(3) Member of Nomination Committee

Our board of directors meets regularly, generally every two months with two meetings per year in person and four meetings per year telephonically. Its direct responsibilities include setting annual budgets, reviewing trading performance, approving significant capital expenditure, ensuring adequate funding, setting and monitoring strategy, and reporting to shareholders. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered.

As an AIM-listed company, we are subject to the continuing requirements of the AIM Rules for Companies as published by the London Stock Exchange plc. Our board also adheres to the principles of the Quoted Companies Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies in such respects as it considers appropriate for our size and the nature of our business.

Our board is responsible to our shareholders for our proper management and setting our overall direction and strategy, reviewing scientific, operational and financial performance, and advising on management appointments. All key operational and investment decisions are subject to board approval.

There is a clear separation of the roles of chief executive officer and non-executive chairman. The chairman is responsible for overseeing the running of our board, ensuring that no individual or group dominates our board's decision-making and ensuring that the non-executive directors are properly briefed on matters. The chief executive officer has the responsibility for implementing the strategy of our board and managing our day-to-day business activities.

All of our directors are subject to election by shareholders at the first annual general meeting after their appointment to our board. Following this initial appointment by the shareholders, the directors are subject to retirement by rotation. At each annual general meeting of the Company, one-third of the directors or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office by rotation. A director who retires at a general meeting shall be eligible for reappointment if such director is willing to be re-elected. In addition, a non-executive director who would not otherwise be required to retire at an annual general meeting will retire if he has been in office for a continuous period of nine years or more at the date of the meeting. Such non-executive director will not be taken into account when determining the directors required to retire by rotation.

The Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our company, to comply with various corporate governance practices. In addition, NASDAQ rules provide that foreign private issuers may follow home country practice in lieu of the NASDAQ corporate governance requirements, subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws.

The home country practices we will follow so long as we qualify as a foreign private issuer in lieu of NASDAQ rules are described below:

- We do not follow NASDAQ's quorum requirements applicable to meetings of shareholders. Such quorum requirements are not required under English law. In accordance with generally accepted business practice, our Articles provide alternative quorum requirements that are generally applicable to meetings of shareholders.

- We do not follow NASDAQ's requirement that our board of directors consist of a majority of "independent" directors (as defined by NASDAQ rules), or that our board committees are comprised of entirely independent directors; although our audit committee will consist of entirely independent directors (as required by Rule 10A-3 of the Exchange Act) within one year of the effectiveness of our registration statement, in accordance with the phase in rules of the Exchange Act.

- We do not follow NASDAQ's requirements that non-management directors meet on a regular basis without management present. Our board of directors may choose to meet in executive session at their discretion.

- We do not follow NASDAQ's requirements to seek shareholder approval for the implementation of certain equity compensation plans and issuances of ordinary shares under such plans. In accordance with English law, we are not

required to seek shareholder approval to allot ordinary shares in connection with applicable employee equity compensation plans.

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and NASDAQ's listing standards.

Because we are a foreign private issuer, our directors and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

Director Independence

Based upon information requested from and provided by each director concerning their background, employment and affiliations, including family relationships, our board of directors has determined that each of Charlotta Ginman-Horrell, Mary Lake Polan and Bruce Williams, representing three of our eight directors, is independent under the applicable rules and regulations of NASDAQ. In making such determinations, the board of directors considered the relationships that each such non-employee director has with us and all other facts and circumstances the board of directors deemed relevant in determining their independence.

Director Service Agreements

Role of the Board in Risk Oversight

Our board of directors is primarily responsible for the oversight of our risk management activities and has delegated to the audit committee the responsibility to assist our board in this task. While our board oversees our risk management, our management is responsible for day-to-day risk management processes. Our board of directors expects our management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the board of directors. We believe this division of responsibilities is the most effective approach for addressing the risks we face.

Corporate Governance Practices

Board Committees

The standing committees of our board of directors consist of an audit committee, a remuneration committee and a nomination committee. Each committee operates under a charter. Copies of each committee's charter are posted on the Investors section of our website, which is located at *www.motifbio.com*.

Audit Committee

Currently, the members of our audit committee are Charlotta Ginman-Horrell (Chair), Jonathan Gold and Bruce Williams. Mr. Morgan was a member of the audit committee until being replaced by Mr. Williams in December 2016. The audit committee meets at least three times a year. The audit committee met seven times in 2016.

Our board of directors has determined that Ms. Ginman-Horrell and Mr. Williams are independent under Rule 10A-3 of the Exchange Act, and that Ms. Ginman-Horrell is also independent under the applicable listing requirements of NASDAQ, and that each member of our audit committee satisfies the other listing requirements of NASDAQ for audit committee membership. In accordance with our NASDAQ listing, our audit committee members must each be independent under Rule 10A-3 of the Exchange Act. However, as a foreign private issuer, our audit committee members are not subject to the additional independence requirements imposed by NASDAQ. We intend to rely on the phase-in rules of the Exchange Act with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member who is independent upon the effectiveness of our registration statement, a majority of members who are independent within 90 days of effectiveness and all members who are independent within one year of effectiveness. Our board of directors has also determined that Charlotta Ginman-Horrell qualifies as an "audit committee financial expert," as such term is defined by the SEC, and that Ms. Ginman-Horrell has the requisite level of financial sophistication required by the continued listing standards of NASDAQ.

The audit committee advises the board of directors on the appointment of external auditors and on their remuneration (both for audit and non-audit work) and discusses the nature, scope, and results of the audit with the auditors. The audit committee reviews the extent of the non-audit services provided by the auditors and reviews with them their independence and objectivity. The Chairman of the audit committee reports the outcome of the audit committee meetings to the board of directors and the board of directors receives the minutes of the meetings.

Remuneration Committee

The current members of our remuneration committee are Zaki Hosny (Chair), Richard Morgan, and Bruce Williams. The remuneration committee met six times in 2016. Our board of directors has determined that Mr. Williams and Mr. Morgan are independent under the applicable listing requirements of NASDAQ. The remuneration committee is responsible for making recommendations to our board of directors, within agreed terms of reference, on our framework of executive remuneration and cost. The committee determines the contract terms, remuneration, and other benefits for each of our executive directors, including performance related bonus schemes and pension rights.

Nomination Committee

As of the date of this Annual Report, Mary Lake Polan is the sole member of our nomination committee. Our board of directors determined that Ms. Polan is independent under the applicable listing requirements of NASDAQ. We intend to appoint another director to this committee. The nomination committee met one time in 2016. The nomination committee monitors the size and composition of the board of directors and the other committees and is responsible for identifying suitable candidates to join our board of directors.

Code Of Business Conduct And Ethics

We have adopted a Code of Business Conduct and Ethics, or the Code of Conduct, that is applicable to all of our employees, executive officers and directors. A copy of the Code of Conduct is available on our website at *www.motifbio.com*.

Scientific Advisory Board

Our board of directors has created a Scientific Advisory Committee, which meets twice a year. The role of the Scientific Advisory Committee is to advise on and oversee our research and development efforts of the company and be certain that all clinical development performed is of the highest ethical and moral standards. The Scientific Advisory Committee reviews all clinical protocols and monitors issues throughout said protocol to ensure patient safety.

D. Employees.

As of December 31, 2016, we had six employees, five based in the United States and one based in the United Kingdom. We consider our labor relations to be good.

E. Share Ownership.

For information regarding the share ownership of our directors and executive officers, see “Item 6.B. Compensation” and “Item 7.A. Major Shareholders.”

Item 7. Major Shareholders and Related Party Transactions

A. Major shareholders.

The following table presents information relating to the beneficial ownership of our ordinary shares as of March 31, 2017.

The number of ordinary shares beneficially owned by each entity, person, executive officer or director is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any ordinary shares over which the individual has sole or shared voting power or investment power as well as any ordinary shares that the individual has the right to acquire within 60 days of March 31, 2017 through the exercise of any option or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all ordinary shares held by that person.

Ordinary shares that a person has the right to acquire within 60 days of March 31, 2017 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all executive officers and directors as a group. The percentage of beneficial ownership of our ordinary shares is based on an aggregate of 195,885,228 shares outstanding as of March 31, 2017. As of March 31, 2017, we believe approximately 13.25% of our ordinary shares, are held by 19 record holders in the United States. None of our major shareholders have different voting rights than other shareholders.

Unless otherwise indicated, the current business address for each executive officer and director named below is 125 Park Avenue 25th Floor, New York, NY 10017, United States.

Name of Beneficial Owner	Ordinary Shares Beneficially Owned	
	Total	Percent (%)
5% Shareholders		
Invesco Asset Management Limited(1)	49,416,000	25.23%
Amphion Group(2)	43,657,290	22.24%
Executive Officers and Directors		
Graham George Lumsden(3)	2,807,383	1.41%
Robert Dickey IV	—	—
Robert Bertoldi(4)	43,961,034	18.33%
David Huang(5)	676,375	*
Richard Cecil Eversfield Morgan(6)	44,304,812	18.45%
Charlotta Ginman-Horrell(7)	292,650	*
Jonathan Gold(8)	416,680	*
Zaki Hosny(9)	582,775	*
Mary Lake Polan(10)	274,103	*
Bruce Andrew Williams(11)	464,400	*
All Current Executive Officers and Directors as a Group (10 persons)(12)	49,324,696	20.37%

* Indicates beneficial ownership of less than 1% of the total outstanding ordinary shares.

(1) The principal address of Invesco Asset Management is Perpetual Park, Perpetual Park Drive, Henley-on-Thames, R69 1HH, United Kingdom.

(2) This number includes 42,881,395 shares held by Amphion Innovations plc and 359,250 shares held by MSA Holdings B.S.C., a wholly-owned subsidiary of Amphion Innovations plc. It also includes 98,096 shares and 318,549 shares issuable upon the exercise of warrants held by Amphion Innovations plc and Amphion Innovations US, Inc., respectively, that are currently exercisable or will become exercisable within 60 days of March 31, 2017. The principal address of the Amphion Group is Fort Anne, Douglas, Isle of Man, IM1 5PD.

(3) This number consists of 2,807,383 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017.

(4) This number includes 242,493 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017, and also includes the ordinary shares beneficially owned by the Amphion Group, of which Mr. Bertoldi may be deemed to be a beneficial owner.

(5) This number represents 676,375 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017.

(6) This number includes 456,606 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017, and also includes the ordinary shares beneficially owned by the Amphion Group, of which Mr. Morgan may be deemed to be a beneficial owner.

(7) This number includes 167,650 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017.

(8) This number includes 268,072 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017.

(9) This number includes 367,225 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017.

(10) This number includes 261,103 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017.

(11) This number includes 359,250 ordinary shares that are issuable pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017.

(12) This number includes 5,606,155 ordinary shares that are issuable to our officers and directors pursuant to share options that are currently exercisable or will become exercisable within 60 days of March 31, 2017 and also includes the ordinary shares beneficially owned by the Amphion Group, of which Mr. Bertoldi and/or Mr. Morgan may be deemed to be a beneficial owner.

B. Related Party Transactions.

Since January 1, 2016, we have engaged in the following transactions with our directors, executive officers and holders of 5% or more of our ordinary shares, and affiliates of our directors, executive officers and holders of more than 5% of our ordinary shares. We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in transactions with unrelated third-parties.

Transactions With Amphion Innovations plc And Amphion Innovations US, Inc.

As of the date of this Annual Report, the Amphion Group collectively owns approximately 22% of our outstanding ordinary shares. Since 2008, Amphion Innovations plc and its wholly owned subsidiary, Amphion Innovations US, Inc., or collectively, the Amphion Group, have provided funding for the activities of Motif BioSciences Inc. through the issue of convertible interest bearing loan notes. Mr. Morgan is Chief Executive Officer of Amphion Innovations plc and Robert Bertoldi is President and Chief Financial Officer of Amphion Innovations plc.

On September 7, 2016, we amended and restated the convertible notes with Amphion Innovations plc and Amphion Innovations US Inc. to provide that any outstanding principal under the notes as of the maturity date will be paid to the holders on the maturity date, at our election, through the issuance of (i) a number of our ordinary shares, based on the conversion price set forth in the notes, or (ii) a number of ADSs, which is equal to a number determined by dividing the number of ordinary shares the holder would otherwise be entitled to by the then applicable ADS to ordinary share ratio. The amended and restated convertible promissory notes also provide that except in the event of a default, no interest will accrue or be payable with respect to the amounts due under notes. In consideration for its agreement to forego interest payments under its convertible promissory notes, we issued 409,000 ordinary shares to Amphion Innovations plc. The amended and restated notes also permit us or the holders to convert all or any portion of the outstanding principal under the notes into ordinary shares or ADSs (as determined by us) at any time prior to the maturity date.

On December 21, 2016, we announced that Amphion Innovations plc and Amphion Innovations US Inc. exercised their right to convert their convertible promissory notes scheduled to mature on December 31, 2016 into ordinary shares. At the time of conversion, the notes totaled $3,550,786, and were converted in accordance with their terms at US$ 0.2447 per share. Following the conversion, the Amphion Group holds no further convertible promissory notes. As of March 31, 2017, their holdings total is 43,240,645 ordinary shares, representing 22% of the company. The shares, ranking pari passu with the existing ordinary shares, were admitted to trading on AIM on December 29, 2016.

Advisory And Consultancy Agreement With Amphion Innovations US, Inc. And Shared Office Space

On April 1, 2015, we entered into an Advisory and Consultancy Agreement with Amphion Innovations US, Inc. The consideration for the services is $120,000 per annum. The agreement provides that in the event that we raised a minimum of £5,000,000 (US$7,333,000) in gross proceeds on AIM admission or in a follow-on offering, a one-time payment of US$300,000 would be required to be paid to Amphion Innovations US, Inc. Accordingly, we paid US$300,000 to Amphion Innovations US, Inc. on July 21, 2015 in connection with our follow-on offering on AIM. The agreement was for an initial period of 12 months and will automatically renew each year on the anniversary date unless either party notifies the other by giving 90 days' written notice prior to expiration. The agreement was amended in December 2016 so that either party may terminate the agreement at any time, for any reason, upon giving the other party ninety days' advance written notice. We paid US$120,000 to Amphion Innovations US, Inc. in 2016 in accordance with the terms of the agreement. At the date of this Annual Report, the agreement continues to be in force.

Amphion Innovations US, Inc. also bills us on a pass-through rate for office space and shared workspace.

Consultancy Agreement With Amphion Innovations Plc

On April 1, 2015, we entered into a Consultancy Agreement with Amphion Innovations plc for the services of Robert Bertoldi, an employee of Amphion Innovations plc. The consideration for his services was $5,000 per month. On November 1, 2015, the consideration was increased to $180,000 per annum. On July 1, 2016, the consideration decreased to US $75,000. The agreement was for an initial period of 12 months and would automatically renew each year on the anniversary date unless either party notifies the other by giving 90 days' written notice prior to expiration. The agreement was amended in December 2016 so that either party may terminate the agreement at any time, for any reason, upon giving the other party ninety days' advance written notice. We paid Robert Bertoldi US$127,500 in 2016 in accordance with the terms of the agreement.

Consultancy Agreement with Amphion Innovations US, Inc.

On September 7, 2016, we entered into a Consultancy Agreement with Amphion Innovations US, Inc., pursuant to which Amphion Innovations US, Inc. will, following and subject to the closing of the November 2016 offering, provide consultancy services in relation to our obligations as a NASDAQ listed company. The consideration for the services is $15,500 per month. The agreement is for an initial period of 12 months, after which the agreement will terminate automatically unless renewed by the parties by mutual agreement. We paid US$19,633 in 2016 pursuant to the terms of this agreement.

Agreements with Directors, Executive Officers and Others

Service Agreement with Graham Lumsden

On April 1, 2015, we entered into a service agreement with Graham Lumsden pursuant to which Dr. Lumsden is employed as our Chief Executive Officer on a full-time basis. Under the terms of the agreement Dr. Lumsden received an initial gross annual salary of $360,000. In February 2016, our board of directors increased Dr. Lumsden's gross annual salary to $425,000. Dr. Lumsden is eligible to participate in the Company's discretionary annual bonus program in an amount to be determined by the board of directors in its absolute discretion. The agreement contains customary confidentiality, non-competition and non-solicitation provisions

Dr. Lumsden is employed by us on a permanent contract and his employment will continue until terminated by either party giving notice to the other as follows:

- for the first two years of the employment, Dr. Lumsden's employment can be terminated by one party giving the other three months' notice of termination of the agreement; and

- thereafter Dr. Lumsden's employment can be terminated by one party giving the other one month's notice for each complete year of the Dr. Lumsden's period of continuous employment up to a maximum of 12 months' notice. In addition, we may terminate Dr. Lumsden's employment without notice in certain circumstances by making a payment to Dr. Lumsden in lieu of notice, which payment will be equal to the portion of his annual salary due him for the duration of the notice period. The agreement also contains garden leave provisions which can be utilized in event that Dr. Lumsden's employment is terminated by us.

Employment Agreements with Robert Dickey IV and Dr. David Huang

Employment Agreement with Robert Dickey IV

On January 16, 2017, our subsidiary, Motif BioSciences Inc., entered into an employment agreement with Mr. Dickey, our Chief Financial Officer. Under the terms of the agreement, Mr. Dickey received a base salary of $320,000 per year, subject to upward or downward adjustment from time to time in the Company's discretion. He was also granted a stock option award of 1,500,000 shares that vest over four years. Mr. Dicky is eligible to participate in the Company's discretionary annual bonus program in an amount to be determined by the board of directors. He is also eligible to participate in any and all group health, disability insurance, life insurance, incentive, savings, retirement, and other benefit plans which are made generally available to similarly-situated employees of the Company. The employment agreement contains customary confidentiality, non-competition and non-solicitation provisions.

Employment Agreement with David Huang

On May 1, 2015, our subsidiary, Motif BioSciences Inc., entered into an employment agreement with Dr. Huang, our Chief Medical Officer. Under the terms of the agreement, Dr. Huang received a base salary of $300,000 per year, subject to upward or downward adjustment from time to time in the Company's discretion. Effective January 1, 2016, our board of directors increased Dr. Huang's base salary to $400,000. Dr. Huang is eligible to participate in the Company's discretionary annual bonus program in an amount to be determined by the board of directors. He is also eligible to participate in any and all group health, disability insurance, life insurance, incentive, savings, retirement, and other benefit plans which are made generally available to similarly-situated employees of the Company. The employment agreement contains customary confidentiality, non-competition and non-solicitation provisions.

Payments To Be Made Upon Termination Of Employment

The employment agreements with each of Mr. Dickey and Dr. Huang provide that their employment will be considered "at will" in nature and, accordingly, either the Company or the employee may terminate their respective employment agreements and employee's employment at any time and for any reason, with or without cause or prior notice. The employment agreements also provide that if the employee's employment with the Company is terminated by the Company without "Cause" or by the employee with "Good Reason" (subject to a notice and cure period provided for in the agreement) prior to or upon the second anniversary of the effective date of the employment agreement, the employee will be entitled to receive upon such termination: (i) any accrued but

unused vacation pay; (ii) any earned but unpaid annual salary; and (iii) subject to the employee's execution of a general release of the Company, an amount equal to three months of his then-current annual salary.

Under the employment agreements, if Mr. Dickey's or Dr. Huang's employment with the Company is terminated by the Company without Cause following the second anniversary of the effective date of the employment agreement, the employee will be entitled to receive upon such termination: (i) any accrued but unused vacation pay; (ii) any earned but unpaid annual salary; and (iii) subject to the employee's execution of a general release of the Company, an amount equal to three months of his then-current annual salary, plus one additional month of his then-current annual salary for each full year of employment with the Company, up to a maximum of nine additional months above the three-month initial entitlement, which will be paid in twelve substantially equal monthly installments commencing with the first regular payroll of the Company following his execution of the general release.

The term "Cause" means: (a) any act or omission of employee that, in connection with his employment with the Company, amounts to or constitutes a breach of a fiduciary duty, gross negligence, willful misconduct, or material misconduct, or that amounts to or constitutes fraud, embezzlement, or misappropriation; (b) employee's breach of any term(s) of the employment agreement; (c) employee's violation of any policy(ies) established, adopted, or maintained by the Company; (d) any act or omission of employee that, in the Company's sole discretion, is demonstrably and materially injurious to the Company; (e) any act or omission of employee that causes the Company to suffer or endure public disgrace, disrepute, or economic harm; or (f) employee's misappropriation of corporate assets or corporate opportunities.

The term "Good Reason" means the occurrence of either of the following events without the consent of the employee: (a) a material breach of the employment agreement by the Company; or (b) a material reduction in employee's responsibility, authority, or duties relative to employee's responsibility, authority, or duties in effect immediately prior to such reduction, except for any change in title or reporting relationship (such title or reporting change will not constitute Good Reason); provided, however, that "Good Reason" will not be deemed to exist for purposes of the agreement unless employee has first provided written notice of such reason to the Company no later than 30 days after the event or occurrence constituting Good Reason first arises, with such notice affording the Company 30 days, from the date of the Company's receipt of such notice to cure the deficiency, and further provided that the Company has failed to cure such deficiency within the time frame prescribed in such written notice.

Consultancy Agreement for Pete Meyers

On January 16, 2017, we entered into a consulting agreement with Pete Meyers, our former Chief Financial Officer. Under the agreement, Mr. Meyers will provide services for a three month period to facilitate the transition of his prior duties as the Chief Financial Officer to our new Chief Financial Officer. He will be paid $30,000 for the first month of services and $10,000 for the second and third month of services. Additionally, provided the consulting services are performed, the vesting on 740,934 of the stock options granted on April 21, 2016 will be accelerated as of May 1, 2017. Mr. Meyers has until December 31, 2018 to exercise such options.

Consultancy Agreement With Jonathan Gold

On April 13, 2016, we entered into a consultancy agreement with Jonathan Gold, a member of our board of directors. Under the terms of this agreement, Mr. Gold received a fixed fee of $10,000 per month for strategic financial expert advice and guidance. The term of this agreement was six months, commencing January 1, 2016. The term of the agreement would automatically renew each month following the initial term, provided that each party provided its mutual agreement to renew in a signed writing, no later than 30 days prior to the expiration of the term. This agreement was not extended beyond the initial term.

On April 7, 2017, we entered into a new consultancy agreement with Jonathan Gold. Under the terms of this agreement, Mr. Gold received a fixed fee of $16,167 per month for strategic financial expert advice and guidance. The term of this agreement was twelve months, commencing January 1, 2017. The term of the agreement would automatically renew each month following the initial term, as long as either party did not provide notice to the other party of its election not to continue to renew the agreement with at least 30 days advance notice.

Non-Executive Directors' Letters Of Appointment

With the exception of Robert Bertoldi whose services are to be provided by Amphion Innovations plc as described above, each of our non-executive directors, being Richard Morgan, Charlotta Ginman-Horrell, Jonathan Gold, Zaki Hosny, Mary Lake Polan and Bruce Williams, entered into a letter of appointment with us on April 1, 2015, pursuant to which they each agreed to act as non-executive directors. Jonathan Gold is also performing services for us under a consultancy agreement, as described above.

The non-executive directors have agreed to act for a period of three years from the date of our admission to AIM (subject to re-election by our shareholders as required by our Articles), however, the appointment can be terminated prior to the end of this three-year period by either party giving one month's prior written notice of termination to the other. We also have the right to terminate the appointment without notice in certain specified circumstances. At the end of the initial three-year appointment term, the parties may agree, by mutual consent, to renew the appointment for a further term.

Effective January 1, 2016, Richard Morgan receives a fee of £85,000 for his participation as our non-executive Chairman and his participation on our audit committee and remuneration committees. Each of the other non-executive directors, except Jonathan Gold, receives a fee of £35,000 per annum for their services as a non-executive director and an additional fee of £5,000 for their participation with a committee of our board of directors. The committee chairs also receive an additional fee of £2,500 for their participation as committee chairs.

Transactions With Key Management Personnel

From April 2015 through January 2016 we paid Zaki Hosny, one of our non-executive directors, $195,000 as a settlement for salary owed to him for his service as our Chief Executive Officer from 2006 to 2013. For additional information regarding transactions with key management personnel, see "Item 6.B. Compensation."

Policies And Procedures For Related Party Transactions

The members of the board who are not conflicted by the particular related party transaction under review have the primary responsibility for reviewing and approving or disapproving related party transactions, which are transactions between us and related persons in which we or a related person has or will have a direct or indirect material interest. For purposes of this policy, a related person will be defined as a director, executive officer, nominee for director and/or any greater than 5% beneficial owner of our ordinary shares, in each case since the beginning of the most recently completed year, and their immediate family members.

C. Interests of Experts and Counsel.

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information.

See Item 18. Financial Statements.

Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Dividend Distribution Policy

Subject to the rights attached to any ordinary share, all dividends and other distributions, including any surplus in the event of a liquidation, are to be apportioned and paid pro rata according to the amounts paid up on the ordinary shares, or otherwise in accordance with the terms concerning entitlement to dividends on which shares were issued. Any dividend unclaimed for 12 years from the date on which it became payable shall revert to the Company. The board may, where authorized by shareholders at an annual general meeting, offer scrip dividends to shareholders, whereby shareholders can opt to receive an allotment of new ordinary shares in lieu of any dividend declared by the board.

B. Significant Changes.

There have been no significant changes since December 31, 2016.

Item 9. The Offer and Listing.

A. Offer and Listing Details.

Our ordinary shares are currently listed on the AIM Market of the London Stock Exchange, or AIM, under the symbol "MTFB." Prior to the U.S. offering, neither the ADSs nor the ADS Warrants were listed on any stock exchange. The ADSs and ADS Warrants are now listed on The NASDAQ Capital Market under the symbols "MTFB" and "MTFBW," respectively. The following tables set forth for the periods indicated the reported high and low sale prices per ADS and ADS Warrants, as applicable, in U.S. dollars, and per ordinary share in pounds sterling.

Nasdaq Capital Market

	Per ADS	
	High	Low
	US $	US $
Annual		
2016 (beginning November 23, 2016)	6.40	5.25
Quarterly		
Fourth Quarter 2016	6.40	5.25
Month Ended:		
November 2016	6.09	5.37
December 2016	6.40	5.25
January 2017	6.65	5.36
February 2017	6.69	6.02
March 2017	6.50	5.80
April 2017 (through April 21, 2017	10.79	6.09

	Per ADS Warrant	
	High	Low
Annual		
2016 (beginning November 23, 2016)	1.50	0.89
Quarterly		
Fourth Quarter 2016	1.50	0.89
Month Ended:		
November 2016	1.50	1.05
December 2016	1.40	0.89
January 2017	1.47	1.12
February 2017	1.50	1.25
March 2017	1.55	1.21
April 2017 (through April 21, 2017	2.65	1.41

AIM Market of the London Stock Exchange

Period	High	Low
	£	£
Annual		
2015 (beginning April 2, 2015)	.77	.25
2016	.68	.21
Quarterly		
Second Quarter 2015	.77	.25
Third Quarter 2015	.70	.47
Fourth Quarter 2015	.64	.39
First Quarter 2016	.47	.36
Second Quarter 2016	.57	.38
Third Quarter 2016	.68	.42
Fourth Quarter 2016	.54	.21
Month Ended		
September 2016	.57	.46
October 2016	.54	.40
November 2016	.44	.22
December 2016	.27	.21
January 2017	.28	.23
February 2017	.28	.23
March 2017	.27	.24
April 2017 (through April 21, 2017	.45	.25

On April 21, 2017 the closing price of the ADSs on NASDAQ was $10.28 per ADS, and the last reported closing price of the ordinary shares on AIM was £0.39 per share.

B. Plan of Distribution.

Not applicable.

C. Markets.

Our ordinary shares are currently listed on the AIM Market of the London Stock Exchange, or AIM, under the symbol "MTFB." Prior to the U.S. offering, neither the ADSs nor the ADS Warrants were listed on any stock exchange. The ADSs and ADS Warrants are now listed on The NASDAQ Capital Market under the symbols "MTFB" and "MTFBW," respectively.

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

Item 10. Additional Information.

A. Share Capital.

Not applicable.

B. Memorandum and Articles of Association.

The information called for by this item has been reported previously in our prospectus dated November 17, 2016, filed with the SEC pursuant to Rule 424(b)(4), under the headings "Description of Share Capital and Articles of Association" and "Description of American Depositary Shares", and is incorporated by reference into this Annual Report.

C. Material Contracts.

Potential Milestone Payments

We are party to a number of material contracts, some of which may require milestone and royalty payments upon the occurrence of certain future events. Pursuant to the terms of the merger agreement we entered into with Nuprim on December 31, 2014, we agreed to assume Nuprim's obligations under certain agreements. We do not believe that the Sale and Purchase Agreement, dated June 1, 2001, by and between F. Hoffman-La Roche Ltd. and Hoffmann-La Roche Inc., together the Hoffmann-La Roche Seller, and Arpida Ltd., the Hoffman-La Roche/Arpida Agreement, was assigned to Nuprim or the party for which it was a successor in interest with regards to the iclaprim assets and therefore we do not have obligations under such agreement.

The Hoffmann-La Roche/Arpida Agreement provides that the Hoffmann-La Roche Seller will be entitled to receive a royalty of 1 to 5% of net sales of a Drug (as defined in such agreement), such amount depending on various factors (e.g., the final drug composition, timing of commercialization, country of sales). While we do not believe we are a successor to such agreement and it is unlikely our iclaprim product would fit the factors requiring payment under such agreement, if it were determined that we are a successor in interest to the Hoffman-La Roche/Arpida Agreement and our iclaprim product is determined to fit the criteria of being a Drug as defined in such agreement, we could have a payment obligation of 1 to 5% of net sales of our iclaprim product for certain countries for a period of ten years from first commercial sale in such country. In addition, pursuant to a Sale and Purchase Agreement with Acino Pharma AG (Acino), we are obligated to pay Acino US$500,000 upon completion of any iclaprim Phase 3 clinical study.

Ongoing Obligations Related to Our Initial Public Offering in the United States

In connection with our initial public offering in the United States, we agreed to pay to H.C. Wainwright & Co., LLC ("Wainwright"), a cash fee equal to 5% of the gross proceeds from any exercise of the ADS Warrants issued as part of such offering, provided that such fee shall be 2% of gross proceeds in connection with any exercise of the ADS Warrants by Invesco Asset Management Limited.

We also agreed to pay Wainwright a tail fee equal to the cash compensation percentage paid in connection with our initial public offering in the United States, if any investor introduced to us by Wainwright with whom we have had an in person meeting or conference call arranged during the term of its engagement provides us with further capital in any public or private offering in the United States of our equity securities (excluding debt securities, even if convertible into equity securities) during the twelve-month period following the expiration or termination of the term of Wainwright's engagement, subject to certain limitation and exclusions.

Subject to certain conditions, we granted to Wainwright, for a period of twelve months after the date of consummation of this offering, a right of first refusal to act as a lead underwriter, placement agent or manager for debt financing transaction or any public or private equity offerings in the United States.

We, our executive officers and directors and certain shareholders, agreed not to sell or transfer any ADSs, ordinary shares or securities convertible into, exchangeable for, exercisable for, or repayable with ADSs or ordinary shares, for up to 180 days after the date of the final prospectus issued in connection with our initial public offering in the United States, without first obtaining the written

consent of Wainwright. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any ADSs or ordinary shares,
- sell any option or contract to purchase any ADSs or ordinary shares,
- purchase any option or contract to sell any ADSs or ordinary shares,
- grant any option, right or warrant for the sale of any ADSs or ordinary shares,
- lend or otherwise dispose of or transfer any ADSs or ordinary shares,
- request or demand that we file a registration statement related to the ADSs or ordinary shares, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any ADSs or ordinary shares whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to ordinary shares, ADSs and to securities convertible into or exchangeable or exercisable for or repayable with ADSs or ordinary shares. It also applies to ADSs or ordinary shares owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

For additional information on our material contracts, please see "Item 4. Information on the Company," Item 5.F. Tabular Disclosure of Contractual Obligations," "Item 6. Directors, Senior Management and Employees," and "Item 7.B. Related Party Transactions" of this Annual Report on 20-F. Except as otherwise disclosed in this Annual Report (including the exhibits thereto), we are not currently, and have not been in the last two years, party to any material contract, other than contracts entered into in the ordinary course of our business.

D. Exchange Controls.

There are no governmental laws, decrees, regulations or other legislation in the United Kingdom that may affect the import or export of capital, including the availability of cash and cash equivalents for use by us, or that may affect the remittance of dividends, interest, or other payments by us to non-resident holders of our ordinary shares or ADSs, other than withholding tax requirements. There is no limitation imposed by English law or our Articles on the right of non-residents to hold or vote ordinary shares.

E. Taxation.

The following summary contains a description of the material U.K. tax consequences and U.S. federal income tax consequences of the acquisition, ownership and disposition of ordinary shares, ADSs or Warrants, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase ordinary shares, ADSs or Warrants. The summary is based upon the tax laws of England and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

Material U.K. Tax Considerations

The comments set out below are based on current U.K. tax law as applied in England and HM Revenue & Customs, or HMRC, practice (which may not be binding on HMRC) as of the date of this Annual Report, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and (unless otherwise stated) apply only to our shareholders resident and, in the case of an individual, domiciled for tax purposes in the United Kingdom and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-U.K. residents), who hold ADSs, ordinary shares or Warrants as an investment and who are the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to an investment in ADSs, ordinary shares or Warrants. Certain categories of shareholders, including those carrying on certain financial activities (including dealers in securities, collective investment schemes and insurance companies), those subject to specific tax regimes or benefitting from certain reliefs or exemptions (such as pension funds and charities), those connected with us, those that own (or are deemed to own) 5% or more of our shares and/or voting power (either alone or together with connected persons) and those for whom the ADSs, ordinary shares or Warrants are employment-related securities may be subject to special rules and this summary does not apply to such shareholders and any general statements made in this disclosure do not take them into account. This summary does not address any inheritance tax considerations.

Any reference in this summary to shareholders are to holders of ADSs or ordinary shares in the Company (but not to holders of Warrants). Any references in this summary to warrantholders are to holders of ADS Warrants. This summary is for general

information only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor. It does not address all of the tax considerations that may be relevant to specific investors in light of their particular circumstances or to investors subject to special treatment under U.K. tax law. In particular:

POTENTIAL INVESTORS SHOULD SATISFY THEMSELVES PRIOR TO INVESTING AS TO THE OVERALL TAX CONSEQUENCES, INCLUDING, SPECIFICALLY, THE CONSEQUENCES UNDER U.K. TAX LAW AND HMRC PRACTICE OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE SHARES, ADSs OR WARRANTS IN THEIR OWN PARTICULAR CIRCUMSTANCES BY CONSULTING THEIR OWN TAX ADVISORS.

Taxation Of Dividends

We will not be required to withhold amounts on account of U.K. tax at source when paying a dividend.

The Finance Act 2016 includes legislation pursuant to which a U.K. resident individual shareholder will no longer be entitled to a tax credit on dividends paid after April 5, 2016 nor be taxed on a grossed-up amount of those dividends. Instead, a dividend allowance of £5,000 per tax year will apply regardless of the tax rate band of the individual shareholder. Dividends falling within this allowance will not be subject to income tax. If an individual shareholder receives dividends in excess of this allowance in a tax year, the excess will be taxed at the following rates:

- Individual shareholders liable to income tax at no more than the basic rate—7.5% (the "dividend ordinary rate");
- Individual shareholders liable to income tax at the higher rate—32.5% (the "dividend higher rate"); and
- Individual shareholders liable to income tax at the additional rate—38.1% (the "dividend additional rate").

The annual dividend allowance available to individuals will not be available to U.K. resident trustees of a discretionary trust. From April 6, 2016, U.K. resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1%, which mirrors the dividend additional rate.

Although shareholders who are within the charge to corporation tax would strictly be subject to corporation tax on dividends paid by us (subject to special rules for such shareholders that are "small" companies), generally such dividends will fall within an exempt class and will not be subject to corporation tax (provided certain conditions are met and anti-avoidance rules are satisfied). However, each shareholder's position will depend on its own individual circumstances and shareholders within the charge to corporation tax should consult their own professional advisers.

U.K. pension funds and charities are generally exempt from tax on dividends that they receive.

Non-U.K. resident shareholders may be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from us.

Taxation Of Capital Gains On Disposals Of ADSs, Ordinary Shares or Warrants

U.K. Shareholders and Warrantholders

Shareholders or warrantholders who are resident in the United Kingdom, and individual shareholders or warrantholders who are temporarily non-resident and subsequently resume residence in the United Kingdom within a certain time, may depending on their circumstances and the availability of applicable exemptions or reliefs (including, for example, the annual exempt amount for individuals and indexation allowance for corporate shareholders or warrantholders), be liable to U.K. taxation on chargeable gains in respect of gains arising from a sale or other disposal (or deemed disposal) of their ADSs, ordinary shares or Warrants.

Any gains or losses in respect of currency fluctuations over the period of holding the ordinary shares, ADSs or Warrants would also be brought into account on the disposal.

Non-U.K. Shareholders and Warrantholders

An individual holder who is not a U.K. resident shareholder or warrantholder will not be liable to U.K. capital gains tax on chargeable gains realized on the disposal of his or her ADSs, ordinary shares or Warrants unless such shareholder or warrantholder carries on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency in the United Kingdom to which the ordinary shares, ADSs or Warrants are attributable. In these circumstances, such shareholder or warrantholder may, depending on his or her individual circumstances, be chargeable to U.K. capital gains tax on chargeable gains arising from a disposal of his or her ADSs, ordinary shares or Warrants.

A corporate holder of ordinary shares, ADSs or Warrants who is not a U.K. resident shareholder or warrantholder will not be liable for U.K. corporation tax in England on chargeable gains realized on the disposal of its ADSs, ordinary shares or Warrants unless it carries on a trade in the United Kingdom through a permanent establishment to which the ADSs, ordinary shares or Warrants are attributable. In these circumstances, a disposal of ADSs, ordinary shares or Warrants by such shareholder or warrantholder may give rise to a chargeable gain or an allowable loss for the purposes of U.K. corporation tax in England.

Stamp Duty And Stamp Duty Reserve Tax (SDRT)

The statements in this section entitled "Stamp Duty and Stamp Duty Reserve Tax (SDRT)" are intended as a general guide to the current U.K. stamp duty and SDRT position in England. The discussion below relates to shareholders wherever resident, but investors should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986. Investors who are uncertain with regard to their stamp duty or SDRT position should consult their own advisers.

General

No stamp duty or SDRT will arise on the issue of ordinary shares in registered form by the Company or on the issue of ADSs by the Depository Trust Company, or DTC.

Stamp duty will not arise on the grant or issue of ADS Warrants, provided that the instrument or agreement giving rise to such grant or issue is not executed in England and Wales and does not relate to any property situated, or to any matter or thing done or to be done in England and Wales.

Any liability for stamp duty arising in respect of the grant or issue of Warrants will be the responsibility of the relevant warrantholder.

Neither U.K. stamp duty nor SDRT should arise on transfers of ordinary shares (including instruments transferring ordinary shares and agreements to transfer ordinary shares) on the basis that the ordinary shares are admitted to trading on AIM, provided the following requirements are (and continue to be) met:

- the ordinary shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

- AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above requirements is not met, stamp duty or SDRT will apply to transfers of, or agreements to transfer, ordinary shares. Where applicable, the purchaser normally pays the stamp duty or SDRT.

No stamp duty will be payable on a transfer of ADSs or ADS Warrants, provided that any instrument of transfer is not executed in England and Wales and does not relate to any property situated, or to any matter or thing done or to be done in England and Wales.

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), an agreement to transfer ADSs or ADS Warrants should be outside the scope of SDRT (on the basis that ADSs are interests in depositary receipts for SDRT purposes and on the basis that ADS Warrants are issued by a body corporate not incorporated in the United Kingdom and are not registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued and are not paired with shares issued by a body corporate incorporated in the United Kingdom).

If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT already paid is generally repayable, normally with interest, and any SDRT charge yet to be paid is cancelled.

Any cancellation of an ADS in return for the relevant shareholder's receipt of the underlying ordinary shares should not give rise to any charge to stamp duty or SDRT.

Depositary Receipt Systems And Clearance Services

Following the European Court of Justice decision in C-569/07 *HSBC Holdings Plc, Vidacos Nominees Limited v. The Commissioners of Her Majesty's Revenue & Customs* and the First-tier Tax Tribunal decision in *HSBC Holdings Plc and The Bank of New York Mellon Corporation v. The Commissioners of Her Majesty's Revenue & Customs*, HMRC has confirmed that a charge to 1.5% SDRT is no longer payable when new shares are issued to a clearance service (such as, in our understanding, DTC) or depositary receipt system.

HMRC remains of the view that where shares or securities are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration given or, in certain circumstances, the value of the relevant shares or securities unless the transfer is an integral part of a raising of capital.

There is an exception from the 1.5% charge for the transfer of ordinary shares to the DTC on the basis that the ordinary shares are admitted to trading on AIM, provided that the requirements set out in the bullet points above are (and continue to be) met. There is also an exception from the 1.5% charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under Section 97A(1) of the Finance Act 1986 which has been approved by HMRC and which applies to the relevant shares or securities. In these circumstances, SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer will arise on any transfer of ADSs, ordinary shares or Warrants into such an account and on subsequent agreements to transfer the relevant shares or securities within that account. It is our understanding that DTC has not made an election under Section 97A(1) of the Finance Act of 1986 in respect of the ordinary shares, ADSs or Warrants, and that therefore transfers or agreements to transfer ordinary shares, ADSs or ADS Warrants held in book entry (i.e., electronic) form within the facilities of DTC should not be subject to U.K. stamp duty or SDRT at the rate of 0.5%.

Any liability for stamp duty or SDRT which does arise in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

The Proposed Financial Transactions Tax (FTT)

On February 14, 2013, the European Commission published a proposal, or the Commission's Proposal, for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, or, collectively, the participating Member States.

The Commission's Proposal had very broad scope and, if introduced, could have applied to certain dealings in ADSs or ordinary shares (including secondary market transactions) in certain circumstances.

Although the Commission's Proposal has failed to obtain unanimous support from all EU Member States, the participating Member States remain committed to implement an FTT through enhanced co-operation, without the support of the remaining Member States. As of the date of this Annual Report, the FTT proposal remains subject to negotiation between the participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of ADSs or ordinary shares are advised to seek their own professional advice in relation to the FTT.

Reporting Obligations

Investors who hold ADSs indirectly through a broker or other financial institution should note that such broker or other financial institution may be required to provide certain information (including with regard to the relevant investor's identity and his or her investment) to a tax authority in the relevant investor's jurisdiction of residence for the purpose of such information being shared with tax authorities in other relevant jurisdictions, under one or more of the following regimes for the exchange of information:

- Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 and any associated regulations, or the Foreign Accounting Tax Compliance Act, or the FATCA;
- any agreements between the United States and other jurisdictions for the purpose of improving international tax compliance and implementing FATCA;
- Council Directive on Administrative Co-operation 2011/16/EU, or the DAC;
- the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the OECD Common Reporting Standard, or the CRS; and
- any other applicable legislation (including legislation implementing FATCA, the DAC and/or the CRS in any jurisdiction) or any other intergovernmental agreement, convention, treaty, or any official interpretation or official guidance relating thereto, that provides for, or is intended to secure, the exchange of information related to taxation.

Material U.S. Federal Income Tax Considerations

The following is a description of the material U.S. federal income tax consequences to the U.S. Holders and Non-U.S. Holders (each defined below) of owning and disposing of the ADSs or ordinary shares or Warrants acquired in this offering, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire the ADSs or ordinary shares or Warrants. This discussion applies only to U.S. Holders and Non-U.S. Holders that hold ADSs or ordinary shares or Warrants as capital assets purposes (generally property held for investment) within the meaning of Section 1221 of the Code. In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's or Non-U.S. Holder's particular circumstances, including alternative minimum tax consequences, any state or local tax considerations, any U.S. federal gift, estate or generation-skipping transfer tax consequences and tax consequences applicable to U.S. Holders or Non-U.S. Holders subject to special rules, such as:

- certain financial institutions;
- brokers;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- real estate investment trusts;
- insurance companies;
- persons holding ordinary shares as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the ordinary shares;
- regulated investment companies;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships or other pass-through entities for U.S. federal income tax purposes, including persons that will hold our ordinary shares through such an entity;
- tax-exempt entities, including an "individual retirement account" or "Roth IRA;"
- persons that own or are deemed to own ten percent or more of our voting stock;
- persons that are U.S. expatriates;
- persons who acquired our ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding shares in connection with a trade or business conducted outside of the United States.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. Moreover, we can provide no assurance that the tax consequences contained in this discussion will not be challenged by the Internal Revenue Service (IRS) or will be sustained by a court if challenged.

A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of ADSs or ordinary shares or Warrants who is:

- an individual who is a citizen or resident of the United States.;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (2) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

A "Non-U.S. Holder" is a beneficial owner of the ADSs or ordinary shares or Warrants, other than a U.S. Holder or an entity classified as a partnership or other fiscally transparent entity for U.S. federal income tax purposes.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding ADSs or ordinary shares or Warrants and partners in such partnerships should consult their tax advisers as to their particular U.S. federal income tax consequences of holding and disposing of the ADSs or ordinary shares or Warrants.

U.S. Holders and Non-U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of the ADSs or ordinary shares or Warrants in their particular circumstances.

Treatment Of The Company As A Domestic Corporation For US Federal Income Tax Purposes

Even though the Company is organized as an English public company, it should be treated as a domestic corporation for U.S. federal income tax purposes pursuant to Section 7874 of the Code. As such, the Company should generally be subject to U.S. federal income tax as if it were organized under the laws of the United States or a state thereof. The Company's status as a domestic corporation for U.S. federal income tax purposes also has implications for all shareholders. The remaining discussion contained in "Item 10.E. Material U.S. Federal Income Tax Considerations" assumes that the Company will be treated as a domestic corporation pursuant to Section 7874 of the Code.

Allocation of Purchase Price

U.S. Holders and Non-U.S. Holders will allocate the amount paid for ADSs or ordinary shares and Warrants based on their relative fair market values in computing the holder's basis in the ADSs or ordinary shares and Warrants for U.S. federal income tax purposes.

ADSs

A U.S. Holder or a Non-U.S. Holder of ADSs generally will be treated, for U.S. federal income tax purposes, as the owner of the underlying ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to U.S. federal income tax.

U.S. Holders

Distributions

Distributions made by the Company in respect of its ADSs or ordinary shares will be treated as U.S.-source dividends includible in the gross income of a U.S. Holder as ordinary income to the extent of the Company's current and accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent the amount of a distribution exceeds the Company's current and accumulated earnings and profits, the distribution will be treated first as a non-taxable return of capital to the extent of a U.S. Holder's adjusted tax basis in the ADSs or ordinary shares and thereafter as gain from the sale of such shares. Subject to applicable limitations and requirements, dividends received on the ADSs or ordinary shares generally should be eligible for the

"dividends received deduction" available to corporate shareholders. A dividend paid by the Company to a non-corporate U.S. Holder generally will be eligible for preferential rates if certain holding period requirements are met.

The U.S. dollar value of any distribution made by the Company in foreign currency will be calculated by reference to the exchange rate in effect on the date of the U.S. Holder's actual or constructive receipt of such distribution, regardless of whether the foreign currency is in fact converted into U.S. dollars. If the foreign currency is converted into U.S. dollars on the date of receipt, the U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency is not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other taxable disposition of the foreign currency generally will be U.S.-source ordinary income or loss to such U.S. Holder.

Sale Or Other Taxable Disposition Of Ordinary Shares

A U.S. Holder will recognize gain or loss for U.S. federal income tax purposes upon a sale or other taxable disposition of its ADSs or ordinary shares in an amount equal to the difference between the amount realized from such sale or disposition and the U.S. Holder's adjusted tax basis in the ADSs or ordinary shares. A U.S. Holder's adjusted tax basis in the ordinary shares generally will be the U.S. Holder's cost for the shares. Any such gain or loss generally will be U.S.-source capital gain or loss and will be long-term capital gain or loss if, on the date of sale or disposition, such U.S. Holder held the ADSs or ordinary shares for more than one year. Long-term capital gains derived by non-corporate U.S. Holders are eligible for taxation at reduced rates. The deductibility of capital losses is subject to significant limitations.

Exercise, Expiration and Disposition of Warrants

A U.S. Holder will not recognize gain or loss upon exercise of a Warrant (except with respect to any cash received in lieu of a fractional ordinary share or ADS). A U.S. Holder will have a tax basis in the ADSs received upon the exercise of a Warrant equal to the sum of its tax basis in the Warrant and the aggregate cash exercise price paid in respect of such exercise, less any amount attributable to any fractional ordinary share or ADS. The holding period of the ordinary shares or ADSs received upon the exercise of a Warrant will commence on the day after the Warrant is exercised. If a Warrant expires without being exercised, a U.S. Holder will recognize a capital loss in an amount equal to its tax basis in the Warrant.

Upon the sale, exchange or redemption of a Warrant, a U.S. Holder will recognize a gain or loss equal to the difference between the amount realized on the sale, exchange or redemption of the Warrant and the U.S. Holder's tax basis in such Warrant. Such gain or loss will be long-term capital gain or loss if, at the time of such sale, exchange, or redemption, the Warrant has been held for more than one year. Long-term capital gains of individuals (as well as certain trusts and estates) are subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to significant limitations. A U.S. Holder's gain or loss on the sale, exchange, or redemption of a Warrant will be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes.

Net Investment Income Tax

U.S. Holders that are individuals or estates or trusts that do not fall into a special class of trusts that are exempt from such tax, will be required to pay an additional 3.8% tax on the lesser of (1) the U.S. Holder's "net investment income" for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A U.S. Holder's "net investment income" will generally include, among other things, dividends and capital gains. Such tax will apply to dividends and to capital gains from the sale or other taxable disposition of the ordinary shares, unless derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). Potential investors should consult with their own tax advisers regarding the application of the net investment income tax to them as a result of their investment in the ADSs or ordinary shares.

Information Reporting And Backup Withholding

Payments of dividends on or proceeds arising from the sale or other taxable disposition of the ADSs or ordinary shares or Warrants generally will be subject to information reporting and backup withholding if a U.S. Holder (i) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on IRS Form W-9), (ii) furnishes an incorrect U.S. taxpayer identification number, (iii) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding or (iv) fails to certify under penalty of perjury that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability or will be refunded, if the U.S. Holder furnishes the required information to the IRS in a timely manner.

Non-U.S. Holders

Distributions

Subject to the discussion under "Foreign Account Tax Compliance Act" below, distributions treated as dividends (see "U.S. Holders Distributions" above) by the Company to Non-U.S. Holders will be subject to U.S. federal withholding tax at a 30% rate, except as may be provided by an applicable income tax treaty. To obtain a reduced rate of U.S. federal withholding under an applicable income tax treaty, a Non-U.S. Holder will be required to certify its entitlement to benefits under the treaty, generally on a properly completed IRS Form W-8BEN or W-8BEN-E (as applicable).

However, dividends that are effectively connected with a Non-U.S. Holder's conduct of a trade or business within the United States and, where required by an income tax treaty, are attributable to a permanent establishment or fixed base of the Non-U.S. Holder, are not subject to the withholding tax described in the previous paragraph, but instead are subject to U.S. federal net income tax at graduated rates, provided the Non-U.S. Holder complies with applicable certification and disclosure requirements, generally by providing a properly completed IRS Form W-8ECI. Non-U.S. Holders that are corporations may also be subject to an additional branch profits tax at a 30% rate, except as may be provided by an applicable income tax treaty.

Sale Or Other Taxable Disposition

Subject to the discussion under "Foreign Account Tax Compliance Act" below, a Non-U.S. Holder will not be subject to U.S. federal income tax in respect of any gain on a sale or other disposition of the ADSs or ordinary shares or Warrants unless:

- such gain is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder, in which event such Non-U.S. Holder generally will be subject to U.S. federal income tax on such gain in substantially the same manner as a U.S. person (except as provided by an applicable tax treaty) and, if it is treated as a corporation for U.S. federal income tax purposes, may also be subject to a branch profits tax at a rate of 30% (or a lower rate if provided by an applicable tax treaty), subject to certain adjustments;

- such Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of such sale, exchange or other disposition and certain other conditions are met, in which event such gain (net of certain U.S. source losses) generally will be subject to U.S. federal income tax at a rate of 30% (except as provided by an applicable tax treaty); or

- the Company is or has been a "United States real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of (x) the five-year period ending on the date of such sale, exchange or other disposition and (y) such Non-U.S. Holder's holding period with respect to such ordinary shares, and certain other conditions are met.

Generally, a corporation is a "United States real property holding corporation" if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). We believe that we presently are not, and we do not presently anticipate that we will become, a United States real property holding corporation. However, because this determination is made from time to time and is dependent upon a number of factors, some of which are beyond our control, including the value of our assets, there can be no assurance that we will not become a United States real property holding corporation. If we were a United States real property holding corporation during the period described in the third bullet point above, gain recognized by a Non-U.S. Holder generally would be treated as income effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder, with the consequences described in the first bullet point above (except that the branch profits tax would not apply), unless such Non-U.S. Holder owned (directly and constructively) five percent or less of our ordinary shares during such period and our ordinary shares are treated as "regularly traded on an established securities market" at any time during the calendar year of such sale, exchange or other disposition.

Information Reporting And Backup Withholding

Generally, the Company must report annually to the IRS and to Non-U.S. Holders the amount of distributions made to Non-U.S. Holders and the amount of any tax withheld with respect to those payments. Copies of the information returns reporting such distributions and withholding may also be made available to the tax authorities in the country in which a Non-U.S. Holder resides under the provisions of an applicable income tax treaty or tax information exchange agreement.

A Non-U.S. Holder will generally not be subject to backup withholding with respect to payments of dividends, provided the Company receives a properly completed statement to the effect that the Non-U.S. Holder is not a U.S. person and the Company does not have actual knowledge or reason to know that the holder is a U.S. person. The requirements for the statement will be met if the Non-U.S. Holder provides its name and address and certifies, under penalties of perjury, that it is not a U.S. person (which certification may generally be made on IRS Form W-8BEN or W-8BEN-E, as applicable) or if a financial institution holding our ordinary shares on behalf of the Non-U.S. Holder certifies, under penalties of perjury, that such statement has been received by it and furnishes the Company or its paying agent with a copy of the statement.

Except as described below under "Foreign Account Tax Compliance Act," the payment of proceeds from a disposition of ADSs or ordinary shares or Warrants to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States. In the case of a payment of proceeds from the disposition of ADSs or ordinary shares or Warrants to or through a non-U.S. office of a broker that is either a U.S. person or such a U.S.-related person, Treasury Regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the Non-U.S. Holder is not a U.S. person and the broker has no knowledge to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

Under the FATCA provisions of the Code and related U.S. Treasury guidance, or FATCA, a withholding tax of 30% will be imposed in certain circumstances on payments of (i) dividends on the ADSs or ordinary shares and (ii) on or after January 1, 2019, gross proceeds from the sale or other disposition of our ordinary shares. In the case of payments made to a "foreign financial institution" (such as a bank, a broker, an investment fund or, in certain cases, a holding company), as a beneficial owner or as an intermediary, this tax generally will be imposed, subject to certain exceptions, unless such institution (i) has agreed to (and does) comply with the requirements of an agreement with the United States, or an "FFI Agreement," or (ii) is required by (and does comply with) applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction, ("IGA"), in either case to, among other things, collect and provide to the U.S. tax authorities or other relevant tax authorities certain information regarding U.S. account holders of such institution and, in either case, such institution provides the withholding agent with a certification as to its FATCA status. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the tax generally will be imposed, subject to certain exceptions, unless such entity provides the withholding agent with a certification as to its FATCA status and, in certain cases, identifies any "substantial" U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity). If our ordinary shares are held through a foreign financial institution that has agreed to comply with the requirements of an FFI Agreement or is subject to similar requirements under applicable foreign law enacted in connection with an IGA, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold tax on payments made to (i) a person (including an individual) that fails to provide any required information or documentation or (ii) a foreign financial institution that has not agreed to comply with the requirements of an FFI Agreement and is not subject to similar requirements under applicable foreign law enacted in connection with an IGA. Each Non-U.S. Holder should consult its own tax advisor regarding the application of FATCA to the ownership and disposition of the ADSs or ordinary shares.

F. Dividends and Paying Agents.

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display.

We are subject to the information reporting requirements of the Exchange Act applicable to foreign private issuers and under those requirements will file reports with the SEC. Those reports may be inspected without charge at the locations described below. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. Nevertheless, we will file with the SEC an Annual Report containing financial statements that have been examined and reported on, with and opinion expressed by an independent registered public accounting firm.

We maintain a corporate website at *www.motifbio.com*. We intend to post our Annual Report on our website promptly following it being filed with the SEC. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report. We have included our website address in this Annual Report solely as an inactive textual reference.

You may also review a copy of this Annual Report, including exhibits and any schedule filed herewith, and obtain copies of such materials at prescribed rates, at the SEC's Public Reference Room in Room 1580, 100 F Street, NE, Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Securities and Exchange Commission maintains a website (*www.sec.gov*) that contains reports, proxy and information statements and other information regarding registrants, such as Motif Bio, that file electronically with the SEC.

With respect to references made in this Annual Report to any contract or other document of our company, such references are not necessarily complete and you should refer to the exhibits attached or incorporated by reference to this Annual Report for copies of the actual contract or document.

I. Subsidiary Information.

Not required.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by minimizing the balance of foreign currencies to cover expected cash flows during periods where there is strengthening in the value of the foreign currency. The Group holds part of its cash resources in US dollars and British pound sterling. The valuation of the cash fluctuates along with the US dollar/sterling exchange rate. No hedging of this risk is undertaken.

The carrying amounts of foreign currency denominated monetary net assets at the reporting date are as follows:

	2016	2015
	US $	US $
Sterling - Cash	17,795	2,617,033

At December 31, 2016, if pounds sterling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the loss for the year would have been US $890 (2015: US $131,000) higher/lower.

Interest rate risk

The Group's exposure to interest rate risk is limited to the cash and cash equivalent balance of US$21,829,632 and its financing exposures that are at fixed rates of interest. Changes in interest rates would have no significant impact on the profit or losses of the Group.

Capital risk management

The directors define capital as the total equity of the Company. The directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain an optimal capital structure, the directors may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to reduce debt.

Item 12. Description of Securities Other than Equity Securities.

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent 20 ordinary shares (or a right to receive 20 shares) deposited with The Bank of New York Mellon, as custodian for the depositary in Manchester. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at 225 Liberty Street, New York, New York 10286.

A deposit agreement among us, the beneficial owners of ADSs and the depositary sets out the ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs. A copy of the deposit agreement is incorporated by reference as an exhibit to this Annual Report.

Fees And Expenses

Persons depositing or withdrawing shares or ADS holders must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
$.05 (or less) per ADS per calendar year	Depositary services (Annual Fee)
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment Of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your American Depositary Shares to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Material Modifications to the Rights of Security Holders

Not applicable.

Use of Proceeds

On November 18, 2016, we announced the pricing of our underwritten U.S. public offering and European placement, which were concurrently conducted, of 71,633,248 ordinary shares, comprised of 22,863,428 ordinary shares plus 2,438,491 ADSs (representing 48,769,820 ordinary shares at a 20 to 1 ratio). We offered 48,769,820 ordinary shares in a U.S. firm commitment public offering in the form of 2,438,491 American Depositary Shares or ADSs, together with warrants to purchase 1,219,246 ADS Warrants. Each ADS represents 20 of our ordinary shares and was sold together with 0.5 of an ADS Warrant in a fixed combination. Each full ADS Warrant is exercisable for one ADS at an exercise price of $8.03 per ADS, exercisable from the date of issuance until five years thereafter. In Europe, we offered in a concurrent placement on a best efforts basis 22,863,428 ordinary shares, together with warrants to purchase 11,431,714 ordinary shares. Each ordinary share was sold together with 0.5 of an Ordinary Share Warrant in a fixed combination. Each full Ordinary Share Warrant is exercisable for one ordinary share at an exercise price of £0.32 ($0.40), exercisable from the date of issuance until five years thereafter. The public offering price of the ADSs and ADS Warrants in the U.S. offering was $6.98 per ADS and ADS Warrant combination, and the public offering price of our ordinary shares and Ordinary Share Warrants in the European placement was £0.28 ($0.35) per ordinary share and Ordinary Share Warrant combination. Net proceeds to the Company following the offering, after deducting underwriting discounts and commissions and offering expenses of approximately $3.5 million, were approximately $21.5 million. None of the underwriting discounts and commissions or other offering expenses were paid to directors or officers of ours or their associates or to persons owning 10 percent or more of any class of our equity securities or to any affiliates of ours. H.C. Wainwright & Co., LLC was the underwriter for the above described offering.

There has been no material change in our planned use of the net proceeds from the above described offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b)(4) on November 21, 2016.

Our management board retains broad discretion in the allocation and use of the net proceeds from the above described offering.

Item 15. Controls and Procedures.

Disclosure Controls and Procedures

As of the end of the period covered by this annual report, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this annual report, our existing disclosure controls and procedures were not effective due to material weaknesses in internal control over financial reporting described below in Management's Annual Report on Internal Control over Financial Reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). As of December 31, 2016, our management assessed the effectiveness of our internal control over financial reporting. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013).* A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. In connection with this assessment, we identified the following material weaknesses in internal control over financial reporting as of December 31, 2016.

We did not maintain an effective control environment as we did not maintain effective internal controls to ensure processing and reporting of valid transactions is complete, accurate, and timely and did not maintain a sufficient complement of resources with an appropriate level of accounting knowledge, experience, and training commensurate with their structure and financial reporting requirements to allow for appropriate monitoring, presentation and disclosure, and internal control over financial reporting. Specifically, we have not designed and implemented a sufficient level of formal accounting policies and procedures that define how transactions across the business cycles should be initiated, recorded, processed, authorized, approved and appropriately reported, including presentation and disclosure, within the financial statements. Additionally, the limited personnel resulted in our inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, amongst other things, our insufficient segregation of duties in their finance and accounting functions.

These control deficiencies resulted in the misclassification of derivative liabilities in the statement of financial position. In addition, these control deficiencies resulted in immaterial audit adjustments to increase our trade and other payables as of December 31, 2016. Additionally, these control deficiencies could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, our management has determined that these control deficiencies constitute material weaknesses.

Based on its assessment, our management has concluded that our internal control over financial reporting is not effective as of December 31, 2016.

Management's Remediation Initiatives

In an effort to remediate the identified material weaknesses and to enhance our overall control environment, we are planning on making substantial changes in our internal control over financial reporting in the ensuing periods. We are a small and only recently publicly-traded entity that has had limited time and resources to build out our finance and accounting functions. Nonetheless, it should be noted that as a result of having successfully completed the REVIVE-1 Phase 3 Study, including having met the primary and secondary efficacy endpoints, we believe we will be able to secure additional financing which could then be applied, in part, to fund these and other remediation activities.

We have initiated, or plan to initiate, the following actions:

- In January 2017, we hired an Accounting Manager with considerable experience in financial roles at biopharmaceutical companies, including public companies listed on the NASDAQ Capital Market.

- In March 2017, we retained an accounting and financial reporting advisory firm with significant experience with publicly held companies to assist management in preparing our financial reports.

- We have recently implemented a new accounting software package that is maintained on a third-party computer server. As we create formal accounting policies and procedures over financial reporting, we will utilize the accounting software to streamline the approval and review process.

- We are in the process of creating formal accounting policies and procedures including those for cash disbursements, general ledger, accounts payable, and payroll, among others. We are also in the process of designing and implementing additional controls related to the period-end financial reporting process, including the preparation and review of accounting position papers and the use of financial statement disclosure checklists.

- We are in the process of implementing the automated processing of invoices through an outside vendor, allowing for more streamlined initiation, processing, authorization and approval of transactions within the payables process

- We plan to create additional finance and accounting positions and formalize the roles and responsibilities within the accounting function. The timing and extent of such additional positions will likely be determined based on securing additional financing.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of the company's registered public accounting firm due a transition period established by rules of the Securities and Exchange commission for newly public companies.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal year ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 15T. Controls and Procedures.

Not applicable.

Item 16. Reserved.

Item 16A. Audit Committees Financial Expert.

Our board of directors has determined that Ms. Ginman-Horrell and Mr. Williams are independent under Rule 10A-3 of the Exchange Act, and that Ms. Ginman-Horrell is also independent under the applicable listing requirements of NASDAQ, and that each member of our audit committee satisfies the other listing requirements of NASDAQ for audit committee membership. In accordance with our NASDAQ listing, our audit committee members must each be independent under Rule 10A-3 of the Exchange Act. However, as a foreign private issuer, our audit committee members are not subject to the additional independence requirements imposed by NASDAQ. We intend to rely on the phase in rules of the Exchange Act with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member who is independent upon the effectiveness of our registration statement, a majority of members who are independent within 90 days of effectiveness and all members who are independent within one year of effectiveness. Our board of directors has also determined that Charlotta Ginman-Horrell qualifies as an "audit committee financial expert," as such term is defined by the SEC, and that Ms. Ginman-Horrell has the requisite level of financial sophistication required by the continued listing standards of NASDAQ.

Item 16B. Code of Business Conduct and Ethics.

We have adopted a Code of Business Conduct and Ethics, or the Code of Conduct, that is applicable to all of our employees, executive officers and directors. A copy of the Code of Conduct is available on our website at *www.motifbio.com*.

Item 16C. Principal Accountant Fees and Services.

Our financial statements have been prepared in accordance with IFRS and in conformity with IFRS as adopted by the European Union. PricewaterhouseCoopers LLP (United States) has served as our independent registered public accounting firm for the fiscal year ended December 31, 2016 and PricewaterhouseCoopers LLP (United Kingdom) has served as our independent registered public accounting firm for the fiscal years ended December 31, 2015 and 2014. PricewaterhouseCoopers LLP (United States) was engaged to act as our independent public accounting firm in February 2017. Following the initial public offering in the US, it was decided that PricewaterhouseCoopers LLP (United States) would thereby become our Principal Auditor as set forth in the audit standard guidance of the Public Company Accounting Oversight Board (PCAOB). PricewaterhouseCoopers LLP (United Kingdom) remains the auditor under International Standards on Auditing (ISA) for purposes of the group statutory IFRS statements issued for AIM and UK regulatory purposes.

In December 2015, following a competitive bidding process, our audit committee recommended to the board of directors that PricewaterhouseCoopers LLP (United Kingdom) be appointed to replace Crowe Clark Whitehill LLP as chartered accountants and registered auditors in the United Kingdom beginning with the fiscal year ending December 31, 2015. PricewaterhouseCoopers LLP (United Kingdom) were engaged to act as our chartered accountants and registered auditors on January 21, 2016 and Crowe Clark Whitehill LLP resigned as our statutory auditor on February 17, 2016.

The following table shows the aggregate fees for services rendered by PricewaterhouseCoopers LLP to us, including our subsidiary, in fiscal years ended December 31, 2016 and 2015.

	Year Ended December 31,	
	2016	2015
	(Amount in thousands of US$)	
Audit Fees	871,523	73,730
Audit-Related Fees	—	—
Tax Fees	—	—
Other Fees	—	—
Total	871,523	73,730

"Audit Fees" are the aggregate fees billed for the audit of our annual financial statements, including supporting the filing requirements of the AIM in the U.K. This category also includes services that PricewaterhouseCoopers LLP provides, such as consents and assistance with and review of documents filed with the SEC.

"Audit-Related Fees" are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit and are not reported under Audit Fees.

"Tax Fees" are the aggregate fees billed for professional services rendered by PricewaterhouseCoopers LLP for tax compliance, tax advice and tax planning related services.

"Other Fees" are any additional amounts billed for products and services provided by PricewaterhouseCoopers LLP.

Audit and Non-Audit Services Pre-Approval Policy

The audit committee has responsibility for appointing, setting compensation of and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the audit committee has adopted a policy governing the pre-approval of all audit and permitted non-audit services performed by our independent registered public accounting firm to ensure that the provision of such services does not impair the independent registered public accounting firm's independence from us and our management. Unless a type of service to be provided by our independent registered public accounting firm has received general pre-approval from the audit committee, it requires specific pre-approval by the audit committee. The payment for any proposed services in excess of pre-approved cost levels requires specific pre-approval by the audit committee. The audit committee may not delegate its responsibilities to pre-approve services to the management.

The audit committee has considered the non-audit services provided by PricewaterhouseCoopers LLP as described above and believes that they are compatible with maintaining PricewaterhouseCoopers LLP's independence as our independent registered public accounting firm.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

In accordance with our NASDAQ listing, our audit committee members must each be independent under Rule 10A-3 of the Exchange Act. However, as a foreign private issuer, our audit committee members are not subject to the additional independence requirements imposed by NASDAQ. We intend to rely on the phase in rules of the Exchange Act with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member who is independent upon the effectiveness of our registration statement, a majority of members who are independent within 90 days of effectiveness and all members who are independent within one year of effectiveness.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant.

On February 25, 2017, the audit committee of the board of directors approved PricewaterhouseCoopers LLP (United States) to serve as our independent registered public accounting firm for the year ended December 31, 2016. Contemporaneous with the determination to appoint PricewaterhouseCoopers LLP (United States), we dismissed PricewaterhouseCoopers LLP (United Kingdom) from such role. Following the initial public offering in the US, it was decided that PricewaterhouseCoopers LLP (United States) would thereby become our Principal Auditor as set forth in the audit standard guidance of the Public Company Accounting Oversight Board (PCAOB). PricewaterhouseCoopers LLP (United Kingdom) remains the auditor under International Standards on Auditing (ISA) for purposes of the group statutory IFRS statements issued for AIM and UK regulatory purposes.

The report of PricewaterhouseCoopers LLP (United Kingdom) on our consolidated financial statements as of and for the fiscal years ended December 31, 2015 and 2014 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles, except that the report for each such fiscal year included a paragraph stating that there was substantial doubt about our ability to continue as a going concern.

During the fiscal years ended December 31, 2015 and 2014, there were no disagreements between us and PricewaterhouseCoopers LLP (United Kingdom) on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of PricewaterhouseCoopers LLP (United Kingdom), would have caused PricewaterhouseCoopers LLP (United Kingdom) to make reference to the subject matter of the disagreements in connection with its reports for such fiscal years; and there were no reportable events as defined in Item 16F(a)(1)(v) of Form 20-F. Further in the two years prior to December 31, 2016, we have not consulted with PricewaterhouseCoopers LLP (United States) regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of the Group; or (ii) any matter that was the subject of a disagreement as that term is used in Item 16F(a)(1)(iv) of Form 20-F or a 'reportable event' as described in Item 16F(a)(1)(v) of Form 20-F.

We have provided PricewaterhouseCoopers LLP (United Kingdom) with a copy of this annual report on Form 20-F prior to its filing with the SEC and requested that PricewaterhouseCoopers LLP (United Kingdom) furnish a letter addressed to the SEC stating whether PricewaterhouseCoopers LLP (United Kingdom) agrees with the above statements, and, if not, stating the respects in which it does not agree. A copy of the PricewaterhouseCoopers LLP (United Kingdom) letter to the SEC dated May 1, 2017 is included as Exhibit 15.2 to this annual report.

In December 2015, following a competitive bidding process, our audit committee recommended to the board of directors that PricewaterhouseCoopers LLP (United Kingdom) be appointed to replace Crowe Clark Whitehill LLP as chartered accountants and registered auditors in the United Kingdom beginning with the fiscal year ending December 31, 2015. PricewaterhouseCoopers LLP (United Kingdom) were engaged to act as our chartered accountants and registered auditors on January 21, 2016 and Crowe Clark Whitehill LLP resigned as our statutory auditor on February 17, 2016.

Crowe Clark Whitehill LLP performed a non-statutory audit of the financial statements of Motif BioSciences, Inc., prepared under International Financial Reporting Standards as adopted by the European Union, for the fiscal year ending December 31, 2014 in accordance with International Standards on Auditing (United Kingdom and Ireland). Neither Crowe Clark Whitehill LLP's report relating to the non-statutory audit of Motif BioSciences, Inc., nor the historic financial statements, prepared under International Financial Reporting Standards as adopted by the European Union, are included or incorporated by reference in this Annual Report.

Crowe Clark Whitehill LLP's non-statutory audit report on Motif BioSciences, Inc. did not contain an adverse opinion or a disclaimer of opinion, and it was not qualified or modified as to uncertainty, audit scope or accounting principles, although Crowe Clark Whitehill LLP stated in their statutory audit report that:

"This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed."

In connection with the non-statutory audit performed by Crowe Clark Whitehill LLP under International Standards on Auditing (United Kingdom and Ireland) of the financial statements of Motif BioSciences, Inc., prepared under International Financial Reporting Standards as adopted by the European Union, for the fiscal year ended December 31, 2014, we did not have any disagreements with Crowe Clark Whitehill LLP on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Crowe Clark Whitehill LLP would have caused Crowe Clark Whitehill LLP to make reference to such matter in its report. We have requested that Crowe Clark Whitehill LLP furnish a letter addressed to the SEC stating whether Crowe Clark Whitehill LLP agrees with the above statements, and, if not, stating the respects in which it does not agree. Such letter is included as Exhibit 15.1 to this Form 20-F.

Item 16G. Corporate Governance.

Differences In Corporate Law Between England And The State Of Delaware

As a public limited company incorporated under the laws of England and Wales, the rights of our shareholders are governed by applicable English law, including the Companies Act, and not by the law of any U.S. state. As a result, our directors and shareholders are subject to different responsibilities, rights and privileges than are applicable to directors and shareholders of U.S. corporations. We have set below a summary of the differences between the provisions of the Companies Act applicable to us and the Delaware General Corporation Law relating to shareholders' rights and protections. This summary is not intended to be a complete discussion of the respective rights and it is qualified in its entirety by reference to English law, Delaware law and our Articles. Before investing, you should consult your legal advisor regarding the impact of English corporate law on your specific circumstances and reasons for investing. The summary below does not include a description of rights or obligations under the U.S. federal securities laws or NASDAQ listing requirements. You are also urged to carefully read the relevant provisions of the Delaware General Corporation Law and the Companies Act for a more complete understanding of the differences between Delaware and English law.

	Delaware	England
Number of Directors	Under Delaware law, a corporation must have at least one director and the number of directors shall be fixed by or in the manner provided in the bylaws, unless specified in the certificate of incorporation.	Under the Companies Act, a public limited company must have at least two directors and the number of directors may be fixed by or in the manner provided in a company's Articles of Association.

	Delaware	England
Removal of Directors	Under Delaware law, directors may be removed from office, with or without cause, by a majority shareholder vote, except (a) in the case of a corporation whose board is classified, shareholders may effect such removal only for cause, unless otherwise provided in the certificate of incorporation, and (b) in the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which he or she is a part.	Under the Companies Act, shareholders may remove a director without cause by an ordinary resolution (which is passed by a simple majority of those voting in person or by proxy at a general meeting) irrespective of any provisions of any service contract the director has with the company, provided that 28 clear days' notice of the resolution is given to the company and certain other procedural requirements under the Companies Act are followed (such as allowing the director to make representations against his or her removal at the meeting and/or in writing).
Vacancies on the Board of Directors	Under Delaware law, vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director unless otherwise provided in the certificate of incorporation or bylaws of the corporation.	Under English law, the procedure by which directors (other than a company's initial directors) are appointed is generally set out in a company's Articles of Association, provided that where two or more persons are appointed as directors of a public limited company by resolution of the shareholders, resolutions appointing each director must be voted on individually unless a resolution of the shareholders that such resolutions do not have to be voted on individually is first agreed to by the meeting without any vote being given against it.
Annual General Meeting	Under Delaware law, the annual meeting of shareholders shall be held at such place, on such date and at such time as may be designated from time to time by the board of directors or as provided in the certificate of incorporation or by the bylaws.	Under the Companies Act, a public limited company must hold an annual general meeting each year. This meeting must be held within six months of the company's accounting reference date.
General Meeting	Under Delaware law, special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.	Under the Companies Act, a general meeting of the shareholders of a public limited company may be called by the directors. Shareholders holding at least 5% of the paid-up capital of the company carrying voting rights at general meetings can also require the directors to call a general meeting.
Notice of General Meetings	Under Delaware law, written notice of any meeting of the shareholders must be given to each shareholder entitled to vote at the meeting not less than ten nor more than 60 days before the date of the meeting and shall specify the place, date, hour and purpose or purposes of the meeting.	The Companies Act provides that a general meeting (other than an adjourned meeting) must be called by notice of: • in the case of an annual general meeting, at least 21 days; and • in any other case, at least 14 days.

	Delaware	England
		The company's Articles of Association may provide for a longer period of notice and, in addition, certain matters (such as the removal of directors or auditors) require special notice, which is 28 clear days' notice. The shareholders of a company may in all cases consent to a shorter notice period, the proportion of shareholders' consent required being 100% of those entitled to attend and vote in the case of an annual general meeting and, in the case of any other general meeting, a majority in number of the members having a right to attend and vote at the meeting, being a majority who together hold not less than 95% in nominal value of the shares giving a right to attend and vote at the meeting.
Quorum	The certificate of incorporation or bylaws may specify the number of shares, the holders of which shall be present or represented by proxy at any meeting in order to constitute a quorum, but in no event shall a quorum consist of less than $^1/_3$ of the shares entitled to vote at the meeting. In the absence of such specification in the certificate of incorporation or bylaws, a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of shareholders.	Subject to the provisions of a company's Articles of Association, the Companies Act provides that two shareholders present at a meeting (in person or by proxy) shall constitute a quorum.
Proxy	Under Delaware law, at any meeting of shareholders, a shareholder may designate another person to act for such shareholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.	Under the Companies Act, at any meeting of shareholders, a shareholder may designate another person to attend, speak and vote at the meeting on their behalf by proxy (or, in the case of a shareholder which is a corporate body, by way of a corporate representative).
Issue of New Shares	Under Delaware law, if the company's certificate of incorporation so provides, the directors have the power to authorize additional stock. The directors may authorize capital stock to be issued for consideration consisting of cash, any tangible or intangible property or any benefit to the company or any combination thereof.	Under the Companies Act, the directors of a company must not exercise any power to allot shares or grant rights to subscribe for, or to convert any security into, shares unless they are authorized to do so by the company's Articles of Association or by an ordinary resolution of the shareholders.
		Any authorization given must state the maximum amount of shares that may be allotted under it and specify the date on which it will expire, which must be not more than five years from the date the authorization was given. The authority can be renewed by a further resolution of the shareholders.

	Delaware	England
Liability of Directors and Officers	Under Delaware law, a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation and its shareholders for monetary damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for: • any breach of the director's duty of loyalty to the corporation or its shareholders; • acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; • willful or negligent payment of unlawful dividends or stock purchases or redemptions; or • any transaction from which the director derives an improper personal benefit.	Under the Companies Act, any provision (whether contained in a company's Articles of Association or any contract or otherwise) that purports to exempt a director of a company (to any extent) from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void. Any provision by which a company directly or indirectly provides an indemnity (to any extent) for a director of the company or of an associated company against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he or she is a director is also void except as permitted by the Companies Act, which provides exceptions for the company to: (i) purchase and maintain insurance against such liability; (ii) provide a "qualifying third-party indemnity" (being an indemnity against liability incurred by the director to a person other than the company or an associated company. Such indemnity must not cover criminal fines, penalties imposed by regulatory bodies, the defense costs of criminal proceedings where the director is found guilty, the defense costs of civil proceedings successfully brought against the director by the company or an associated company, and the costs of unsuccessful applications by the director for relief); and (iii) provide a "qualifying pension scheme indemnity" (being an indemnity against liability incurred in connection with the company's activities as trustee of an occupational pension plan).
Voting Rights	Delaware law provides that, unless otherwise provided in the certificate of incorporation, each shareholder of record is entitled to one vote for each share of capital stock held by such shareholder.	Under English law, unless a poll is demanded by the shareholders of a company or is required by the Chairman of the meeting or the company's Articles of Association, shareholders shall vote on all resolutions on a show of hands.
		Under the Companies Act, a poll may be demanded by: (i) not fewer than five shareholders having the right to vote on the resolution; (ii) any shareholder(s) representing at least 10% of the total voting rights of all the shareholders having the right to vote on the resolution (excluding any voting rights attached to treasury shares); or (iii) any shareholder (s) holding shares in the company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right. A company's Articles of Association may provide more extensive rights for shareholders to call a poll.

	Delaware	England
		Under English law, an ordinary resolution is passed on a show of hands if it is approved by a simple majority (more than 50%) of the votes cast by shareholders present (in person or by proxy) and entitled to vote. If a poll is demanded, an ordinary resolution is passed if it is approved by holders representing a simple majority of the total voting rights of shareholders present (in person or by proxy) who (being entitled to vote) vote on the resolution. Special resolutions require the affirmative vote of not less than 75% of the votes cast by shareholders present (in person or by proxy) at the meeting.
Variation of Class Rights	Under Delaware law, the holders of the outstanding shares of a class shall be entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation, if the amendment would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class, or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely.	The Companies Act provides that rights attached to a class of shares may only be varied or abrogated in accordance with provision in the company's articles for the variation or abrogation of those rights or, where the company's articles contain no such provision, if the holders of shares of that class consent to the variation or abrogation. Consent for these purposes means: • consent in writing from the holders of at least 75% in nominal value of the issued shares of that class (excluding any shares held as treasury shares); or • a special resolution passed at a separate meeting of the holders of that class sanctioning the variation.
		The Companies Act provides that the quorum for a class meeting is not less than two persons holding or representing by proxy at least one-third of the nominal value of the issued shares of that class. Following a variation of class rights, shareholders who amount to not less than 15% of the shareholders of the class in question who did not approve the variation may apply to court to have the variation cancelled. Any application must be made within 21 days of the variation. The court may cancel the variation if it is satisfied having regard to all the circumstances of the case that the variation would unfairly prejudice the shareholders of the class represented by the applicant.

	Delaware	England
Shareholder Vote on Certain Transactions	Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires: • the approval of the board of directors; and • approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter. Under Delaware law, a contract or transaction between the company and one or more of its directors or officers, or between the company and any other organization in which one or more of its directors or officers, are directors or officers, or have a financial interest, shall not be void solely for this reason, or solely because the director or officer participates in the meeting of the board which authorizes the contract or transaction, or solely because any such director's or officer's votes are counted for such purpose, if: • the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the board, and the board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;	The Companies Act provides for schemes of arrangement, which are arrangements or compromises between a company and any class of shareholders or creditors and used in certain types of reconstructions, amalgamations, capital reorganizations or takeovers. These arrangements require: • the approval at a shareholders' or creditors' meeting convened by order of the court, of a majority in number of shareholders or creditors representing 75% in value of the capital held by, or debt owed to, the class of shareholders or creditors, or class thereof present and voting, either in person or by proxy; and • the approval of the court. Once approved, sanctioned and effective, all shareholders and creditors of the relevant class and the company are bound by the terms of the scheme. The Companies Act also contains certain provisions relating to transactions between a director and the company, including transactions involving the acquisition of substantial non-cash assets from a director or the sale of substantial noncash assets to a director, and loans between a company and a director or certain connected persons of directors. If such transactions meet certain thresholds set out within the Companies Act the approval of shareholders by ordinary resolution will be required.

	Delaware	England
	• the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or • the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee or the shareholders.	
Standard of Conduct for Directors	Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the shareholders. Directors of a Delaware corporation owe fiduciary duties of care and loyalty to the corporation and to its shareholders. The duty of care generally requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself or herself of all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. The director must not use his or her corporate position for personal gain or advantage. In addition, under Delaware law, when the board of directors of a Delaware corporation approves the sale or break-up of a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the shareholders.	Under English law, a director owes various statutory and fiduciary duties to the company, including: • to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole; • to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly conflicts, with the interests of the company; • to act in accordance with the company's constitution and only exercise his or her powers for the purposes for which they are conferred; • to exercise independent judgment; • to exercise reasonable care, skill and diligence; • not to accept benefits from a third-party conferred by reason of his or her being a director or doing (or not doing) anything as a director; and • a duty to declare any interest that he or she has, whether directly or indirectly, in a proposed or existing transaction or arrangement with the company.

	Delaware	England
Shareholder Suits	Under Delaware law, a shareholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must: • state that the plaintiff was a shareholder at the time of the transaction of which the plaintiff complains or that the plaintiff's shares thereafter devolved on the plaintiff by operation of law; and • allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or • state the reasons for not making the effort. Additionally, the plaintiff must remain a shareholder through the duration of the derivative suit.	Under English law, generally, the company, rather than its shareholders, is the proper claimant in an action in respect of a wrong done to the company or where there is an irregularity in the company's internal management. Notwithstanding this general position, the Companies Act provides that (i) a court may allow a shareholder to bring a derivative claim (that is, an action in respect of and on behalf of the company) in respect of a cause of action arising from a director's negligence, default, breach of duty or breach of trust, subject to complying with the procedural requirements under the Companies Act and (ii) a shareholder may bring a claim for a court order where the company's affairs have been or are being conducted in a manner that is unfairly prejudicial to some or all of its shareholders.

Other English Law Considerations

Squeeze-Out

Under the Companies Act, if a takeover offer (as defined in Section 974 of the Companies Act) is made for the shares of a company and the offeror were to acquire, or unconditionally contract to acquire: (i) not less than 90% in value of the shares to which the takeover offer relates (the "Takeover Offer Shares"); and (ii) where those shares are voting shares, not less than 90% of the voting rights attached to the Takeover Offer Shares, the offeror could acquire compulsorily the remaining 10% within three months of the last day on which its offer can be accepted. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favor and pay the consideration to the company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

Sell-Out

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer (as defined in Section 974 of the Companies Act). If a takeover offer related to all the shares of a company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares to which the offer relates, any holder of the shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

Disclosure Of Interest In Shares

Pursuant to Part 22 of the Companies Act, a company is empowered by notice in writing to require any person whom the company knows to be, or has reasonable cause to believe to be, interested in the company's shares or at any time during the three years immediately preceding the date on which the notice is issued to have been so interested, within a reasonable time to disclose to the company details of that person's interest and (so far as is within such person's knowledge) details of any other interest that subsists or subsisted in those shares. If a shareholder defaults in supplying the company with the required details in relation to the shares in question (the "Default Shares"), the shareholder shall not be entitled to vote or exercise any other right conferred by membership in relation to general meetings. Where the Default Shares represent 0.25% or more of the issued shares of the class in question, in certain circumstances the directors may direct that:

(i) any dividend or other money payable in respect of the Default Shares shall be retained by the company without any liability to pay interest on it when such dividend or other money is finally paid to the shareholder; and/or

(ii) no transfer by the relevant shareholder of shares (other than a transfer approved in accordance with the provisions of the company's Articles of Association) may be registered (unless such shareholder is not in default and the transfer does not relate to Default Shares).

Dividends

Under English law, before a company can lawfully make a distribution, it must ensure that it has sufficient distributable reserves. A company's distributable reserves are its accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital duly made. In addition to having sufficient distributable reserves, a public company will not be permitted to make a distribution if, at the time, the amount of its net assets (that is, the aggregate of the company's assets less the aggregate of its liabilities) is less than the aggregate of its issued and paid-up share capital and undistributable reserves, or if the distribution would result in the amount of its net assets being less than that aggregate.

Purchase Of Own Shares

Under English law, a public limited company may purchase its own shares only out of the distributable profits of the company or the proceeds of a new issue of shares made for the purpose of financing the purchase, provided that it is not restricted from doing so by its articles. A public limited company may not purchase its own shares if as a result of the purchase there would no longer be any issued shares of the company other than redeemable shares or shares held as treasury shares. Shares must be fully paid in order to be repurchased.

Subject to the foregoing, because NASDAQ is not a "recognized investment exchange" under the Companies Act, a company may purchase its own fully paid shares only pursuant to a purchase contract authorized by ordinary resolution of the holders of its ordinary shares before the purchase takes place. Any authority will not be effective if any shareholder from whom the company proposes to purchase shares votes on the resolution and the resolution would not have been passed if such shareholder had not done so. The resolution authorizing the purchase must specify a date, not being later than five years after the passing of the resolution, on which the authority to purchase is to expire.

A share buy-back by a company of its ordinary shares will give rise to U.K. stamp duty at the rate of 0.5% of the amount or value of the consideration payable by the company, and such stamp duty will be paid by the company. Our Articles do not have conditions governing changes in our capital which are more stringent than those required by law.

Statutory Pre-Emption Rights

Under English law, a company must not allot equity securities to a person on any terms unless the following conditions are satisfied:

(i) it has made an offer to each person who holds ordinary shares in the company to allot to them on the same or more favorable terms a proportion of those securities that is as nearly as practicable equal to the proportion in nominal value held by them of the ordinary share capital of the company; and

(ii) the period during which any such offer may be accepted has expired or the company has received notice of the acceptance or refusal of every offer so made.

For these purposes "equity securities" means ordinary shares in the company or rights to subscribe for, or to convert securities into, ordinary shares in the company. "Ordinary shares" means shares other than shares that, with respect to dividends and capital, carry a right to participate only up to a specified amount in a distribution. The statutory pre-emption rights are subject to certain exceptions, including the issue of ordinary shares for non-cash consideration, an allotment of bonus shares and the allotment of equity securities

pursuant to an employees' share scheme. The statutory pre-emption rights may also be disapplied with the approval of 75% of shareholders.

Shareholder Rights

Certain rights granted under the Companies Act, including the right to requisition a general meeting or require a resolution to be put to shareholders at the annual general meeting, are only available to our members. For English law purposes, our members are the persons who are registered as the owners of the legal title to the shares and whose names are recorded in our register of members. In the case of shares held in a settlement system operated by the Depository Trust Company ("DTC"), the registered member will be DTC's nominee, Cede & Co. If a person who holds their ordinary shares in DTC wishes to exercise certain of the rights granted under the Companies Act, they may be required to first take steps to withdraw their ordinary shares from the settlement system operated by DTC and become the registered holder of the shares in our register of members. A withdrawal of shares from DTC may have tax implications, for additional information on the potential tax implications of withdrawing your shares from the settlement system operated by DTC, see "Item 10.E. Taxation—Material English Law Tax Considerations."

U.K. City Code On Takeovers And Mergers

As a U.K. incorporated public company with its registered officer in the United Kingdom, which is admitted to AIM, we are subject to the U.K. City Code on Takeovers and Mergers (the "Takeover Code"), which is issued and administered by the U.K. Panel on Takeovers and Mergers, or the Panel.

The Takeover Code provides a framework within which takeovers of companies subject to it are conducted. In particular, the Takeover Code contains certain rules in respect of mandatory offers. Under Rule 9 of the Takeover Code, if a person:

- acquires an interest in our shares which, when taken together with shares in which he or persons acting in concert with him are interested, carries 30% or more of the voting rights of our shares; or

- who, together with persons acting in concert with him, is interested in shares that in the aggregate carry not less than 30% and not more than 50% of the voting rights in us, acquires additional interests in shares that increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for our outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

Item 16H. Mine Safety Disclosure.

Not applicable.

PART III

Item 17. Financial Statements.

Not applicable, see Item 18.

Item 18. Financial Statements.

The financial statements are filed as part of this Annual Report beginning on page F-1.

Item 19. Exhibits.

The Exhibits listed in the Exhibit Index at the end of this Annual Report are filed as Exhibits to this Annual Report.

Table of Contents

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

MOTIF BIO PLC

/s/ Graham George Lumsden

By: Graham George Lumsden
Title: Chief Executive Officer
(Principal Executive Officer)

Date: May 1, 2017

Table of Contents

EXHIBIT INDEX

1.1	Memorandum and Articles of Association; incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
2.1	Form of Deposit Agreement; incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
2.2	Form of American Depositary Receipt (included in Exhibit 2.1)
2.3	Form of Warrant Agent Agreement, between Motif Bio plc and The Bank of New York Mellon, as warrant agent; incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
2.4	Form of Global Warrant to Purchase ADSs (included in Exhibit 2.3)
2.5	Form of Ordinary Share Warrant; incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.1	Convertible Note (US$1,471,700) from Motif BioSciences Inc. to Amphion Innovations plc, dated April 2, 2015; incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.2	Convertible Note (US$2,079,085.63) from Motif BioSciences Inc. to Amphion Innovations US, Inc., dated April 2, 2015; incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.3	Service Agreement, dated April 1, 2015, by and between Motif Bio Limited and Graham Lumsden; incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.4	Employment Agreement, effective May 1, 2016, by and between Motif BioSciences Inc. and Pete A. Meyers; incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.5	Employment Agreement, effective May 1, 2015, by and between Motif BioSciences Inc. and David Huang; incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.6	Advisory and Consultancy Agreement, dated April 1, 2015, by and between Motif Bio plc and Amphion Innovation US, Inc.; incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.7	Consultancy Agreement, dated April 1, 2015, by and between Motif Bio plc and Amphion Innovation US, Inc. (for the services of Robert Bertoldi); incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.8	Motif Bio plc Share Option Plan; incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.9	Sale and Purchase Agreement, dated June 1, 2001, by and between F. Hoffman-La Roche Ltd., Hoffman-La Roche Inc. and Arpida Ltd.; incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.10	Sale and Purchase Agreement, dated September 13, 2013, by and between Life Sciences Management Group, Inc. and Acino Pharma AG; incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.11	Amended and Restated Convertible Note (US$1,471,700) from Motif BioSciences Inc. to Amphion Innovations plc, dated September 7, 2016; incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.12	Amended and Restated Convertible Note (US$2,079,085.63) from Motif BioSciences Inc. to Amphion Innovations US, Inc., dated September 7, 2016; incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.13	Consultancy Agreement, dated September 7, 2016, by and between Motif Bio plc and Amphion Innovations US, Inc.; incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.14†	Agreement and Plan of Merger, dated as of December 31, 2014, by and among Nuprim, Inc., Nuprim Shareholders, Motif BioSciences Inc. and R. Michael Floyd as Nuprim Shareholders' Representative; incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.15	Underwriting Agreement, dated as of November 17, 2016, by and between Motif Bio plc and H.C. Wainwright & Co., LLC
4.16	Agreement and Plan of Merger for the Acquisition of Motif, Inc., dated March 27, 2015, by and among Motif BioSciences, Inc., Motif Bio plc, Motif Acquisition Sub Inc. and Stephen Austin; incorporated by reference to Exhibit 2.3 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
4.17	Employment Agreement, effective January 16, 2017, by and between Motif BioSciences Inc. and Robert Dickey IV
4.18	Consulting Agreement, effective January 16, 2017, by and between Motif BioSciences Inc. and Pete A. Meyers
4.19	Confidential Separation Agreement and Release, effective as of January 13, 2017, by and between Motif BioSciences Inc. and Pete A. Meyers
4.20	Independent Contractor Agreement, effective January 1, 2017, by and between Motif BioSciences Inc. and Jonathan E. Gold
8.1	List of subsidiaries; incorporated by reference to Exhibit 21.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-212491)
12.1	Certificate of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
12.2	Certificate of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.

Table of Contents

13.1 Certificate of Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
13.2 Certificate of Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
15.1 Letter from Crowe, Clarke Whitehill LLP to the U.S. Securities and Exchange Commission, dated April 28, 2017
15.2 Letter from PricewaterhouseCoopers LLP to the U.S. Securities and Exchange Commission, dated May 1, 2017
15.3 Consent of BAL Pharma Consulting, LLC
15.4 Consent of JMI Laboratories

† Certain schedules, exhibits and annexes have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish supplemental copies of any omitted schedule, exhibit or annex to the Commission upon request.

Table of Contents

Motif Bio plc
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Motif Bio plc,

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of comprehensive loss, changes in equity and of cash flows present fairly, in all material respects, the financial position of Motif Bio plc and its subsidiaries at December 31, 2016, and the results of their operations and their cash flows for the year ended December 31, 2016 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses and negative cash flows as a result of the continuing clinical trials and will require additional financing. These circumstances raise substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also set out in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey, United States of America
May 1, 2017

Report of Independent Registered Public Accounting Firm

To the board of Directors and Shareholders of Motif Bio plc

In our opinion, the consolidated statement of financial position as of December 31, 2015 and the related consolidated statements of loss and comprehensive loss, changes in equity and of cash flows for each of the two years in the period ended December 31, 2015 present fairly, in all material respects, the financial position of Motif Bio plc and its subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2015, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses and negative cash flows as a result of the continuing clinical trials and will require additional financing. Management's plans in regards to these matters is also set out in Note 1. These circumstances raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PricewaterhouseCoopers LLP
Aberdeen, United Kingdom
16 May, 2016

Except with respect to our opinion on the consolidated financial statements insofar as it relates to the matters that raise substantial doubt about the Company's ability to continue as a going concern described in Note 1, as to which the date is 31 October, 2016.

Motif Bio plc
Consolidated statements of comprehensive loss
For the years ended December 31, 2016, 2015 and 2014

	Note	Year ended December 31, 2016 US $	Year ended December 31, 2015 US $	Year ended December 31, 2014 US $
Continuing operations				
General and administrative expenses	4	(4,912,150)	(3,577,180)	(1,096,116)
Research and development expenses	4	(34,794,815)	(4,680,940)	—
Gains on settlement of contract disputes	4	83,320	5,027	360,060
Operating loss		(39,623,645)	(8,253,093)	(736,056)
Interest income	4	69,754	15,028	78
Interest expense	4	(383,259)	(268,216)	(449,036)
Net foreign exchange losses		(250,926)	(9,644)	—
Loss from revaluation of derivative liabilities		(135,939)	—	
Loss before income taxes		(40,324,015)	(8,515,925)	(1,185,014)
Income tax	7	(287)	(774)	(876)
Net loss for the year		(40,324,302)	(8,516,699)	(1,185,890)
Total comprehensive loss for the year		(40,324,302)	(8,516,699)	(1,185,890)
Net loss per share	8			
Basic and diluted per share *		$ (0.35)	$ (0.14)	$ (0.03)
Weighted average number of ordinary shares, basic and diluted		116,558,191	61,225,922	36,726,342

** In accordance with IAS 33 "Earnings per share", shares are not diluted where the entity has reported a loss for the period.*

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Consolidated statements of financial position
As at December 31, 2016 and 2015

	Note	December 31, 2016 US $	December 31, 2015 US $
ASSETS			
Non-current assets			
Intangible assets	9	6,195,748	6,195,748
Total non-current assets		6,195,748	6,195,748
Current assets			
Prepaid expenses and other receivables	10	401,064	167,657
Cash		21,829,632	28,594,347
Total current assets		22,230,696	28,762,004
Total assets		28,426,444	34,957,752
LIABILITIES			
Non-current liabilities			
Payable on completion of clinical trial		—	500,000
Total non-current liabilities		—	500,000
Current liabilities			
Trade and other payables	12	12,319,117	987,083
Other interest-bearing loans and borrowings	13	—	3,747,961
Derivative liability	14	5,798,058	—
Payable on completion of clinical trial	9	500,000	—
Total current liabilities		18,617,175	4,735,044
Total liabilities		18,617,175	5,235,044
Net assets		9,809,269	29,722,708
EQUITY			
Share capital	17	2,728,199	1,645,291
Share premium		57,348,694	38,534,280
Group reorganization reserve	19	9,938,362	9,938,362
Accumulated deficit		(60,205,986)	(20,395,225)
Total equity		9,809,269	29,722,708

The notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorized for issue on April 28, 2017. They were signed on its behalf by:

Director
Richard C.E. Morgan

Motif Bio plc
Consolidated statements of changes in equity
For the years ended December 31, 2016, 2015 and 2014

	Note	Share capital US $	Share premium US $	Group reorganization reserve US $	Accumulated deficit US $	Total US $
Balance at January 1, 2014		**844**	**3,692,207**		**(13,969,350)**	**(10,276,299)**
Loss for the year					(1,185,890)	(1,185,890)
Total comprehensive loss for the year					(1,185,890)	(1,185,890)
Issue of share capital		211	210,373	—	—	210,584
Exercise of share options		55	61,875	—	(28,930)	33,000
Stock based payments		—	—	—	300,147	300,147
Balance at December 31, 2014		**1,110**	**3,964,455**	**—**	**(14,884,023)**	**(10,918,458)**
Loss for the year		—	—	—	(8,516,699)	(8,516,699)
Total comprehensive loss for the year		—	—	—	(8,516,699)	(8,516,699)
Conversion of promissory notes		3,573	6,275,213	—	—	6,278,786
Group reorganization	19	539,267	(10,239,668)	9,938,362	—	237,961
Issue of share capital	17	1,095,805	41,334,240	—	—	42,430,045
Cost of issuance		—	(2,898,693)	—	—	(2,898,693)
Exercise of share options and warrants		5,536	98,733	—	—	104,269
Issue of warrants to acquire assets	9	—	—	—	2,340,373	2,340,373
Share-based payments	16	—	—	—	665,124	665,124
Balance at December 31, 2015		**1,645,291**	**38,534,280**	**9,938,362**	**(20,395,225)**	**29,722,708**
Loss for the year		—	—	—	(40,324,302)	(40,324,302)
Total comprehensive loss for the year		—	—	—	(40,324,302)	(40,324,302)
Issue of share capital	17	897,812	18,701,566	—	—	19,599,378
Cost of issuance	17	—	(3,370,155)	—	—	(3,370,155)
Conversion of promissory notes	13	177,786	3,373,000	—	—	3,550,786
Exercise of share options and warrants	17	7,310	110,003	—	—	117,313
Share-based payments	16	—	—	—	513,541	513,541
Balance at December 31, 2016		**2,728,199**	**57,348,694**	**9,938,362**	**(60,205,986)**	**9,809,269**

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Consolidated statements of cash flows
For the years ended December 31, 2016, 2015 and 2014

	Note	Year ended December 31, 2016 US $	Year ended December 31, 2015 US $	Year ended December 31, 2014 US $
Operating activities				
Operating loss for the year		(39,623,645)	(8,253,093)	(736,056)
Adjustments to reconcile net loss to net cash used in activities:				
Share-based payments	16	513,541	325,908	300,147
Gain on settlement of contract disputes	4	(83,320)	(5,027)	(360,060)
Interest receivable		69,754	15,028	78
Taxation payable		(287)	(774)	(876)
Changes in operating assets and liabilities:				
Prepaid expenses, notes receivable and accounts receivable		(233,407)	(155,578)	(222,661)
Accounts payable and other accrued liabilities		11,415,353	75,852	1,017,753
Net cash used in operating activities		(27,942,011)	(7,997,684)	(1,675)
Financing activities				
Proceeds from issuance of promissory notes		—	704,210	210,364
Proceeds from issue of share capital	17	24,995,980	38,660,106	210,584
Costs of issuance		(3,370,155)	(2,559,477)	—
Proceeds from exercise of warrants and options		117,313	62,739	33,000
Interest paid		(314,916)	(268,216)	(449,036)
Net cash provided by financing activities		21,428,222	36,599,362	4,912
Net change in cash		(6,513,789)	28,601,678	3,237
Cash, beginning of the year		28,594,347	3,281	44
Effect of foreign exchange rate changes		(250,926)	(10,612)	—
Cash, end of the year		21,829,632	28,594,347	3,281
Non-cash investment activity				
Acquisition of intangible asset with equity issuances		—	6,195,748	—
Non-cash financing activity				—
Conversion of notes payable to ordinary shares		3,550,786	—	—
Fair value of warrants issued in conjunction with issuance of share capital		5,662,119	—	—

The notes are an integral part of these consolidated financial statements.

Motif Bio plc

Notes to the Consolidated Financial Statements

1. General information

Motif Bio plc is a clinical stage biopharmaceutical company which specializes in developing novel antibiotics designed to be effective against serious and life-threatening infections caused by multi-drug resistant bacteria.

Motif Bio Limited ("the Company") was incorporated in England and Wales on November 20, 2014 with company registration number 09320890. The Company's registered office is at 27/28 Eastcastle Street, London W1W 8DH, U.K. On April 1, 2015, the Company was re-registered as a public company limited by shares and changed its name to Motif Bio plc. Motif BioSciences Inc. was incorporated in the US State of Delaware on December 2, 2003 and has its registered office at 160 Greentree Drive, Suite 101, Dover, Delaware, 19904. On April 1, 2015, Motif BioSciences Inc. became a wholly owned subsidiary of the Company by way of a group reorganization by plan of merger. The principal place of business is 125 Park Avenue, 25th Floor, New York, NY, 10017, USA. The Company's country of domicile is the U.K.

The consolidated financial statements include the accounts of Motif Bio plc and its wholly owned subsidiary, Motif BioSciences Inc. ("the Group").

The financial statements were approved by the Board of Directors on April 28, 2017.

Going Concern

As of December 31, 2016, the Group had US$21.8 million in cash. Net cash used in operating activities was US$27.9 million for the year ended December 31, 2016. Net loss for the year ended December 31, 2016 was US$40.3 million. The Group expects to incur losses for the next several years as it expands its research, development and clinical trials of iclaprim. The Group is unable to predict the extent of any future losses or when the Group will become profitable, if at all.

These financial statements have been prepared under the assumption that the Group will continue as a going concern. Due to the Group's recurring and expected continuing losses from operations, the Group has concluded there is substantial doubt in the Group's ability to continue as a going concern within one year of the issuance of these financial statements without additional capital becoming available. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Group will be required to raise additional capital within the next year to continue the development and commercialization of current product candidates and to continue to fund operations at the current cash expenditure levels. The Group cannot be certain that additional funding will be available on acceptable terms, or at all. To the extent that the Group raises additional funds by issuing equity securities, its stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that impact the Group's ability to conduct business. If the Group is unable to raise additional capital when required or on acceptable terms, it may have to (i) significantly delay, scale back or discontinue the development and/or commercialization of one or more product candidates; (ii) seek collaborators for product candidates at an earlier stage than otherwise would be desirable and on terms that are less favorable than might otherwise be available; or (iii) relinquish or otherwise dispose of rights to technologies, product candidates or products that the Group would otherwise seek to develop or commercialize itself on unfavorable terms.

On April 18, 2017, the Group announced positive topline results from REVIVE-1, its global Phase 3 clinical trial in patients with ABSSSI. Iclaprim achieved the primary endpoint of non-inferiority at the early time point after start of study drug administration as well as non-inferiority for the test of cure endpoint. Iclaprim was well tolerated in the study, with most adverse events categorized as mild. The Group believes that this new data and the fact that REVIVE-2, the second Phase 3 trial, uses an identical protocol to REVIVE-1 but has different trial centers, could provide the basis for increased investor interest in the Group and, hence, potentially provide greater opportunities to raise additional capital.

Significant events

On November 18, 2016, the Group announced the pricing of the underwritten U.S. public offering and European placement, which were concurrently conducted, of 71,633,248 ordinary shares, comprised of 22,863,428 ordinary shares plus 2,438,491 ADSs (representing 48,769,820 ordinary shares at a 20 to 1 ratio). The Group offered 48,769,820 ordinary shares in a U.S. firm commitment public offering in the form of 2,438,491 American Depository Shares or ADSs, together with warrants to purchase 1,219,246 ADS Warrants. Each ADS represents 20 of the Group's ordinary shares and was sold together with 0.5 of an ADS Warrant in a fixed combination. Each full ADS Warrant is exercisable for one ADS at an exercise price of $8.03 per ADS,

exercisable from the date of issuance until five years thereafter. In Europe, the Group offered in a concurrent placement on a best efforts basis 22,863,428 ordinary shares, together with warrants to purchase 11,431,714 ordinary shares. Each ordinary share was sold together with 0.5 of an Ordinary Share Warrant in a fixed combination. Each full Ordinary Share Warrant is exercisable for one ordinary share at an exercise price of £0.32 ($0.40), exercisable from the date of issuance until five years thereafter. The public offering price of the ADSs and ADS Warrants in the U.S. offering was $6.98 per ADS and ADS Warrant combination, and the public offering price of the Group's ordinary shares and Ordinary Share Warrants in the European placement was £0.28 ($0.35) per ordinary share and Ordinary Share Warrant combination. Net proceeds to the Group following the offering, after deducting underwriting discounts and commissions and offering expenses of approximately $3.5 million, were approximately $21.5 million. None of the underwriting discounts and commissions or other offering expenses were paid to directors or officers of the Group or their associates or to persons owning 10 percent or more of any class of the Group's equity securities or to any affiliates of the Group. H.C. Wainwright & Co., LLC was the underwriter for the above described offering.

On September 7, 2016, the Group amended and restated the convertible notes with Amphion Innovations plc and Amphion Innovations US Inc. to provide that any outstanding principal under the notes as of the maturity date will be paid to the holders on the maturity date, at the Group's election, through the issuance of (i) a number of our ordinary shares, based on the conversion price set forth in the notes, or (ii) a number of ADSs, which is equal to a number determined by dividing the number of ordinary shares the holder would otherwise be entitled to by the then applicable ADS to ordinary share ratio. The amended and restated convertible promissory notes also provide that except in the event of a default, no interest will accrue or be payable with respect to the amounts due under notes. In consideration for its agreement to forego interest payments under its convertible promissory notes, the Group issued 409,000 ordinary shares to Amphion Innovations plc. The amended and restated notes also permit the Group or the holders to convert all or any portion of the outstanding principal under the notes into ordinary shares or ADSs (as determined by the Group) at any time prior to the maturity date.

In December 2016, the Group issued 14,510,770 new ordinary shares following the conversion of convertible promissory notes by Amphion Innovations plc and Amphion Innovations US Inc. The notes which totaled US $3,550,786 were converted in accordance with their terms at US $0.2447 per share.

Group reorganization and initial public offering

On February 18, 2015, the Company incorporated a Delaware subsidiary, Motif Acquisition Sub, Inc. On December 31, 2014 Motif BioSciences Inc., the Company, and Motif Acquisition Sub, Inc. entered into an agreement where, upon the Company's admission to AIM of the London Stock Exchange on April 2, 2015, Motif Acquisition Sub, Inc. merged with and into Motif BioSciences Inc. and Motif BioSciences Inc. continued as the surviving entity and became a wholly-owned subsidiary of the Company. Prior to the merger, Motif BioSciences Inc. completed a reverse stock split in order to increase the share price of Motif BioSciences Inc. so that the share price was closer to the Company's admission price. The former Motif BioSciences Inc. stockholders were issued 36,726,242 ordinary shares of the Company in a share-for-share exchange for their common stock in Motif BioSciences Inc. so that the former Motif BioSciences Inc. stockholders owned an equivalent number of ordinary shares in the Company as the number of shares of common stock that they had previously owned in Motif BioSciences Inc. All outstanding, unexercised, and vested stock options for shares of common stock in Motif BioSciences Inc. were converted into options for ordinary shares of the Company (note 16).

This was a common control transaction and therefore outside the scope of IFRS 3—"Business Combinations." The transaction has therefore been accounted for as a group reorganization and the Group is presented as if the Company has always owned Motif BioSciences Inc. The comparatives presented in these financial statements therefore represent the results and capital structure of the Company. The reserve on consolidation represents the difference between the nominal value of the shares of the Company issued to the former stockholders of Motif BioSciences Inc. and the share capital and share premium of Motif BioSciences Inc. at the date of the transaction. As stated, the nominal value of the Company shares was used in the calculation of the reorganization reserve.

The consolidated statements of changes in equity and the additional disclosures in Note 19 explain the accounting for the share-for-share exchange in more detail.

On April 2, 2015, the Company was admitted to AIM and issued 14,186,140 ordinary shares at a price of £0.20 per share.

On July 22, 2015, the Company completed a subsequent placing of 44,000,000 ordinary shares at a price of £0.50 per share.

Acquisition of Nuprim Assets

On April 1, 2015, Motif BioSciences Inc. acquired the assets owned by Nuprim Inc. ("Nuprim"), a Maryland corporation, related to iclaprim (the "Nuprim Assets"). Motif BioSciences Inc. issued 1,513,040 (post-reverse stock split) shares of common stock to the shareholders of Nuprim Inc. that were held in escrow until the closing of the reorganization. These shares of common stock in Motif

BioSciences Inc. were converted into ordinary shares of the Company upon the Company's admission to AIM on April 2, 2015. Upon admission, 9,805,400 ordinary shares of the Company and 9,432,033 warrants were issued to the former Nuprim shareholders (note 9).

2. Significant accounting policies

a. Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in this financial information.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union. This basis of preparation describes how the financial statements have been prepared in accordance with IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important Group accounting policies is set out below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The comparative information for the year ended December 31, 2014 has been prepared on the basis of the financial information of Motif BioSciences Inc., which is the predecessor of the Company, for the year then ended.

a. New and amended standards effective from January 1, 2016

There are no new standards and amendments that have been applied from January 1, 2016, which have had an impact on the Group's financial statements.

New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting periods covered by these consolidated financial statements and have not been early adopted by the Group.

The new standards potentially relevant to the Group are discussed below.

IFRS 9, Financial Instruments (as revised in 2014) — Effective date — January 1, 2018, with early adoption permitted. The Group currently plans to apply IRFS 9 initially on January 1, 2018. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Based on the initial assessment, this standard is not expected to have a material impact on the Group.

IFRS 15, Revenue from Contracts with Customers — Effective date — January 1, 2018, with early adoption permitted. — IFRS 15 establishes a comprehensive guideline for determining when to recognize revenue and how much revenue to recognize. The Group currently has no revenues, therefore, the adoption of IFRS 15 is not expected to have a material impact on the Group, however, the Group will continue to reassess the potential impact of the adoption of this guidance

IFRS 16, Leases — Effective date — January 1, 2019 — IFRS 16 will replace IAS 17. It will eliminate the distinction between classification of leases as finance or operating leases for lessees. The adoption of IFRS 16 is not expected to have a significant impact on the Group's net results or net assets, however, the Group will continue to reassess the potential impact of the adoption of this guidance as the effective date becomes closer.

Amendments to IAS 7, Disclosure Initiative — Effective date — January 1, 2017, with early adoption permitted. — The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset.

b. Segment reporting

The chief operating decision-maker is considered to be the Board of Directors of Motif Bio plc. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level. In addition, they review the IFRS consolidated financial statements.

The chief operating decision-maker has determined that Motif has one operating segment - the development and commercialization of pharmaceutical formulations. The Group maintains space and has some activities in the U.K., however, the finance and most other management functions take place in the U.S.

c. Foreign currency translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars (US $), which is Motif Bio plc's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

d. Research and development costs

Expenditure on drug development activities is capitalized only if all of the following conditions are met:

- it is probable that the asset will create future economic benefits;
- the development costs can be measured reliably;

- technical feasibility of completing the intangible asset can be demonstrated;
- there is the intention to complete the asset and use or sell it;
- there is the ability to use or sell the asset; and
- adequate technical, financial, and other resources to complete the development and to use or sell the asset are available.

These conditions are generally met when a filing is made for regulatory approval for commercial production. Otherwise, costs on research activities are recognized as an expense in the period in which they are incurred.

At this time, the Group does not meet all conditions and therefore development costs are recorded as expense in the period in which the cost is incurred.

Our preclinical studies and our clinical trials have been performed utilizing third-party contract research organizations ("CROs") and other vendors. For preclinical studies, the significant factors used in estimating accruals include the percentage of work completed to date and contract milestones achieved. For clinical trial expenses, the significant factors used in estimating accruals include the number of patients enrolled, duration of enrollment, percentage of work completed to date and contract milestones achieved. We monitor patient enrollment levels and related activities to the extent possible through internal reviews, correspondence and status meetings and review of contractual terms. Our estimates are dependent on the timeliness and accuracy of data provided by our CROs and other vendors. In this event, we could record adjustments to research and development expenses in future periods when the actual activity levels become known.

e. Intangible assets

Intangible assets acquired separately from a business are initially stated at cost, net of any amortization and any provision for impairment. Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortization but is tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

f. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g. Financial instruments—initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets, initial recognition and measurement

All financial assets, such as receivables and deposits, are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

b) Financial liabilities, initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and warrants classified as liabilities.

c) Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method if the time value of money is significant.

h. Financial assets and liabilities

Financial assets and financial liabilities are included in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Non-derivative financial instruments

Cash and cash equivalents

Cash and cash equivalents include bank balances, demand deposits, and other short-term, highly liquid investments (with less than three months to maturity) that are readily convertible into a known amount of cash and are subject to an insignificant risk of fluctuations in value.

Financial liabilities and equity

The Group classifies an instrument, or its component parts, on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An instrument is classified as a financial liability when it is either (i) a contractual obligation to deliver cash or another financial asset to another entity; or (ii) a contract that will or may be settled in the Group's own equity instruments and is a non-derivative for which the Group is, or may be, obliged to deliver a variable number of the Group's own equity instruments or a derivative that will, or may be, settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

An equity instrument is defined as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. An instrument is an equity instrument only if the issuer has an unconditional right to avoid settlement in cash or another financial asset.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received. Direct issuance costs are processed as a deduction on equity.

Derivative financial instruments

The Group does not have a policy of engaging in speculative transactions, nor does it issue or hold financial instruments for trading purposes.

The Group has entered into various financing arrangements with its investors, including convertible loans. These convertible loans each include embedded financial derivative elements (being the right to acquire equity in the Group at a future date for a pre-determined price). Therefore, while the Group does not engage in speculative trading of derivative financial instruments, it may hold such instruments from time to time as part of its financing arrangements. The Group has also entered into financing arrangements that include the issuance of warrants. These warrants may be considered derivative financial instruments based on the terms of the agreements.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognized in the consolidated income statement, as the Group currently does not apply hedge accounting.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

i. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the Company or the counterparty.

j. Share-based payment transactions

The fair value of options and warrants granted to employees, directors, and consultants is normally recognized as an expense, with a corresponding increase in equity, over the period in which the option and warrant holders become unconditionally entitled to the options and warrants unless incremental and directly attributable to an equity transaction in which case it is deducted from equity. The fair value of the options and warrants granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options and warrants that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

k. Financial income and expenses

Financial income comprises interest receivable on funds invested. Financial expenses comprise interest payable.

Interest income and interest payable are recognized in the income statement as they accrue, using the effective interest method.

l. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

m. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shares of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares, which comprise share options and warrants granted to employees and non-employees. In periods when the Company has a loss attributable to shareholders, diluted EPS equates to basic EPS.

n. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Debt issuance costs on loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

o. Equity

The Company classifies an instrument, or its component parts, on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An instrument is classified as a financial liability when it is either (i) a contractual obligation to deliver cash or another financial asset to another entity; or (ii) a contract that will, or may be, settled in the Company's own equity instruments and is a non-derivative for which the Company is, or may be, obliged to deliver a variable number of the Company's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

An equity instrument is defined as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. An instrument is an equity instrument only if the issuer has an unconditional right to avoid settlement in cash or another financial asset.

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds

p. Critical accounting estimates and judgments

In preparing the financial information, the Directors make judgments on how to apply the Group's accounting policies and make estimates about the future. The critical judgments that have been made in arriving at the amounts recognized in the financial information and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, are discussed below:

Acquisition and valuation of the iclaprim assets

The directors, on assessing if the acquisition of the Nuprim iclaprim assets was of a business or of a group of assets, considered:

- the identified elements of the acquired group;
- the capability of the acquired group to produce outputs; and
- the impact that any missing elements have on a market participant's ability to produce outputs with the acquired group.

As the acquired group was not accompanied by any associated processes and because the acquired assets do not have planned principal activities, or a plan to produce outputs, the Directors considered the acquisition to be of a group of assets, not a business.

The Directors use their judgment to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential, and other relevant factors. Asset acquisitions are measured based on their cost to the acquiring entity, which generally includes transaction costs. An asset's acquisition cost or the consideration transferred by the acquiring entity is assumed to be equal to the fair value of the net assets acquired, unless contrary evidence exists. These fair values are tested for impairment annually.

Research and development expenditures

Research expenditures are currently not capitalized because the criteria for capitalization are not met. At each balance sheet date, the Group estimates the level of service performed by the vendors and the associated costs incurred for the services performed.

Although the Group does not expect the estimates to be materially different from amounts actually incurred, the understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and could result in reporting amounts that are too high or too low in any particular period.

Share based payments and fair value of warrants

The Directors have to make judgments when deciding on the variables to apply in arriving at an appropriate valuation of share based compensation and warrants, including appropriate factors for volatility, risk free interest rate, and applicable future performance conditions and exercise patterns.

3. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

a. Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and if a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk on liquid funds is limited because cash balances are held with bank and financial institutions with credit-ratings assigned by international credit-rating agencies. All deposits are held with banks with S&P ratings of A-2 and AA- for short term deposits.

At December 31, 2016, no current asset receivables were aged over three months. No receivables were impaired.

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The principal risk to which the Group is exposed is liquidity risk. See discussion in Note 1 as it relates to the Group's ability to continue as a going concern.

The Group has financed its operations using cash raised through the issue of debt and equity. The Group manages its liquidity risk by monitoring cash flows against forecast requirements based on an 18 month cash forecast. The Directors acknowledge that uncertainty remains over the ability of the Group to have the resources to fully support the iclaprim trials and that additional funding will be needed through public markets, private financing, and partnering opportunities.

The Group would also like to begin clinical trials of iclaprim in other disease indications. In order to commence these trials, the Group would need to obtain additional financing. A delay in beginning these additional trials could lead to a decrease in the Group's prospects for the commercialization of iclaprim. In order to continue the current clinical trials of iclaprim and commence new clinical trials the Group is heavily dependent on the public markets both in the U.K. and US. A downturn in the public markets, especially in biotech, may make it difficult for the Group to obtain sufficient funds to continue its clinical trials and the commercialization of iclaprim. On March 2, 2016, the Group announced the dosing of the first patient in its two REVIVE (Randomized Evaluation intraVenous Iclaprim Vancomycin trEatment) Phase 3 clinical trials in ABSSSI. On January 30, 2017, the Group announced that the last patient had finished the treatment phase in REVIVE-1.On April 18, 2017, the Group announced positive topline results from REVIVE-1, its global Phase 3 clinical trial in patients with ABSSSI. Iclaprim achieved the primary endpoint of non-inferiority at the early time point after start of study drug administration as well as non-inferiority for the test of cure endpoint. Iclaprim was well tolerated in the study, with most adverse events categorized as mild. The Group believes that this new data and the fact that REVIVE-2, the second Phase 3 trial, uses an identical protocol to REVIVE-1 but has different trial centers, could provide the basis for increased investor interest in the Group and, hence, potentially provide greater opportunities to raise additional capital

In the event that the Group does not have adequate capital to maintain or develop its business, additional capital may not be available to the Group on a timely basis, on favorable terms, or at all, which could have a material and negative impact on the Group's business and results of operations.

Contractual maturities of financial liabilities:

At December 31, 2016	< 1 year US $	Between 1 and 2 years US $	Between 2 and 5 years US $	Over 5 years US $	Total
Trade and other payables	12,319,117	—	—	—	12,319,117
Payable on completion of clinical trial	500,000	—	—	—	500,000
Derivative liability	—	—	5,798,058	—	5,798,058
	12,819,117	—	5,798,058	—	18,617,175

At December 31, 2015	< 1 year US $	Between 1 and 2 years US $	Between 2 and 5 years US $	Over 5 years US $	Total
Trade and other payables	987,083	—	—	—	987,083
Accrued interest payable	197,175	—	—	—	197,175
Payable on completion of clinical trial	—	500,000	—	—	500,000
Other interest bearing loans and borrowings	3,550,786	—	—	—	3,550,786
	4,735,044	500,000	—	—	5,235,044

c. Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by minimizing the balance of foreign currencies to cover expected cash flows during periods where there is strengthening in the value of the foreign currency. The Group holds part of its cash resources in US dollars and British pound sterling. The valuation of the cash fluctuates along with the US dollar/sterling exchange rate. No hedging of this risk is undertaken.

The carrying amounts of foreign currency denominated monetary net assets at the reporting date are as follows:

	December 31, 2016 US $	December 31, 2015 US $
Sterling - Cash	17,795	2,617,033

At December 31, 2016, if pounds sterling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the loss for the year would have been US $890 (2015: US $131,000) higher/lower.

Interest rate risk

The Group's exposure to interest rate risk is limited to the cash and cash equivalent balance of US $21,829,632 and its financing exposures that are at fixed rates of interest. Changes in interest rates would have no significant impact on the profit or losses of the Group.

d. Capital risk management

The Directors define capital as the total equity of the Group. The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain an optimal capital structure, the Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to reduce debt.

4. Other income and expense items

This note provides a breakdown of the items included in other income, finance income, and costs and an analysis of expenses by nature for the years ended December 31, 2016, 2015 and 2014.

a. Other income

	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $	Year ended Dec 31, 2014 US $
Gains on settlement of contract disputes	83,320	5,027	360,060

The gain on settlement of contract disputes for the year ended December 31, 2016 relates to a write off of a payable due to a consultant as a result of a settlement with him. The gain on settlement of contract disputes for the years ended December 31, 2015 and 2014 primarily relates to payables to a Director for amounts owed to him for his services as Chief Executive Officer. These amounts were written off in a settlement agreement.

b. Breakdown of expenses by nature

	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $	Year ended Dec 31, 2014 US $
General and administrative expenses			
Employee benefits expenses	931,569	1,146,566	302,468
Share-based payments	513,541	—	—
Directors' fees	423,051	380,969	—
Advisory fees	139,633	459,904	240,000
Legal and professional fees	2,581,603	1,277,552	510,143
Other expenses	322,753	312,189	43,505
	4,912,150	3,577,180	1,096,116
Research and development costs			
Employee benefits expenses	677,412	—	—
Contract research organization expenses	30,445,967	3,055,421	—
Chemistry and manufacturing development and other non-clinical development	2,145,641	949,466	—
Other research and development costs	1,525,795	676,053	—
	34,794,815	4,680,940	—

Auditors' Remuneration	2016 US $	2015 US $	2014 US $
Audit Fees	871,523	73,730	—
Audit-Related Fees	—	—	—
Tax Fees	—	—	—
Other Fees	—	—	—
Total	871,523	73,730	—

c. Finance income and costs

	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $	Year ended Dec 31, 2014 US $
Finance income			
Interest from financial assets	69,754	15,028	78
	69,754	15,028	78
Finance costs			
Interest paid/payable for financial liabilities	(383,259)	(268,216)	(449,036)
	(383,259)	(268,216)	(449,036)
Net finance costs	(313,505)	(253,188)	(448,958)

5. Employee numbers and costs

The monthly average number of persons employed by the Group (including Executive Directors but excluding Non-executive Directors) and key management personnel during the year, analyzed by category, was as follows:

	Year ended Dec 31, 2016	Year ended Dec 31, 2015	Year ended Dec 31, 2014
Executive Directors	2	2	1
Key management personnel	4	2	—
	6	4	1

The aggregate payroll costs of Executive Directors and key management personnel were as follows:

	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $	Year ended Dec 31, 2014 US $
Short term benefits:			
Wages and salaries	1,527,776	935,081	210,000
Social security and other employer costs	67,410	60,604	—
Share based payments	119,845	150,881	92,468
	1,715,031	1,146,566	302,468

6. Directors' remuneration

	Salaries and fees US $	Bonuses US $	Benefits in kind US $	Social security US $	2016 Total US $	2015 Total US $
Executive						
Graham Lumsden	425,000	50,000	—	13,510	488,510	557,180
Robert Bertoldi	127,500	—	—	10,283	137,783	135,126
Non-executive						
Richard Morgan	114,950	62,775	—	—	177,725	217,072
Charlotta Ginman-Horrell	57,475	—	—	—	57,475	32,042
Jonathan Gold	114,094	—	—	—	114,094	25,881
Zaki Hosny	57,475	—	—	—	57,475	28,756
Mary Lake Polan	54,094	—	—	—	54,094	25,881
John Stakes	30,869	—	—	—	30,869	28,756
Bruce Williams	54,094	—	—	—	54,094	25,881
Total	1,035,551	112,775	—	23,793	1,172,119	1,076,575

The highest paid director's aggregate emolument was US $488,510 for the year. The director did not exercise share options during the year. No remuneration was paid to directors for the year ended December 31, 2014.

Directors of the Company have been awarded rights to subscribe for shares in the Group as set out below.

	January 1, 2016	Granted	December 31, 2016	Exercise price US $	Grant date	Expiry date
Richard Morgan	73,215	—	73,215	$ 0.70	Jan 1, 2010	Jan 1, 2020
	6,179	—	6,179	$ 0.70	Jan 1, 2011	Jan 1, 2021
	502,950	—	502,950	$ 0.14	Dec 4, 2014	Dec 4, 2024
	582,344	—	582,344			
Robert Bertoldi	53,887	—	53,887	$ 0.70	Jan 1, 2010	Jan 1, 2020
	251,475	—	251,475	$ 0.14	Dec 4, 2014	Dec 4, 2024
	305,362	—	305,362			
Charlotta Ginman-Horrell	251,475	—	251,475	$ 0.14	Dec 4, 2014	Dec 4, 2024
	251,475	—	251,475			
Jonathan Gold	73,502	—	73,502	$ 0.70	Jan 1, 2010	Jan 1, 2020
	5,964	—	5,964	$ 0.70	Jan 1, 2011	Jan 1, 2021
	251,475	—	251,475	$ 0.14	Dec 4, 2014	Dec 4, 2024
	330,941	—	330,941			
Zaki Hosny	53,888	—	53,888	$ 0.70	Jun 18, 2009	Jun 18, 2019
	14,370	—	14,370	$ 0.70	Jan 1, 2010	Jan 1, 2020
	2,587	—	2,587	$ 0.70	Jan 1, 2011	Jan 1, 2021
	107,774	—	107,774	$ 0.14	Jan 30, 2013	Jan 30, 2023
	251,475	—	251,475	$ 0.14	Dec 4, 2014	Dec 4, 2024
	430,094	—	430,094			
Graham Lumsden						
	574,800	—	574,800	$ 0.14	May 25, 2013	May 25, 2023
	2,874,000	—	2,874,000	$ 0.14	Dec 4, 2014	Dec 4, 2024
	3,448,800	—	3,448,800			
Mary Lake Polan	67,036	—	67,036	$ 0.70	Jan 1, 2010	Jan 1, 2020
	5,461	—	5,461	$ 0.70	Jan 1, 2011	Jan 1, 2021
	251,474	—	251,474	$ 0.14	Dec 4, 2014	Dec 4, 2024
	323,971	—	323,971			
John Stakes	62,366	—	62,366	$ 0.70	Jan 1, 2010	Jan 1, 2020
	2,802	—	2,802	$ 0.70	Jan 1, 2011	Jan 1, 2021
	251,474	—	251,474	$ 0.14	Dec 4, 2014	Dec 4, 2024
	316,642	—	316,642			
Bruce Williams	67,252	—	67,252	$ 0.70	Jan 1, 2010	Jan 1, 2020
	28,740	—	28,740	$ 0.70	Jan 16, 2010	Jan 16, 2020
	71,850	—	71,850	$ 0.70	Nov 15, 2010	Jan 16, 2020
	2,802	—	2,802	$ 0.70	Jan 1, 2011	Jan 1, 2021
	251,474	—	251,474	$ 0.14	Dec 4, 2014	Dec 4, 2024
	422,118	—	422,118			

7. Income tax expense

Recognized in the income statement:

Current tax expense	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $	Year ended Dec 31, 2014 US $
U.K. Corporation taxes	—	—	—
Overseas taxes	287	774	876
	287	774	876

The main rate of U.K. corporation tax was reduced from 21% to 20% from April 1, 2015 and has been reflected in these consolidated financial statements.

The tax expense recognized for the years ended December 31, 2016, 2015 and 2014 is lower than the standard rate of corporation tax in the U.K. of 20.25%. The differences are reconciled below:

Reconciliation of effective tax rate:	2016 US $	2015 US $	2014 US $
Loss on ordinary activities before taxation	(40,324,015)	(8,515,925)	(1,185,014)
U.K. Corporation tax at 20.25%	(449,929)	(355,889)	—
Overseas tax at higher rate	(12,954,729)	(2,297,873)	(402,905)
Effects of:			
Unrecognized losses	(13,404,371)	(2,652,988)	(402,029)
Other adjustments-overseas taxes	287	774	876
Total tax charge	287	774	876

There is an unrecognized deferred tax asset of US$377,718, relating to deferred tax on losses generated of US$2,221,872 in the U.K.

8. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year. In accordance with IAS 33, where the Company has reported a loss for the period, the shares are anti-dilutive.

	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $	Year ended Dec 31, 2014 US $
Loss after taxation	(40,324,302)	(8,516,699)	(1,185,890)
Basic and diluted weighted average shares in issue	116,558,191	61,225,922	36,726,342
Basic and diluted loss per share	**(0.35)**	**(0.14)**	**(0.03)**

The following potentially dilutive securities outstanding at December 31, 2016, 2015 and 2014 have been excluded from the computation of diluted weighted average shares outstanding, as they would be antidilutive.

	2016 US $	2015 US $	2014 US $
Convertible promissory notes	—	14,510,770	—
Warrants	5,726,364	6,925,962	—
Share options	6,810,357	7,182,674	—
	12,536,721	28,619,406	—

9. Intangible assets

As of December 31, 2014	
Cost	—
Accumulated amortization and impairment	—
Net book amount at December 31, 2014	—
Additions	6,195,748
Amortization charge	—
Net book amount at December 31, 2015	6,195,748
As of December 31, 2015	
Cost	6,195,748
Accumulated amortization and impairment	—
Net book amount at December 31, 2015	6,195,748
Additions	—
Amortization charge	—
Net book amount at December 31, 2016	6,195,748

Motif BioSciences Inc., as the result of the merger agreement with Nuprim Inc., acquired the exclusive rights to Nuprim's iclaprim assets and the rights to acquire 600 kilograms of iclaprim API over a period ending December 31, 2017.

The Directors do not believe that the merger between Motif BioSciences Inc. and Nuprim Inc. meets the definition of an acquisition of a business as set out in IFRS 3 and is therefore accounted for as an acquisition of an asset.

The fair value of the assets acquired under the merger arrangement represent the aggregate estimated value of:

- 11,318,439 ordinary shares in Motif Bio plc at the placing price of 20 pence per share;
- 9,432,033 warrants at the placing price of 20 pence per ordinary share; and
- a milestone payment of US $500,000 to be paid by Motif BioSciences Inc. to Acino Pharma AG upon completion of the first Phase III trial.

The value of the warrants has been estimated using the Black Scholes option pricing model with appropriate factors for volatility and risk free interest rate. The Directors consider the separable value of the active pharmaceutical ingredients is unlikely to constitute a material component of the fair value of the assets acquired. No discount has been applied to the expected milestone payment of US $500,000 given the commencement of the phase III trial and management's expectation that the liability will be settled by the end of 2017.

Details of the purchase consideration and amounts attributed to net assets acquired are as follows:

	US $
Purchase consideration:	
Ordinary shares in Motif Bio plc	3,355,375
Warrants to subscribe for ordinary shares in Motif Bio plc	2,340,373
Total purchase consideration	5,695,748
Iclaprim assets	6,195,748
Milestone payment	(500,000)
Net assets acquired	5,695,748

As the IPR&D asset is not yet available for commercial use, no amortization has been charged to date.

The Group performs an impairment test over the asset on an annual basis or when a triggering event has occurred. Based on the results of the test, no impairment was recorded in the years ended December 31, 2016 or 2015.

10. Prepaid expenses and other receivables

Amounts due within one year	Dec 31, 2016 US $	Dec 31, 2015 US $
Other receivables and prepayments	401,064	167,657
	401,064	**167,657**

The maximum exposure to credit risk at the end of each reporting period is the fair value of each class of receivables set out above. The Group held no collateral as security. The Directors estimate that the carrying value of receivables approximated their fair value.

11. Cash and cash equivalents

	Dec 31, 2016 US $	Dec 31, 2015 US $
Cash at bank	21,829,632	28,594,347
	21,829,632	28,594,347

12. Trade and other payables

Amounts due within one year	Dec 31, 2016 US $	Dec 31, 2015 US $
Trade payables	734,405	108,247
Accrued expenses — Contract research organization	10,854,531	79,190
Accrued expenses — Other	727,947	798,047
Amounts due to affiliates	78	1,599
Other payable	2,156	—
	12,319,117	**987,083**

The Directors estimate that the carrying value of trade and other payables approximated their fair value.

13. Other interest bearing loans and borrowings

Amounts due within one year	Dec 31, 2016 US $	Dec 31, 2015 US $
Notes payable to affiliates	—	3,550,786
Accrued interest expense to affiliates	—	197,175
	—	3,747,961

The notes payable to affiliates are demand notes from a shareholder of the Group — Amphion Innovations plc and its subsidiary undertaking, Amphion Innovations US Inc. At December 31, 2014, the notes accrued interest at 5% per annum. If the principal or accrued interest remained outstanding at such time as Motif BioSciences Inc. concluded an equity financing that equaled or exceeded one million US dollars, the note holder could convert all or part of the principal balance plus accrued but unpaid interest into the securities of Motif BioSciences Inc. issued in the financing at a conversion rate equal to the price per security at which the securities are issued in the financing. On April 1, 2015, Amphion Innovations plc converted US $6,000,000 of notes and accrued interest into shares of Motif BioSciences Inc. The shares were converted into ordinary shares of Motif Bio plc upon admission under the terms of the Motif Merger Agreement. Convertible promissory notes were issued for Amphion Innovations plc's remaining balance of US $1,471,700 and Amphion Innovations US Inc.'s balance of US $2,079,086 that includes unpaid accrued interest and advisory and consultancy fees. The new notes accrued interest at 7% per annum and were to mature on December 31, 2016.

On September 7, 2016, the Group amended and restated the convertible notes with Amphion Innovations plc and Amphion Innovations US Inc. to provide that any outstanding principal under the notes as of the maturity date will be paid to the holders on the maturity date, at the Group's election, through the issuance of (i) a number of our ordinary shares, based on the conversion price set

forth in the notes, or (ii) a number of ADSs, which is equal to a number determined by dividing the number of ordinary shares the holder would otherwise be entitled to by the then applicable ADS to ordinary share ratio. The amended and restated convertible promissory notes also provide that except in the event of a default, no interest will accrue or be payable with respect to the amounts due under notes. In consideration for its agreement to forego interest payments under its convertible promissory notes, the Group issued 409,000 ordinary shares to Amphion Innovations plc. The amended and restated notes also permit the Group or the holders to convert all or any portion of the outstanding principal under the notes into ordinary shares or ADSs (as determined by the Group) at any time prior to the maturity date.

In December 2016, the notes, which totaled US $3,550,786, were converted into 14,510,770 new ordinary shares in the Company at the rate of US $0.2447 per share.

14. Derivative liability

On November 23, 2016, the Group closed an initial U.S. public offering of 2,438,491 American Depositary Shares ("ADS") and 1,219,246 warrants over ADS at a price of US $6.98 per ADS/Warrant combination. Each ADS represents 20 ordinary shares. The warrants have an exercise price of US $8.03 per ADS and expire on November 23, 2021. In the event the Group fails to maintain the effectiveness of its Registration Statement and a Restrictive Legend Event has occurred, the warrant shall only be exercisable on a cashless basis. This would result in variability in the number of shares issued and therefore, the warrants were designated as a financial liability carried at fair value through profit and loss. On issuance of the ADS warrants, the Group recorded a derivative liability of US $3,849,160 using the Black-Scholes model. The Group develops its own assumptions for use in the Black-Scholes option pricing model that do not have observable inputs or available market data to support the fair value. This method of valuation involves using inputs such as the fair value of the Group's common stock, stock price volatility of comparable companies, the contractual term of the warrants, risk free interest rates and dividend yields. The Group has a limited trading history in its common stock, therefore, expected volatility is based on that of reasonably similar publicly traded companies. Due to the nature of these inputs, the valuation of the warrants is considered a Level 3 measurement.

At December 31, 2016, the derivative liability had a fair value of US $3,967,189 using the Black-Scholes model and the following assumptions:

	December 31, 2016
Share price (US $)	6.19
Expected volatility	70%
Number of periods to exercise	4.92
Risk free rate	1.91%
Expected dividends	—

In addition, on November 23, 2016 the Group placed 22,863,428 ordinary shares together with 11,431,714 warrants over ordinary shares at a price of 28 pence per share/warrant combination. The warrants have an exercise price of £0.322 per warrant and expire on November 23, 2021. In the event that the Group fails to maintain the effectiveness of the Registration Statement, the warrant shall only be exercisable on a cashless basis. This would result in variability in the number of shares issued and therefore, the warrants were designated as a financial liability carried at fair value through profit and loss. On issuance of the warrants, the Group recorded a derivative liability of US $1,812,959 using the Black-Scholes model. At December 31, 2016, the derivative liability has a fair value of US $1,830,869 using the Black-Scholes model and the following assumptions:

	December 31, 2016
Share price (GBP)	0.25
Expected volatility	70%
Number of periods to exercise	4.92
Risk free rate	1.91%
Expected dividends	—

Liability warrants	December 31, 2016 US$
Issued during the year	5,662,119
Gain in value	135,939
Balance at December 31, 2016	5,798,058

15. Contingent liabilities

Contingent bonuses of $50,000 and $35,000 were awarded to the Chief Executive Officer and Chief Medical Officer for services provided in 2016. These bonuses were not accrued for at December 31, 2016, as the payments are contingent upon: the closing of the next significant financing; continued service; and no material adverse conditions impacting the Group. In addition to these contingent bonuses, bonuses of $50,000 each were accrued at December 31, 2016 for the Chief Executive Officer and Chief Medical Officer for their services in 2016.

A bonus of 100,000 pounds sterling was awarded to Richard Morgan for his services as a director in 2016. Half of the bonus was payable upon board of directors approval in March 2017; the remainder is contingent upon the Group completing a financing of at least US$20 million.

16. Share based payments

Motif BioSciences Inc. issued options and warrants to employees, directors, consultants, and note holders. As part of the merger between Motif Acquisition Sub, Inc. and Motif BioSciences Inc., described in note 17, each outstanding share option granted by Motif BioSciences Inc. was assumed and converted by Motif Bio plc into options to subscribe for ordinary shares in Motif Bio plc. The number of share options and the exercise prices have been adjusted to reflect the reverse stock split in the capital of Motif BioSciences Inc. on March 13, 2015.

On December 4, 2014, Motif BioSciences Inc. adopted a Share Option Plan (the “Plan”) under which options can be granted to employees, consultants, and directors. Under the Plan 9,304,575 (post reverse stock split) options were issued in 2014 that will vest over three years and expire in ten years from the date of grant.

Motif Bio plc adopted a Share Option Plan (the “New Plan”) on April 1, 2015. This new plan replaces Motif BioSciences Inc.’s previous share plan. There were no changes to the fair value of share options granted under the Plan with the only change being to grant the holders shares in Motif Bio plc rather than Motif BioSciences Inc. upon exercising options. The exercise price for each option will be established in the discretion of the Board provided that the exercise price for each option shall not be less than the nominal value of the relevant shares if the options are to be satisfied by a new issue of shares by the Company and provided that the exercise price per share for an option shall not be less than the fair market value of a share on the effective date of grant of the option. Options will be exercisable at such times or upon such events and subject to such terms, conditions and restrictions as determined by the Board on grant date. However, no option shall be exercisable after the expiration of ten years after the effective date of grant of the option. In 2016, 3,261,577 (2015: 1,000,000) options were issued under the New Plan that will expire in ten years and vest over four years.

Motif Bio plc issued 1,082,384 warrants to its broker for their participation in a placing. The warrants have an exercise price of 50 pence per share and expire on the fifth anniversary of issuance.

For options exercised, the weighted average share price in 2016 was US $0.20 (2015: US $0.22).

	Number of share options	Weighted average exercise price US $
Outstanding at January 1, 2015	**14,135,191**	**0.349**
Granted during the year	12,298,692	0.340
Forfeited during the year	(915,923)	0.376
Exercised during the year	(363,054)	0.216
Expired during the year	(188,320)	4.175
Outstanding at December 31, 2015	**24,966,586**	**0.316**
Granted during the year	4,343,961	0.529
Forfeited during the year	(287,400)	0.696
Exercised during the year(1)	(587,014)	0.200
Expired during the year	(574,800)	0.696
Outstanding at December 31, 2016	**27,861,333**	**0.316**
Exercisable at December 31, 2016	**8,884,662**	**0.301**

(1) The weighted average share price of options exercised during the year ended December 31, 2016 was $0.300.

The fair value of options and warrants has been valued using the Black Scholes option pricing model. Volatility is based on reported data from selected reasonably similar publicly traded companies for which the historical information is available. The Group does not have sufficient history to estimate the volatility of its share price. The assumptions for each option grant were as follows:

	Year ended Dec 31, 2016	Year ended Dec 31, 2015
Weighted average share price (US $)	0.59	0.53
Weighted average exercise price (US $)	0.53	0.53
Expected volatility	70-88%	79-94%
Number of periods to exercise	5-10 years	10 years
Risk free rate	1.47 - 1.64%	2.15 - 2.64%
Expected dividends	—	—

The range of exercise prices of the options at December 31, 2016 were US $0.14-$0.73 (December 31, 2015: US $0.14-$4.18). The weighted average remaining contractual life of the outstanding options is 7.3 years. The options will be equity settled. The share price used for the share option plan prior to being traded on AIM was based on management's assessment of the valuation of the Group given the net assets and future potential of the Group at the time of granting.

The total expense recognized for the years arising from stock-based payments are as follows:

	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $	Year ended Dec 31, 2015 US $
Share based payment expense — General and administrative expense	513,541	325,908	300,147
Cost of issuance charged to equity	—	339,216	—

17. Share capital

Allotted, called up and fully paid:	Number	US $
In issue at December 31, 2014	100	—
Issued:		
Ordinary shares of 1p each	108,601,496	1,645,291
In issue at December 31, 2015	108,601,496	1,645,291
Issued:		
Ordinary shares of 1p each	409,000	5,405
Ordinary shares of 1p each	48,769,820	607,574
Ordinary shares of 1p each	22,863,428	284,833
Ordinary shares of 1p each	119,990	1,509
Ordinary shares of 1p each	467,024	5,801
Ordinary shares of 1p each	14,510,770	177,786
In issue at December 31, 2016	195,741,528	2,728,199

On September 9, 2016, Motif Bio plc issued 409,000 ordinary shares to Amphion Innovations plc as part of the terms of the renegotiated convertible promissory notes.

On November 23, 2016, Motif Bio plc issued 2,438,491 American Depositary Shares (ADSs) upon the closing of an initial U.S. public offering and 1,219,246 warrants over ADS at a price of US $6.98 per ADS/Warrant combination. Each ADS represents 20 ordinary shares.

On November 23, 2016, Motif Bio plc issued 22,863,428 ordinary shares together with 11,431,714 warrants over ordinary shares at a price of 28 pence per share/warrant combination.

On November 29, 2016, 119,990 ordinary shares were issued upon the exercise of options.

In December 2016, 467,024 ordinary shares were issued upon the exercise of options and warrants.

In December 2016, Motif Bio plc issued 14,510,770 new ordinary shares following the conversion of convertible promissory notes by Amphion Innovations plc and Amphion Innovations US Inc. The notes which totaled US $3,550,786 were converted in accordance with their terms at US $0.2447 per share.

Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue.

Retained deficit represents accumulated losses.

The group re-organization reserve arose when Motif Bio plc became the parent of the Group. The transaction, falling as it does outside the scope of IFRS 3, has been accounted for as a group re-organization and not a business combination. The re-organization reserve can be derived by calculating the difference between the nominal value of the shares in Motif Bio plc issued to the former shareholders in Motif BioSciences Inc. and the share capital and share premium of Motif BioSciences Inc. at the date of the merger.

A minor fair value adjustment is also included in the reorganization reserve. This represents the uplift to fair value of the initial deposit shares in Motif BioSciences Inc. issued to the shareholders of Nuprim Inc. on the execution of the agreed upon term sheet of the Nuprim merger (note 9), which were converted to shares in Motif Bio plc on admission to AIM.

18. Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	Financial assets at amortized cost US $
2016	
Prepaid expenses and other receivables	401,064
Cash and cash equivalents	21,829,632
	22,230,696
2015	
Prepaid expenses and other receivables	167,657
Cash and cash equivalents	28,594,347
	28,762,004

Financial liabilities	Financial liabilities at amortized cost US $
2016	
Trade and other payables	12,319,117
Payable on completion of clinical trial	500,000
Derivative liability	5,798,058
	18,617,175
2015	
Trade and other payables	987,083
Payable on completion of clinical trial	500,000
Other interest bearing loans and borrowings	3,747,961
	5,235,044

Fair value disclosures

The Group's cash, prepaid expenses and other receivables and accounts payable are stated at their respective historical carrying amounts, which approximates fair value due to their short-term nature. These are measured at fair value using Level 1 inputs. The Group's derivative liability is measured at fair value using Level 3 inputs. See discussion in Note 14 on the inputs utilized in the Black-Scholes option pricing model and for a rollforward of the derivative liability from issuance in November 2016 to December 31, 2016. There were no transfers between fair value levels during the years ended December 31, 2016 or 2015.

There were no non-recurring fair value measurements for the years ended December 31, 2016 and 2015.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. Group reorganisation by plan of merger

On February 18, 2015, Motif Bio Limited incorporated a Delaware subsidiary, Motif Acquisition Sub, Inc. On March 27, 2015, Motif BioSciences Inc., Motif Bio Limited, and Motif Acquisition Sub, Inc. entered into a plan of merger where, upon admission, Motif Acquisition Sub, Inc. merged with and into Motif BioSciences Inc. and Motif BioSciences Inc. continued as the surviving entity and became a wholly owned subsidiary of Motif Bio plc.

The former Motif BioSciences Inc. shareholders were issued with 36,726,242 ordinary shares in Motif Bio plc in exchange for their common stock in Motif BioSciences Inc. so that immediately following the merger the former Motif BioSciences Inc. shareholders own an equivalent number of ordinary shares in Motif Bio plc as the number of shares of common stock that they had previously owned in Motif BioSciences Inc. All outstanding, unexercised, and vested stock options over shares of common stock in Motif BioSciences Inc. were converted into options over ordinary shares in Motif Bio plc.

The Directors consider the acquisition of the entire issued common stock of Motif BioSciences Inc. by Motif Bio plc in exchange for equivalent equity participation in Motif Bio plc to be a group re-organization and not a business combination and to fall outside the scope of IFRS 3 given it meets the requirements of IAS27 paragraph 13. Having considered the requirements of IAS 8 and the relevant U.K. and US guidance, the transaction is accounted for on a merger or pooling of interest basis as if both entities have always been combined, using book values, with no fair value adjustments made nor goodwill recognized.

20. Subsidiaries

Company name	Country of incorporation	Percentage shareholding	Percentage voting power	Method used to account for investment
Motif BioSciences Inc.	Delaware, USA	100%	100%	Consolidation

The principal activity of Motif BioSciences Inc. is proprietary drug discovery research and development.

21. Related party transactions

Transactions with Amphion Innovations plc and Amphion Innovations US Inc.

At December 31, 2016, Amphion Innovations plc owned approximately 22% of the issued ordinary shares in Motif Bio plc. In addition, Amphion Innovations plc and its wholly owned subsidiary undertaking, Amphion Innovations US, Inc., (together the "Amphion Group") have provided funding for the activities of Motif BioSciences Inc. through the issue of convertible interest bearing loan notes. Richard Morgan and Robert Bertoldi were directors of both Motif Bio plc and Amphion Innovations plc in the period. Transactions between the Group and the Amphion Group are disclosed below:

	Year ended Dec 31, 2016 US $	Year ended Dec 31, 2015 US $
Amounts due to Amphion Innovations US Inc.	78	1,599
Notes payable to Amphion Innovations plc	—	1,471,700
Notes payable to Amphion Innovations US Inc.	—	2,079,086
Accrued and unpaid interest on loan notes	—	189,178
Interest expense	390,485	435,036

Advisory And Consultancy Agreement With Amphion Innovations US, Inc. And Shared Office Space

On April 1, 2015, the Group entered into an Advisory and Consultancy Agreement with Amphion Innovations US, Inc. The consideration for the services is $120,000 per annum. The agreement provides that in the event that the Group raised a minimum of

£5,000,000 (US$7,333,000) in gross proceeds on AIM admission or in a follow-on offering, a one-time payment of US$300,000 would be required to be paid to Amphion Innovations US, Inc. Accordingly, the Group paid US$300,000 to Amphion Innovations US, Inc. on July 21, 2015 in connection with our follow-on offering on AIM. The agreement was for an initial period of 12 months and will automatically renew each year on the anniversary date unless either party notifies the other by giving 90 days' written notice prior to expiration. The agreement was amended in December 2016 so that either party may terminate the agreement at any time, for any reason, upon giving the other party ninety days advance written notice. The Group paid US$120,000 to Amphion Innovations US, Inc. in 2016 in accordance with the terms of the agreement. At the date of this Annual Report, the agreement continues to be in force.

Amphion Innovations US, Inc. also bills the Group on a pass-through rate for office space and shared workspace.

Consultancy Agreement With Amphion Innovations Plc

On April 1, 2015, the Group entered into a Consultancy Agreement with Amphion Innovations plc for the services of Robert Bertoldi, an employee of Amphion Innovations plc. The consideration for his services was $5,000 per month. On November 1, 2015, the consideration was increased to $180,000 per annum. On July 1, 2016, the consideration decreased to US $75,000. The agreement was for an initial period of 12 months and would automatically renew each year on the anniversary date unless either party notifies the other by giving 90 days written notice prior to expiration. The agreement was amended in December 2016 so that either party may terminate the agreement at any time, for any reason, upon giving the other party ninety days advance written notice. The Group paid Robert Bertoldi US$127,500 in 2016 in accordance with the terms of the agreement.

Consultancy Agreement with Amphion Innovations US, Inc.

On September 7, 2016, the Group entered into a Consultancy Agreement with Amphion Innovations US, Inc., pursuant to which Amphion Innovations US, Inc. will, following and subject to the closing of the November 2016 offering, provide consultancy services in relation to the Group's obligations as a NASDAQ listed company. The consideration for the services is $15,500 per month. The agreement is for an initial period of 12 months, after which the agreement will terminate automatically unless renewed by the parties by mutual agreement. The Group paid US$19,633 in 2016 pursuant to the terms of this agreement.

Consultancy Agreement With Jonathan Gold

On April 13, 2016, the Group entered into a consultancy agreement with Jonathan Gold, a member of the Group's board of directors. Under the terms of this agreement, Mr. Gold received a fixed fee of $10,000 per month for strategic financial expert advice and guidance. The term of this agreement was six months, commencing January 1, 2016. The term of the agreement would automatically renew each month following the initial term, provided that each party provided its mutual agreement to renew in a signed writing, no later than 30 days prior to the expiration of the term. This agreement was not extended beyond the initial term.

On April 7, 2017, the Group entered into a new consultancy agreement with Jonathan Gold, a member of the Group's Board of Directors. Under the terms of this agreement, Mr. Gold received a fixed fee of $16,167 per month for strategic financial expert advice and guidance. The term of this agreement was twelve months, commencing January 1, 2017. The term of the agreement would automatically renew each month following the initial term, as long as either party did not provide notice to the other party of its election not to continue to renew the agreement with at least 30 days advance notice.

The Directors are responsible for planning, directing, and controlling the activities of the Group. Transactions between the Group and its Directors and key management personnel and are disclosed in notes 5 and 6 above.

22. Subsequent events

On January 16, 2017, Robert Dickey IV was appointed as Chief Financial Officer. Mr. Dickey was granted 1,500,000 non-qualified stock options with an exercise price of 25.50 pence per share and a term of ten years. The options vest over four years.

In January 2017, the last patient finished the treatment phase in REVIVE-1, the Phase 3 clinical trial investigating the safety and efficacy of iclaprim in patients with acute bacterial skin and skin structure infections. On April 18, 2017, the Group announced positive topline results from REVIVE-1, its global Phase 3 clinical trial in patients with ABSSSI. Iclaprim achieved the primary endpoint of non-inferiority at the early time point after start of study drug administration as well as non-inferiority for the test of cure endpoint. Iclaprim was well tolerated in the study, with most adverse events categorized as mild. The Group believes that this new data and the fact that REVIVE-2, the second Phase 3 trial, uses an identical protocol to REVIVE-1 but has different trial centers, could provide the basis for increased investor interest in the Group and, hence, potentially provide greater opportunities to raise additional capital.

In February 2017, the Company granted options to purchase ordinary shares at an exercise price of 26 pence per share. The Chief Executive Officer was granted 1,700,000 options of which 1,000,000 options will vest monthly over four years from the date of grant and 700,000 options will vest monthly over 4 years from April 18, 2017, the date of the data read out on the REVIVE-1 trial. The Chief Medical Officer was granted 1,000,000 options that will vest monthly over four years from the date of grant. The Chief Financial Officer was granted 600,000 options of which 150,000 options will vest on the anniversary date of the commencement of his employment and 450,000 options will vest over the following 3 years. The Vice President of Clinical Operations was granted 300,000 options that will vest over four years from the date of grant. The options will expire ten years from the date of grant.

On April 7, 2017, the Group entered into a new consultancy agreement with Jonathan Gold, a member of the Group's board of directors. Under the terms of this agreement, Mr. Gold received a fixed fee of $16,167 per month for strategic financial expert advice and guidance. The term of this agreement was twelve months, commencing January 1, 2017. The term of the agreement would

automatically renew each month following the initial term, as long as either party did not provide notice to the other party of its election not to continue to renew the agreement with at least 30 days advance notice.

On April 28, 2017, the Group announced the appointment of Peel Hunt LLP as nominated adviser and joint corporate broker with immediate effect.

Exhibit 4.15

2,438,491 AMERICAN DEPOSITARY SHARES,

EACH REPRESENTING 20 ORDINARY SHARES, £0.01 PAR VALUE, AND

WARRANTS TO PURCHASE 1,219,246 AMERICAN DEPOSITARY SHARES

MOTIF BIO PLC

UNDERWRITING AGREEMENT

November 17, 2016

H.C. Wainwright & Co., LLC
As Representative of the Several Underwriters, if any,
listed on Schedule I hereto
430 Park Avenue, 4th Floor
New York, New York 10022

Ladies and Gentlemen:

Motif Bio plc, a public limited company incorporated in England and Wales (the "Company"), hereby agrees, subject to the terms and conditions stated in this Underwriting Agreement (the "Agreement"), to issue and sell to the several Underwriters named in Schedule I hereto (collectively, the "Underwriters" and, each, an "Underwriter") for which H.C. Wainwright & Co., LLC is acting as representative to the several Underwriters (the "Representative" or "you" and, if there are no Underwriters other than the Representative, references to multiple Underwriters shall be disregarded and the term Representative as used herein shall have the same meaning as Underwriter), an aggregate of (i) 2,438,491 American Depositary Shares of the Company (the "ADSs"), each ADS representing 20 of the Company's ordinary shares, par value £0.01 per share (the "Ordinary Shares"), and (ii) 1,219,246 warrants to purchase ADSs (the "ADS Warrants"), in substantially the form filed as an exhibit to the Registration Statement (as hereinafter defined).

In addition, the Company hereby agrees to sell to the Underwriters, upon the terms and conditions stated herein, up to an additional 292,618 ADSs (the "Additional ADSs") and/or an additional 146,309 ADS Warrants (the "Additional ADS Warrants" and, collectively with the Additional ADSs, the "Additional Securities") to cover over-allotments by the Underwriters, if any.

The Firm ADSs (as hereinafter defined), Additional ADSs and Underlying ADSs (as hereinafter defined) shall be evidenced by American Depositary Receipts ("ADRs") issued

pursuant to a deposit agreement (the "Deposit Agreement") dated on or about the date hereof, among the Company, The Bank of New York Mellon, as depositary (the "Depositary"), and the holders and beneficial holders from time to time of the ADRs issued by the Depositary. Upon the satisfaction of the conditions contained in this Agreement, the following shall occur with respect to the ADSs: (i) on or prior to the Closing Date (as hereinafter defined), the Company shall deposit with the Depositary the number of ADS Ordinary Shares (as hereinafter defined) underlying the Firm Securities (as hereinafter defined); and (ii) on the Closing Date, the Depositary shall deliver the Firm Securities to the accounts of the several Underwriters, against receipt by the Company from the Underwriters of payment therefor as provided in this Agreement. In connection with the Warrants (as hereinafter defined), the Company shall enter into a warrant agent agreement with the Depositary, in substantially the form filed as an exhibit to the Registration Statement ("Warrant Agent Agreement"), pursuant to which the Depositary shall act as warrant agent in connection with the Warrants (as hereinafter defined).

For purposes of this Agreement,

(i) "ADS Offered Securities" means the Firm Securities (as hereinafter defined) and the Additional Securities.

(ii) "ADS Ordinary Shares" means, collectively, the Ordinary Shares underlying the Offered ADSs and the Ordinary Shares underlying the Underlying ADSs;

(iii) "Offered ADSs" means, collectively, the Firm ADSs (as hereinafter defined) and the Additional ADSs.

(iv) "Underlying ADSs" means the ADSs issued and issuable upon exercise of the Firm ADS Warrants (as hereinafter defined) and the Additional ADS Warrants;

(v) "Warrants" means, collectively, the Firm ADS Warrants and the Additional ADS Warrants.

Unless the context otherwise requires, (a) each reference to the Firm ADSs, Additional ADSs, Warrants and ADS Offered Securities herein also includes the ADS Ordinary Shares, and (b) each reference to Warrants herein also includes the Underlying ADSs.

The offering of the ADS Offered Securities pursuant to the Registration Statement shall be referred to herein as the "Offering."

Concurrently with the Offering, the Company has engaged Zeus Capital Limited, Northland Capital Partners and MC Services (collectively, the "Placement Agents") to act as placement agents in connection with the placement of an aggregate of 22,863,428 Ordinary Shares and 11,431,714 warrants to purchase Ordinary Shares (collectively, the "European Placement Securities"), on a best efforts basis, to investors in Europe, for aggregate gross proceeds to the Company of at least $7,975,312 (£6,401,759 at an exchange rate of $1.2458 per £1.00, the noon rate on the date hereof) (the "European Placement"). The European Placement Securities have been registered on the Registration Statement. The European Placement Securities are not included in the Offering or covered by this Agreement, but the consummation

of the European Placement is a condition to closing of the Offering. The European Placement Securities and the ADS Offered Securities are referred to herein as the "Offered Securities."

The Company wishes to confirm as follows its agreement with you and the other several Underwriters, on whose behalf you are acting as representative, in connection with the purchase of the ADS Offered Securities from the Company.

1. Registration Statement and Prospectus. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Act"), a registration statement on Form F-1 (File No. 333-212491), including a prospectus subject to completion, relating to the Offered Securities. Such registration statement, as amended, including the financial statements, exhibits and schedules thereto, at the time when such registration statement becomes effective and as thereafter amended by any post-effective amendment, is referred to in this Agreement as the "Registration Statement." The Registration Statement was declared effective by the Commission on November 17, 2016 (the "Effective Date"). The prospectus in the form included in the Registration Statement or, if the prospectus included in the Registration Statement omits certain information in reliance upon Rule 430A under the Act and such information is thereafter included in a prospectus filed with the Commission pursuant to Rule 424(b) under the Act, or, if applicable, as part of a post-effective amendment to the Registration Statement after the Registration Statement becomes effective, the prospectus, as so filed, is referred to in this Agreement as the "Prospectus." If the Company files another registration statement with the Commission to register a portion of the Offered Securities pursuant to Rule 462(b) under the Act (the "Rule 462 Registration Statement"), then any reference to "Registration Statement" herein shall be deemed to include the registration statement on Form F-1 (File No. 333-212491) and the Rule 462 Registration Statement, if any, as each such registration statement may be amended pursuant to the Act as of the date and time as of which such Registration Statement, or the most recent post-effective amendment thereto, was declared effective by the Commission. The prospectus subject to completion in the form included in the Registration Statement at the time of the initial filing of such Registration Statement with the Commission and as such prospectus is amended from time to time until the date of the Prospectus is referred to in this Agreement as the "Preliminary Prospectus." A registration statement on Form F-6 (File No. 333-212638) relating to the ADSs has been filed by the Depositary with the Commission and has become effective (such registration statement on Form F-6, including all exhibits thereto, as amended at the time such registration statement becomes effective, being hereinafter referred to as the "ADS Registration Statement").

For purposes of this Agreement, "free writing prospectus" has the meaning ascribed to it in Rule 405 under the Act, and "Issuer Free Writing Prospectus" shall mean each free writing prospectus prepared by or on behalf of the Company or used or referred to by the Company in connection with the offering of the Offered Securities. "Time of Sale" shall mean 9:00 p.m. (New York, New York time) on November 17, 2016. "Time of Sale Information" shall mean, as of the Time of Sale, the Preliminary Prospectus together with the free writing prospectuses, if any, each identified in Schedule II hereto, and the information included on Schedule III hereto, all considered together. All references in this Agreement to the Registration Statement, the Rule 462 Registration Statement, the ADS Registration Statement, a Preliminary Prospectus, the

Prospectus or the Time of Sale Information, or any amendments or supplements to any of the foregoing, shall be deemed to refer to and include any documents incorporated by reference therein, and shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("EDGAR").

2. Agreement to Sell and Purchase.

(a) Upon the terms and subject to the conditions set forth herein, the Company agrees to issue and sell an aggregate of 2,438,491 ADSs (in the aggregate, the "Firm ADSs") and ADS Warrants to purchase 1,219,246 ADSs (in the aggregate, the "Firm ADS Warrants," and, collectively with the Firm ADSs, the "Firm Securities") to the several Underwriters, and each Underwriter agrees to purchase, severally and not jointly, at the Closing (as defined below), the following securities of the Company:

(i) The number of Firm ADSs set forth opposite the name of such Underwriter on Schedule I hereto; and

(ii) Firm ADS Warrants to purchase the number of ADSs set forth opposite the name of such Underwriter on Schedule I hereto, which ADS Warrants shall have an exercise price of $8.03 per whole ADS, subject to adjustment as provided in the ADS Warrants.

(b) The aggregate purchase price for the Firm Securities shall equal the sum of the amounts set forth opposite the name of each Underwriter on Schedule I hereto (the "Closing Purchase Price"). The combined purchase price for one ADS and one ADS Warrant to purchase 0.5 ADS shall be $6.4914 (the "Combined Purchase Price"), which shall be allocated as $6.4821 per ADS (the "ADS Purchase Price") and $0.0093 per ADS Warrant (the "ADS Warrant Purchase Price"), provided that, solely in connection with ADSs and ADS Warrants that are sold to Invesco Asset Management Limited, the combined purchase price for one ADS and one ADS Warrant to purchase 0.5 ADS shall be $6.6659.

(c) Upon the basis of the representations, warranties, covenants and agreements of the Company herein contained, and subject to all the terms and conditions set forth herein, the Underwriters are hereby granted an option (the "Over-Allotment Option") to purchase from the Company, in the aggregate, up to 292,618 Additional ADSs and 146,309 Additional ADS Warrants, which may be purchased in any combination of Additional ADSs and/or Additional ADS Warrants at the ADS Purchase Price and/or the ADS Warrant Purchase Price, respectively. The Additional Securities may be purchased solely for the purpose of covering over-allotments, if any, made in connection with the offering of the Firm Securities. The Over-Allotment Option may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Additional Securities at any time within 30 days after the date of this Agreement. In connection with an exercise of the Over-Allotment Option, (a) the purchase price to be paid for the Additional ADSs is equal to the product of the ADS Purchase Price multiplied by the number of Additional ADSs and (b) the purchase price to be paid for the Additional ADS Warrants is equal to the product of the ADS Warrant Purchase Price multiplied by the number of Additional ADS Warrants (the aggregate purchase price to be paid at an Additional Closing (as defined below), the "Additional Closing Purchase Price").

3. Terms of Public Offering. The Company has been advised by you that the Underwriters propose to make an offering of the ADS Offered Securities as soon after the Registration Statement, the ADS Registration Statement, and this Agreement have become effective as in your judgment is advisable and to offer the ADS Offered Securities upon the terms set forth in the Prospectus. The Underwriters propose to make a public offering of the ADS Offered Securities in the United States. The Representative may from time to time thereafter change the public offering price and other selling terms. Not later than 12:00 p.m., New York, New York time, on the Business Day prior to Closing Date, the Company shall deliver or cause to be delivered copies of the Prospectus in such quantities and at such places as the Representative shall reasonably request. For purposes herein, "Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

4. Delivery of the ADS Offered Securities and Payment Therefor. On the Closing Date (as hereinafter defined), each Underwriter shall deliver or cause to be delivered to the Company, via wire transfer, immediately available funds equal to such Underwriter's Closing Purchase Price and the Company shall cause the Depositary to deliver to, or as directed by, such Underwriter its respective Firm Securities and the Company shall deliver the other items required pursuant to Section 9 that are deliverable at the closing (the "Closing"). The Closing shall occur at the offices of Ellenoff Grossman & Schole LLP ("Representative's Counsel"), 1345 Avenue of the Americas, New York, New York 10105, at 10:00 a.m., New York, New York time, on November 23, 2016, or such other place, time and date as the Representative shall designate by written notice to the Company (the time and date of such Closing is called the "Closing Date"). The place of Closing and the Closing Date may be varied by agreement between the Representative and the Company. The Company hereby acknowledges that circumstances under which the Representative may provide notice to postpone the Closing Date as originally scheduled include any determination by the Company or the Representative to recirculate to the public copies of an amended or supplemented Prospectus or a delay as contemplated by the second sentence of Section 10 hereof.

The Over-Allotment Option may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Additional Securities at any time within 30 days after the date of this Agreement. The Over-Allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or facsimile or e-mail setting forth (i) the aggregate number of Additional ADSs and/or Additional ADS Warrants as to which the Representative is exercising the option and (ii) the date and time for delivery of and payment for the Additional Securities (each, an "Additional Closing" and the date of each Additional Closing, an "Additional Closing Date") (which may be the same as the Closing Date, but shall in no event be earlier than the Closing Date nor later than three Business Days after the delivery of such notice). Each Additional Closing shall occur at the offices of Representative's Counsel at 10:00 a.m., New York, New York time, at such place, time and date as the Representative shall designate by written notice to the Company. The place of each Additional Closing and each Additional Closing Date may be varied by agreement between you and the Company. An Underwriter will not be under any obligation to purchase any Additional Securities prior to the exercise of the Over-Allotment Option by the Representative. Upon exercise of the Over-Allotment Option, the

Company will become obligated to convey to the Underwriters, and, subject to the terms and conditions set forth herein, the Underwriters will become obligated to purchase, the number of Additional ADSs and/or Additional ADS Warrants specified in such notice. The Representative may cancel the Over-Allotment Option at any time prior to the expiration of the Over-Allotment Option by written notice to the Company. On or prior to any Additional Closing Date, the Company shall deposit with the Depositary the number of ADS Ordinary Shares underlying the Additional Securities to be purchased by the Underwriters, and on the Additional Closing Date, the Company shall cause the Depositary to deliver the Additional Securities to the accounts of the several Underwriters, or as directed by the several Underwriters, against receipt by the Company from the Underwriters or payment therefor as provided in this Agreement.

ADRs evidencing the Firm ADSs, the Additional ADSs and the Underlying ADSs to be purchased hereunder shall be registered in such names and in such denominations as you shall request prior to 1:00 p.m., New York, New York time, not later than the Business Day preceding the Closing Date or an Additional Closing Date, as the case may be. Delivery of the ADS Offered Securities shall be made through the facilities of The Depository Trust Company ("DTC"). The ADRs evidencing the Firm ADSs, the Additional ADSs and the Underlying ADSs to be purchased hereunder shall be delivered to you by the Company on the Closing Date or the Additional Closing Date, as the case may be, against payment of the purchase price therefor by wire transfer of immediately available funds to an account or accounts specified in writing, on the Closing Date, or an Additional Closing Date, as the case may be. Payment for the ADS Offered Securities sold by the Company hereunder shall be delivered by each respective Underwriter to the Company, except as otherwise agreed to by the Company and the Representative.

It is understood that the Representative has been authorized, for its own account and the accounts of the several Underwriters, to accept delivery of and receipt for, and make payment of the Closing Purchase Price for the Firm Securities that the Underwriters have agreed to purchase and the Additional Closing Purchase Price for the Additional Securities that the Underwriters have agreed to purchase. H.C. Wainwright & Co., LLC, individually and not as representative of the Underwriters, may, but shall not be obligated to, make payment for any ADS Offered Securities to be purchased by any Underwriter whose funds shall not have been received by the Representative by the Closing Date or the Additional Closing Date, as the case may be, for the account of such Underwriter, but any such payment shall not relieve such Underwriter from any of its obligations under this Agreement.

5. Covenants and Agreements. The Company covenants and agrees with the Underwriters as follows:

(a) The Company will use its best efforts to cause the Registration Statement, the ADS Registration Statement and any amendments thereto to become effective, if it has not already become effective, and to cause the Registration Statement to remain effective until the later of (a) the date that is nine (9) months following the date of this Agreement and (b) the date on which the Warrants are no longer outstanding, and the Company will advise you promptly and, if requested by you, will confirm such advice in writing (i) when the Registration Statement and the ADS Registration Statement have become effective and the time and date of any filing of any post-effective Registration Statement or any amendment or supplement to any Preliminary

Prospectus or the Prospectus and the time and date that any post-effective amendment to the Registration Statement becomes effective, (ii) if Rule 430A under the Act is employed, when the Prospectus has been timely filed pursuant to Rule 424(b) under the Act, (iii) of the receipt of any comments of the Commission, or any request by the Commission for amendments or supplements to the Registration Statement, any Preliminary Prospectus or the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the ADS Registration Statement or of the suspension of qualification of the Offered Securities for offering or sale in any jurisdiction or the initiation of any proceeding for such purposes and (v) within the period of time referred to in Section 5(i) hereof, of any adverse change in the Company's or any subsidiary's condition (financial or other), business, prospects, properties, net worth or results of operations, or of any event that comes to the attention of the Company that makes any statement made in the Registration Statement, the ADS Registration Statement or the Prospectus (as then amended or supplemented) untrue in any material respect as of the date made or that requires the making of any additions thereto or changes therein in order to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading in any material respect, or of the necessity to amend or supplement the Prospectus (as then amended or supplemented) to comply with the Act or any other law. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement or the ADS Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time. The Company will provide the Underwriters with copies of the form of Prospectus, in such number as the Underwriters may reasonably request. The Company shall file with the Commission such Prospectus in accordance with Rule 424(b) under the Act, and in form and substance satisfactory to the Representative, before the close of business on the first Business Day immediately following the date hereof.

(b) The Company will furnish to you, without charge, two signed copies of the Registration Statement and the ADS Registration Statement as originally filed with the Commission and of each amendment thereto, including financial statements and all exhibits thereto, and will also furnish to you, without charge, such number of conformed copies of the Registration Statement and the ADS Registration Statement as originally filed and of each amendment thereto as you may reasonably request.

(c) The Company will promptly file (or cause to be filed, if applicable) with the Commission any amendment or supplement to the Registration Statement, the ADS Registration Statement or the Prospectus that may, in the judgment of the Company or the Representative, be required by the Act or requested by the Commission.

(d) The Company will furnish a copy of any amendment or supplement to the Registration Statement, the ADS Registration Statement or to the Prospectus or any Issuer Free Writing Prospectus to you and counsel for Representative and obtain your consent prior to filing any of those with the Commission.

(e) The Company will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus without your prior written consent.

(f) The Company will retain in accordance with the Act all Issuer Free Writing Prospectuses not required to be filed pursuant to the Act; and if at any time after the date hereof any events shall have occurred as a result of which any Issuer Free Writing Prospectus, as then amended or supplemented, would conflict with the information in the Registration Statement, the ADS Registration Statement, the most recent Preliminary Prospectus or the Prospectus, or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or, if for any other reason it shall be necessary to amend or supplement any Issuer Free Writing Prospectus, to notify you and, upon your request, to file such document and to prepare and furnish without charge to each Underwriter as many copies as they may from time to time reasonably request of an amended or supplemented Issuer Free Writing Prospectus that will correct such conflict, statement or omission or effect such compliance.

(g) If at any time following the distribution of any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act ("Testing-the-Waters Communication") that is a written communication within the meaning of Rule 405 under the Act ("Written Testing-the-Waters Communications"), there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made existing at that subsequent time, not misleading, the Company will promptly notify the Representative and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission. The Company will promptly notify the Representative of (A) any distribution by the Company of Written Testing-the-Waters Communications and (B) any request by the Commission for information concerning the Written Testing-the-Waters Communications.

(h) Prior to the execution and delivery of this Agreement, the Company has delivered or will deliver to you, without charge, in such quantities as you have requested or may hereafter reasonably request, copies of each form of the Preliminary Prospectus. The Company consents to the use, in accordance with the provisions of the Act and with the securities or Blue Sky laws of the jurisdictions in which the ADS Offered Securities are offered by the several Underwriters and by dealers, prior to the date of the Prospectus, of each Preliminary Prospectus so furnished by the Company.

(i) As soon after the execution and delivery of this Agreement as is practicable and thereafter from time to time for such period as in the reasonable opinion of counsel for the Representative a prospectus is required by the Act to be delivered in connection with sales by any Underwriter or a dealer (the "Prospectus Delivery Period"), and for so long a period as you may request for the distribution of the ADS Offered Securities, the Company will deliver to each Underwriter and each dealer, without charge, as many copies of the Prospectus and the Time of Sale Information (and of any amendment or supplement thereto) as each Underwriter and each dealer may reasonably request. The Company consents to the use of the Prospectus and the Time of Sale Information (and of any amendment or supplement thereto) in accordance with the provisions of the Act and with the securities or Blue Sky laws of the

jurisdictions in which the ADS Offered Securities are offered by the several Underwriters and by all dealers to whom ADS Offered Securities may be sold, both in connection with the offering and sale of the ADS Offered Securities and for such period of time thereafter as the Prospectus is required by the Act to be delivered in connection with sales by any Underwriter or dealer. If at any time prior to the later of (i) the completion of the distribution of the ADS Offered Securities pursuant to the Offering, (ii) the expiration of prospectus delivery requirements with respect to the ADS Offered Securities under Section 4(a)(3) of the Act and Rule 174 under the Act thereunder or (iii) the date on which the Warrants are no longer outstanding, any event shall occur that in the judgment of the Company or in the opinion of counsel for the Representative is required to be set forth in the Prospectus (as then amended or supplemented) or should be set forth therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Prospectus to comply with the Act or any other law, the Company will forthwith prepare and, subject to Section 5(a) hereof, file with the Commission and use its best efforts to cause to become effective as promptly as possible an appropriate supplement or amendment thereto, and will furnish to each Underwriter who has previously requested Prospectuses, without charge, a reasonable number of copies thereof.

(j) If required in connection with the Offering, the Company will cooperate with you and counsel for the Representative in connection with the registration or qualification of the ADS Offered Securities for offering and sale by the several Underwriters and by dealers under the securities or Blue Sky laws of such jurisdictions as you may reasonably designate and will file such consents to service of process or other documents as may be reasonably necessary in order to effect and maintain such registration or qualification for so long as required to complete the distribution of the ADS Offered Securities; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to general service of process in suits, other than those arising out of the offering or sale of the ADS Offered Securities, as contemplated by this Agreement and the Prospectus, in any jurisdiction where it is not now so subject. In the event that the qualification of the ADS Offered Securities in any jurisdiction is suspended, the Company shall so advise you promptly in writing. If required in connection with the Offering, the Company will use its best efforts to qualify or register the ADS Offered Securities for sale in non-issuer transactions under (or obtain exemptions from the application of) the Blue Sky laws of each state where necessary to permit market-making transactions and secondary trading and will comply with such Blue Sky laws and will use its best efforts to continue such qualifications, registrations and exemptions in effect for a period of two years after the date hereof.

(k) The Company will make generally available to its security holders, as soon as practicable after the Effective Date, but not later than the first day of the fifteenth full calendar month following the date of this Agreement, a consolidated earnings statement (in form complying with the provisions of Rule 158 under the Act), which need not be audited, covering a period of at least 12 months commencing after the Effective Date and satisfying the provisions of Section 11(a) of the Act.

(l) If this Agreement shall be terminated by the Underwriters (except pursuant to a termination under Section 11 hereof) because of any inability, failure or refusal on the part of the Company to perform in all material respects any agreement herein or to comply in

all material respects with any of the terms or provisions hereof or to fulfill in all material respects any of the conditions of this Agreement, the Company agrees to reimburse you and the other Underwriters for all reasonable and documented out-of-pocket expenses (including travel expenses and reasonable fees and expenses of counsel for the Representative, but excluding wages and salaries paid by you) reasonably incurred by you in connection herewith.

(m) The Company will apply the net proceeds from the sale of the Offered Securities to be sold by it hereunder and in the European Placement in accordance in all material respects with the statements under the caption "Use of Proceeds" in the Prospectus.

(n) For a period commencing on the date hereof and ending on the 180th day after the date of the Prospectus (the "Lock-Up Period"), the Company will not, directly or indirectly, (1) offer for sale, issue, sell, pledge or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any Ordinary Shares, ADSs, options, warrants or other securities of the Company (the "Company Securities") or any securities convertible into or exercisable or exchangeable for, or any rights to purchase or otherwise acquire, any Company Securities (other than upon the exercise of equity incentives granted pursuant to the Company's equity incentive plans existing on the date hereof) (collectively, the "Lock-Up Securities"), or sell or grant options, rights or warrants with respect to any Lock-Up Securities or securities convertible into or exchangeable for Lock-Up Securities (other than the grant of equity incentives pursuant to the Company's equity incentive plans existing on the date hereof), (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities or other securities, in cash or otherwise, (3) file or cause to be filed a registration statement in the United States or any foreign jurisdiction, including any amendments, with respect to the registration of any Lock-Up Securities or securities convertible, exercisable or exchangeable into Lock-Up Securities or any other securities of the Company or (4) publicly disclose the intention to do any of the foregoing in clauses (1), (2) or (3), in each case without the prior written consent of the Representative on behalf of the Underwriters. The prohibition in the foregoing sentence shall not apply to (A) the ADS Offered Securities to be sold hereunder, (B) any Ordinary Shares issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and described in the Registration Statement, Time of Sale Information and Prospectus (including, without limitation, the issuance by the Company of any Ordinary Shares upon the conversion of the Company's convertible promissory notes issued to each of Amphion Innovations plc and Amphion Innovations US, Inc. (the "Notes"), either on the maturity date of such Notes or in connection with the Company's election to prepay the Notes prior to the maturity date), provided that such option, warrant, convertible securities or Notes have not been amended since the date of this Agreement to increase the number of securities or to decrease the exercise price, exchange price or conversion price of such securities, (C) any Ordinary Shares issued or options to purchase or subscribe for Ordinary Shares granted pursuant to existing employee benefit or equity incentive plans of the Company described in the Registration Statement, Time of Sale Information and Prospectus, (D) the filing by the Company of any registration statement on Form S-8 or any successor form thereto with respect to the registration of securities to be offered under any employee benefit or equity incentive plans of the Company described in the Registration Statement, Time of Sale Information and Prospectus,

(E) the entry into an agreement providing for the issuance by the Company of Ordinary Shares or any security convertible into or exercisable for Ordinary Shares pursuant to an employee benefit plan or equity incentive plan that was assumed by the Company in connection with the acquisition by the Company or any of its subsidiaries of the securities, business, property or other assets of another person or entity such acquisition, and the issuance of any such securities pursuant to such agreement, or (F) the entry into any agreement providing for the issuance of Ordinary Shares or any security convertible into or exercisable for Ordinary Shares in connection with joint ventures, commercial relationships or other strategic transactions, and the issuance of any such securities pursuant to any such agreement; provided that, in the case of clauses (E) and (F), the aggregate number of Ordinary Shares that the Company may sell or issue or agree to sell or issue shall not exceed 5% of the total number of Ordinary Shares issued and outstanding as of immediately prior to the Closing Date; and provided further that, in the case of clauses (B) through (E), the Company shall cause each recipient of such securities to execute and deliver, on or prior to the issuance of such securities, a lock-up agreement, substantially in the form of Exhibit A hereto, to the extent and for the duration that such terms remain in effect at the time of transfer, and the Company shall authorize its transfer agent to decline to make any transfer of such securities in violation of such lock-up agreements. On or prior to the date hereof, the Company shall cause each officer, director and shareholder of the Company and any other person or entity set forth on Schedule IV hereto to furnish to the Representative an executed lock-up agreement, substantially in the form of Exhibit A hereto (the "Lock-Up Agreements").

(o) Prior to the Closing Date or each Additional Closing Date, as the case may be, the Company will furnish to you, as promptly as possible, copies of any unaudited interim consolidated financial statements of the Company and its subsidiaries for any period subsequent to the periods covered by the financial statements appearing in the Prospectus.

(p) The Company will comply with all provisions of any undertakings contained in the Registration Statement and the ADS Registration Statement.

(q) The Company will not at any time, directly or indirectly, take any action designed, or which might reasonably be expected to cause or result in, or which will constitute, stabilization or manipulation of the price of the ADSs or the Ordinary Shares to facilitate the sale or resale of any of the ADS Offered Securities.

(r) The Company will timely file with the Nasdaq Stock Market, Inc. ("NASDAQ") all documents and notices required by the NASDAQ of companies that have or will issue securities that are traded on the NASDAQ.

(s) The Company will on or prior to the Closing Date obtain all approvals necessary for the issuance of the ADS Offered Securities, including all shareholder approvals required under the Company's Articles of Association and/or the English Companies Act of 2006 (the "Companies Act") and/or the listings requirements (the "AIM Listings Requirements") of the AIM Market of the London Stock Exchange (the "AIM"), and will timely file with the AIM all documents and notices required by the AIM of companies that have securities that are traded on the AIM. On or prior to the Closing Date, the Company will make application in accordance with the AIM Listings Requirements for the admission of the ADS Ordinary Shares underlying the Firm ADSs to trading on the AIM. On the date of exercise of any Warrants, the

Company will obtain approval under AIM Listing Requirements for the admission of the ADS Ordinary Shares underlying the Underlying ADSs underlying such exercised Warrants.

(t) To the extent that any approval is required from the United Kingdom Financial Conduct Authority ("FCA") for the performance by the Company of its obligations under this Agreement (including, without limitation, to pay any amounts owing to the Underwriters pursuant to Section 8 below), the Company hereby undertakes to take all steps necessary in order to obtain such approval, as and when required by the Underwriters.

(u) The Company will promptly notify the Representative if the Company ceases to be an "emerging growth company," as defined in Section 2(a) of the Act (an "Emerging Growth Company") at any time prior to the later of (A) the time when a prospectus relating to the offering or sale of the ADS Offered Securities is not required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) and (B) completion of the Lock-Up Period.

(v) On or prior to the Closing Date, the Company will deposit the ADS Ordinary Shares underlying the Firm Securities with the Depositary in accordance with the provisions of the Deposit Agreement in all material respects and otherwise comply with the Deposit Agreement so that the Firm Securities will be issued by the Depositary against receipt of such ADS Ordinary Shares and delivered to the Underwriters on the Closing Date.

(w) From the date hereof until the later of (i) three years following the date of this Agreement and (ii) the date on which no ADS Warrants remain outstanding, the Company will use its best efforts to maintain the registration of the ADSs and the ADS Warrants under the Exchange Act. From the date hereof until the earlier of (i) three years following the date of this Agreement and (ii) the date on which no ADS Warrants remain outstanding, the Company will not deregister the ADSs or the ADS Warrants under the Exchange Act without the prior written consent of the Representative.

(x) From the date hereof until the later of (i) three years following the date of this Agreement and (ii) the date on which no ADS Warrants remain outstanding, the Company shall continue to retain a nationally recognized independent certified public accounting firm. The Underwriters acknowledge that PricewaterhouseCoopers (as defined below) is acceptable to the Underwriters. In addition, from the date hereof until the earlier of (i) three years following the date of this Agreement and (ii) the date on which no ADS Warrants remain outstanding, the Company shall retain the Depositary as depositary and warrant agent in the United States or a depositary and warrant agent in the United States reasonably acceptable to the Representative.

(y) From the date hereof until the later of (i) three years following the date of this Agreement and (ii) the date on which no ADS Warrants remain outstanding, the Company will maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with IFRS and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific

authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(z) At the request of the Representative, at the time requested by the Representative, the Company shall issue a press release disclosing the material terms of the Offering. The Company and the Representative shall consult with each other in issuing any other press releases with respect to the Offering, and neither the Company nor any Underwriter shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of such Underwriter, or without the prior consent of such Underwriter, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. The Company will not issue press releases or engage in any other publicity, without the Representative's prior written consent, for the period ending at 5:00 p.m. (New York City time) on the first Business Day following the 30th day following the date of this Agreement, other than normal and customary releases issued in the ordinary course of the Company's business.

(aa) If all or any portion of a Warrant is exercised at a time when there is an effective registration statement to cover the issuance of the Underlying ADSs, or if the Warrant is exercised via cashless exercise at a time when such Underlying ADSs would be eligible for resale under Rule 144 under the Act by a non-affiliate of the Company, the Underlying ADSs issued pursuant to any such exercise shall be issued free of all restrictive legends and, with respect to the Underlying ADSs, shall be delivered through the facilities of DTC. If at any time following the date hereof the Registration Statement (or any subsequent registration statement registering the sale or resale of the Underlying ADSs) is not effective or is not otherwise available for the sale of the Underlying ADSs, the Company shall immediately notify the holders of the Warrants in writing that such registration statement is not then effective and thereafter shall promptly notify such holders when the registration statement is effective again and available for the sale of the Underlying ADSs (it being understood and agreed that the foregoing shall not limit the ability of the Company to issue, or any holder thereof to sell, any of the Underlying ADSs in compliance with applicable federal and state securities laws).

6. Representations and Warranties of the Company. The Company hereby represents and warrants to each Underwriter on the date hereof, and shall be deemed to represent and warrant to each Underwriter as of the Time of Sale and on the Closing Date and each Additional Closing Date, as the case may be, that:

(a) At the time of the initial filing of the Registration Statement and the ADS Registration Statement, at the times that the Registration Statement and the ADS Registration Statement are declared or become effective by the Commission, on the date hereof, and at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Act) of the ADS Offered Securities, the Company was not and will not be on the Closing Date or each Additional Closing Date, as the case may be, an "ineligible issuer" (as defined in Rule 405 under the Act).

(b) At the times the Registration Statement and the ADS Registration Statement are declared or become effective and on the date hereof, the Registration Statement and the ADS Registration Statement conformed, and any amendment to the Registration Statement and the ADS Registration Statement filed after the date hereof will conform in all material respects when filed, to the requirements of the Act and the rules and regulations of the Commission thereunder. No stop order suspending the effectiveness of the Registration Statement or the ADS Registration Statement has been issued by the Commission and no proceedings for that purpose is pending or, to the knowledge of the Company, is threatened or contemplated by the Commission. The most recent Preliminary Prospectus conformed, and the Prospectus will conform, in all material respects when filed to the requirements of the Act and the rules and regulations of the Commission thereunder with the Commission pursuant to Rule 424(b) of the Act.

(c) The Registration Statement and the ADS Registration Statement do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided that no representation or warranty is made as to any information contained in or omitted from the Registration Statement and the ADS Registration Statement in reliance upon and in strict conformity with written information furnished to the Company through the Representative by or on behalf of any Underwriter specifically for inclusion therein.

(d) The Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no representation or warranty is made as to any information contained in or omitted from the Prospectus in reliance upon and in strict conformity with written information furnished to the Company through the Representative by or on behalf of any Underwriter specifically for inclusion therein.

(e) The Time of Sale Information does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no representation or warranty is made as to any information contained in or omitted from the Time of Sale Information in reliance upon and in strict conformity with written information furnished to the Company through the Representative by or on behalf of any Underwriter specifically for inclusion therein.

(f) Each Issuer Free Writing Prospectus (including, without limitation, any road show that is a free writing prospectus under Rule 433 under the Act), when considered together with the Time of Sale Information, did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no representation or warranty is made as to any information contained in or omitted from the Time of Sale Information in reliance upon and in strict conformity with written information furnished to the Company through the Representative by or on behalf of any Underwriter specifically for inclusion therein.

(g) Except as disclosed in the Prospectus, each Issuer Free Writing Prospectus conformed or will conform in all material respects to the requirements of the Act on the date of first use, and the Company has complied with all prospectus delivery and any filing requirements applicable to such Issuer Free Writing Prospectus pursuant to the Act. The Company has not made any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus without the prior written consent of the Representative. The Company has retained in accordance with the Act all Issuer Free Writing Prospectuses that were not required to be filed pursuant to the Act. The Company has taken all actions necessary so that any "road show" (as defined in Rule 433 under the Act) in connection with the offering of the Offered Securities will not be required to be filed pursuant to the Act.

(h) From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any Person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an Emerging Growth Company.

(i) The Company (i) has not engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representative with entities that are qualified institutional buyers within the meaning of Rule 144A under the Act or institutions that are accredited investors within the meaning of Rule 501 under the Act and (ii) has not authorized anyone other than the Representative to engage in Testing-the-Waters Communications. The Company reconfirms that the Representative has been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed or approved for distribution any Written Testing-the-Waters Communications other than those listed on Schedule V hereto.

(j) Each Written Testing-the-Waters Communication did not, as of the Time of Sale, when taken together with the most recent Preliminary Prospectus, as of the Time of Sale together with a road show that is a Free Writing Prospectus but is not required to be filed under Rule 433 under the Act, contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no representation or warranty is made as to any information contained in or omitted from such Written Testing-the-Waters Communication listed on Schedule V hereto in reliance upon and in strict conformity with written information furnished to the Company through the Representative by or on behalf of any Underwriter specifically for inclusion therein; and the Company has filed publicly on EDGAR at least 15 calendar days prior to any "road show" (as defined in Rule 433 under the Act), any confidentially submitted registration statement and registration statement amendments relating to the offer and sale of the Offered Securities. Each Written Testing-the-Waters Communications did not, as of the Time of Sale, and at all times through the completion of the public offer and sale of the Offered Securities will not, include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Time of Sale Information or the Prospectus.

(k) The issued and outstanding share capital of the Company is set forth in the Prospectus as of the date set forth therein. The Ordinary Shares and all other outstanding share

capital of the Company have been, and as of the Closing Date and each Additional Closing Date, as the case may be, will be, duly authorized and validly issued, fully paid and free of any preemptive or similar rights other than pursuant to applicable law; the Company is not a party to or bound by any outstanding options, warrants or similar rights to subscribe for, or contractual obligations to issue, sell, transfer or acquire, any of its share capital or any securities convertible into or exchangeable for any of such share capital, other than as disclosed in the Registration Statement, the Time of Sale Information and the Prospectus; the Offered ADSs to be issued and sold to the Underwriters by the Company hereunder have been duly authorized and, when issued and delivered to the Underwriters against full payment therefor in accordance with the terms hereof will be validly issued, fully paid, non-assessable and free of any preemptive or similar rights; the Warrants to be issued and sold to the Underwriters by the Company hereunder have been duly authorized and, when issued and delivered to the Underwriters against full payment therefor in accordance with the terms hereof will be validly issued, fully paid and free of any preemptive or similar rights; the Underlying ADSs have been duly authorized and, when issued and delivered to the holders of the Warrants upon exercise of the Warrants in accordance with their terms, will be validly issued, fully paid, non-assessable and free of any preemptive or similar rights; the share capital of the Company conforms to the description thereof in the Registration Statement, the Time of Sale Information and the Prospectus (or any amendment or supplement thereto); and the delivery of ADRs evidencing the Offered ADSs and the Underlying ADSs against payment therefor pursuant to the terms of this Agreement will pass valid title to the Offered ADSs and the Underlying ADSs, free and clear of any claim, encumbrance or defect in title, to the several Underwriters purchasing such Offered ADSs and Warrants in good faith and without notice of any lien, claim or encumbrance. The ADS Ordinary Shares, when the Underlying ADSs are issued and delivered against payment thereof and the terms of the Warrants, may be freely deposited by the Company with the Depositary against issuance of the Underlying ADSs being sold by the Company. As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of Ordinary Shares for the purpose of enabling the Company to issue the ADS Ordinary Shares.

(l) The ADRs evidencing the Offered ADSs and the Underlying ADSs are in valid and sufficient form. Upon execution and delivery by the Depositary of the ADS Securities against deposit of the ADS Ordinary Shares in respect thereof in accordance with the provisions of the Deposit Agreement and upon payment by the Underwriters for the ADS Offered Securities evidenced thereby in accordance with the provisions of this Agreement, the ADS Offered Securities will be duly and validly issued, and the persons in whose names the ADS Offered Securities are registered will be entitled to the rights specified therein and in the Deposit Agreement. The Offered Securities conform in all material respects to the description thereof contained in the Registration Statement, the Time of Sale Information and the Prospectus. There are no limitations on the rights of holders of Ordinary Shares, Offered Securities or ADRs evidencing the Offered ADSs and the Underlying ADSs to hold or vote or transfer their respective securities (except as described in the Registration Statement).

(m) Each of the Company and its subsidiaries is duly organized and validly existing as a corporation, limited liability company or other organization in good standing under the laws of the jurisdiction of its incorporation or organization with full corporate or organizational power and authority to own, lease and operate its properties and to conduct its

business as presently conducted and as described in the Registration Statement, the Time of Sale Information and the Prospectus and is duly registered and qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure to so register or qualify has not had or will not have a material adverse effect on the condition (financial or other), business, properties, net worth, results of operations or prospects of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect").

(n) The issued shares of each of the Company's subsidiaries have been duly authorized and validly issued, are fully paid and are wholly owned by the Company free and clear of any security interests, liens, encumbrances, equities or claims. The Company does not have any subsidiaries and does not own a material interest in or control, directly or indirectly, any other corporation, partnership, joint venture, association, trust or other business organization, other than Motif BioSciences, Inc., a Delaware corporation. As used in this Agreement, "subsidiaries" shall mean direct and indirect subsidiaries of the Company.

(o) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened, against the Company or its subsidiaries or to which the Company or its subsidiaries or any of their properties are subject, that are required to be described in the Registration Statement, the Time of Sale Information, or the Prospectus but are not described as required. There is no action, suit, inquiry, proceeding or investigation by or before any court or governmental or other regulatory or administrative agency or commission (including the AIM) pending or, to the best knowledge of the Company, threatened, against or involving the Company or its subsidiaries, which might individually or in the aggregate prevent or adversely affect the transactions contemplated by this Agreement or result in a Material Adverse Effect, nor to the Company's knowledge, is there any basis for any such action, suit, inquiry, proceeding or investigation. There are no material agreements, statutes, regulations, contracts, indentures, leases or other instruments that are required to be described in the Registration Statement, the Time of Sale Information or the Prospectus or to be filed as an exhibit to the Registration Statement that are not described or filed in the Registration Statement, the ADS Registration Statement, the Time of Sale Information and the Prospectus as required by the Act. All such agreements, contracts, indentures, leases and instruments to which the Company or any of its subsidiaries is a party have been duly authorized, executed and delivered by the Company or the applicable subsidiary, constitute valid and binding agreements of the Company or the applicable subsidiary and are enforceable against the Company or the applicable subsidiary in accordance with the terms thereof, except as enforceability thereof may be limited by (i) the application of bankruptcy, reorganization, insolvency and other laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought. Neither the Company nor the applicable subsidiary has received notice or been made aware that any other party is in breach of or default to the Company under any of such agreements, contracts, indentures, leases or instruments, except where such breach or default would not be reasonably expected to result in a Material Adverse Effect.

(p) Neither the Company nor any of its subsidiaries is (i) in violation of (A) its articles of association or bylaws, or other organizational documents, (B) any federal, state or foreign law, ordinance, administrative or governmental rule or regulation applicable to the

Company or any of its subsidiaries, the violation of which would have a Material Adverse Effect or (C) any decree of any federal, state or foreign court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries; or (ii) in default in any material respect in the performance of any obligation, agreement or condition contained in (A) any bond, debenture, note or any other evidence of indebtedness or (B) any agreement, indenture, lease or other instrument (each of (A) and (B), an "Existing Instrument") to which the Company or any of its subsidiaries is a party or by which any of their properties may be bound, which default would have a Material Adverse Effect; and there does not exist any state of facts that constitutes an event of default on the part of the Company or any of its subsidiaries as defined in such documents or that, with notice or lapse of time or both, would constitute such an event of default, except where such event of default would not be reasonably expected to result in a Material Adverse Effect.

(q) The Company's execution and delivery of this Agreement and the Warrants and the performance by the Company of its obligations under this Agreement and the Warrants have been duly and validly authorized by the Company and have been duly executed and delivered by the Company, and this Agreement and the Warrants constitutes valid and legally binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except to the extent enforceability may be limited by (i) the application of bankruptcy, reorganization, insolvency and other laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought, except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws.

(r) The Company's execution and delivery of the Deposit Agreement, the Warrant Agent Agreement and the performance by the Company of its obligations under the Deposit Agreement and the Warrant Agent Agreement have been duly and validly authorized by the Company (including, to the extend required, by its shareholders) and has been duly executed and delivered by the Company, and the Deposit Agreement and the Warrant Agent Agreement constitutes valid and legally binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except to the extent enforceability may be limited by (i) the application of bankruptcy, reorganization, insolvency and other laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought, except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws.

(s) The Deposit Agreement and the Warrant Agent Agreement conform in all material respects to the descriptions thereof contained in the Registration Statement, the ADS Registration Statement, the Time of Sale Information and the Prospectus.

(t) None of the issuance and sale of the ADS Ordinary Shares by the Company; the deposit of the ADS Ordinary Shares with the Depositary against issuance of the ADS Offered Securities; the execution, delivery or performance of this Agreement, the Warrants, the Deposit Agreement and the Warrant Agent Agreement (collectively, the "Transaction Documents") by the Company nor the consummation by the Company of the transactions contemplated hereby or thereby (i) requires any consent, approval, authorization or other order of or registration or filing with, any court, regulatory body, administrative agency or other

governmental body, agency or official except such as will be obtained prior to the Closing Date, (ii) conflicts with or will conflict with or constitutes or will constitute a breach of, or a default under, the Company's Articles of Association or any agreement, indenture, lease or other instrument to which the Company or any of its subsidiaries is a party or by which any of its properties may be bound, (iii) violates any statute, law, regulation, ruling, filing, judgment, injunction, order or decree applicable to the Company or any of its subsidiaries or any of their properties, or (iv) results in a breach of, or default under, or results in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or requires the consent of any other party to, any Existing Instrument, except for such conflicts, breaches, defaults, liens, violations, charges or encumbrances that will not, individually or in the aggregate, result in a Material Adverse Effect.

(u) Except as described in the Registration Statement, the Time of Sale Information and the Prospectus, neither the Company nor any of its subsidiaries has outstanding and at the Closing Date and the Additional Closing Date, as the case may be, will have outstanding any options to purchase, or any warrants to subscribe for, or any securities or obligations convertible into, or any contracts or commitments to issue or sell, any Ordinary Shares, ADSs or any warrants or other convertible securities or obligations. No holder of securities of the Company has rights to the registration of any securities of the Company as a result of or in connection with the filing of the Registration Statement or the consummation of the transactions contemplated hereby that have not been satisfied or heretofore waived in writing.

(v) PricewaterhouseCoopers LLP ("PricewaterhouseCoopers"), the independent registered public accounting firm who have audited the financial statements (including the related notes thereto) filed as part of the Registration Statement and the Prospectus, are independent public accountants as required by the Act.

(w) Except as disclosed in the Time of Sale Information, since the end of the period covered by the latest audited financial statements included in the Time of Sale Information, (i) neither the Company nor any of its subsidiaries has incurred any material liabilities or obligations, indirect, direct or contingent, or entered into any transaction that is not in the ordinary course of business, (ii) neither the Company nor any of its subsidiaries has sustained any material loss or interference with its business or properties from fire, flood, windstorm, accident or other calamity, whether or not covered by insurance, (iii) neither the Company nor any of its subsidiaries has paid or declared any dividends or other distributions with respect to its share capital (other than to the Company or one of its subsidiaries) and the Company is not in default under the terms of any class of share capital of the Company or any outstanding debt obligations, (iv) there has not been any material change in the authorized or outstanding share capital of the Company or any material change in the indebtedness of the Company (other than in the ordinary course of business) and (v) there has not been any material adverse change, or any development involving or that may reasonably be expected to result in a Material Adverse Effect.

(x) All offers and sales of the Company's shares and other debt or other securities prior to the date hereof were made in compliance with or were the subject of an available exemption from the Act and all other applicable state and federal laws or regulations or

any actions under the Act or any state or federal laws or regulations in respect of any such offers or sales are effectively barred by effective waivers or statutes of limitation.

(y) The Company has filed with the Commission (i) a Form 8-A (File Number 001-37847) providing for the registration under the Exchange Act of the ADSs and (ii) a Form 8-A/A (File Number 001-37847) providing for the registration under the Exchange Act of the ADS Warrants. The Offered ADSs and the Underlying ADSs have been approved for listing on the NASDAQ under the symbol "MTFB" and the ADS Warrants have been approved for listing on the NASDAQ under the symbol "MTFBW," each subject to official notice of issuance. On or prior to the Closing Date and any Additional Closing Date as applicable, application shall have been made for the ADS Ordinary Shares underlying the applicable Offered ADSs for admission to trading on AIM.

(z) Neither the Company nor any of the Company's subsidiaries, director or officers has taken or will take, directly or indirectly, any action that constituted, or any action designed to, or that might reasonably be expected to cause or result in or constitute, under the Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Ordinary Shares or the ADSs or for any other purpose.

(aa) The Company and each of its subsidiaries have filed all tax returns required to be filed (other than returns as to which the failure to file, individually or in the aggregate, would not have a Material Adverse Effect), which returns are complete and correct in all material respects, and neither the Company nor any subsidiary is in default in the payment of any taxes that were due payable pursuant to said returns or any assessments with respect thereto except as may be contested or legally postponed in good faith by appropriate proceedings. All material deficiencies asserted in writing as a result of any federal, state, local or foreign tax audits (other than those that have been contested in good faith) have been paid or finally settled and no issue has been raised in any such audit that, by application of the same or similar principles, reasonably could be expected to result in a proposed material deficiency for any other period not so audited. There are no outstanding agreements or waivers extending the statutory period of limitation applicable to any federal, state, local or foreign tax return for any period. On the Closing Date, all stock transfer and other taxes that are required to be paid in connection with the issue of the ADS Ordinary Shares to be issued by the Company to the Depositary and the ADS Offered Securities to the Underwriter, to the extent payable on or prior to the Closing Date, will have been fully paid by or on behalf of the Company and all laws imposing such taxes will have been complied with.

(bb) Except as set forth in the Registration Statement, the Time of Sale Information and the Prospectus, there are no transactions with "affiliates" (as defined in Rule 405 under the Act) or any officer, director or security holder of the Company (whether or not an affiliate) that are required by the Act to be disclosed. Additionally, no relationship, direct or indirect, exists between the Company or any of its subsidiaries on the one hand, and the directors, officers, shareholders, customers or suppliers of the Company or any subsidiary on the other hand that is required by the Act to be disclosed in the Registration Statement, the Time of Sale Information and the Prospectus that is not so disclosed.

(cc) Neither the Company nor any of its subsidiaries is and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof received by the Company as described in the Registration Statement, the Time of Sale Information and the Prospectus, neither the Company nor any of its subsidiaries will be required to register as an "investment company" within the meaning of the U.S. Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder.

(dd) All dividends and other distributions declared and payable on the Ordinary Shares may under the current laws and regulations of England and Wales be paid to the Depositary, and, where they are to be paid from England and Wales, are freely transferrable out of England and Wales; all such dividends and other distributions will not be subject to withholding or other taxes under the laws and regulations of England and Wales and are otherwise free and clear of any other tax, withholding or deduction in England and Wales and without the necessity of obtaining any governmental authorization in England and Wales.

(ee) No transaction, stamp, capital or other issuance, registration, transaction, transfer or withholding taxes or duties are payable in England or Wales by or on behalf of the Underwriters to any taxing authority in England or Wales in connection with (A) the issuance and allotment of Ordinary Shares by the Company, the issuance of ADS Offered Securities (other than ADS Ordinary Shares) by the Depositary in connection with such issuance and allotment by the Company or the sale and delivery of such ADS Offered Securities (other than ADS Ordinary Shares) to or for the account of the Underwriters, (B) the purchase from the Company of the ADS Offered Securities or the initial sale and delivery of the ADS Offered Securities to the purchasers thereof by the Underwriters (provided that no instrument of transfer is executed in the United Kingdom and that nothing is done in relation to any property situated in the United Kingdom) or (C) the deposit (by way of issue and allotment) by the Company of the ADS Ordinary Shares with the Depositary, upon the execution and delivery of this Agreement or the Deposit Agreement.

(ff) The choice of the laws of the State of New York as the governing law of the Transaction Documents is a valid choice of law under the laws of England and Wales and, to the knowledge of the Company, will be honored by courts in England and Wales, subject to the restrictions described under the caption "Enforcement of Civil Liabilities" in the Registration Statement, the Time of Sale Information and the Prospectus, and except as may otherwise be limited by general principles of equity. The Company has the power to submit, and pursuant to Section 14 of this Agreement, Section 7.6 of the Deposit Agreement and Section 8.12 of the Warrant Agent Agreement has legally, validly, effectively and irrevocably submitted, to the personal jurisdiction of each New York State court and the Southern District of New York (each, a "New York Court") with respect to the Transaction Documents and has validly and irrevocably waived any objection to the laying of venue of any suit, action or proceeding brought in any such court; and the Company has the power to designate, appoint and empower, and pursuant to Section 14 of this Agreement, Section 7.6 of the Deposit Agreement and Section 8.12 of the Warrant Agent Agreement has legally, validly, effectively and irrevocably designated, appointed and empowered an authorized agent for service of process in any action arising out of or relating to the Transaction Documents, the Time of Sale Information, the Registration Statement, the ADS Registration Statement or the offering of the Offered Securities in any New York Court, and service of process in any manner permitted by applicable laws effected on such authorized

agent will be effective to confer valid personal jurisdiction over the Company as provided herein or in the Deposit Agreement.

(gg) None of the Company, any of its subsidiaries or any of their respective properties, assets or revenues has any right of immunity, under the laws of their respective jurisdiction, England and Wales or the State of New York, from any legal action, suit or proceeding; the giving of any relief in any such legal action, suit or proceeding; set-off or counterclaim; the jurisdiction of English, Welsh, New York or United States federal court; service of process; attachment upon or prior to judgment; or attachment in aid of execution of judgment, or execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Transaction Documents; and, to the extent that the Company, any of its subsidiaries or any of their respective properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, each of the Company and its subsidiaries waives or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in Section 14 of this Agreement, Section 7.6 of the Deposit Agreement and Section 8.12 of the Warrant Agent Agreement.

(hh) Any final judgment for a fixed sum of money rendered by a New York Court having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon the Transaction Documents would, to the knowledge of the Company, be recognized and enforced by English and Welsh courts without re-examining the merits of the case under the common law doctrine of obligation; provided that (i) adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard, (ii) such judgments or the enforcement thereof are not contrary to the law, public policy, security or sovereignty of England and Wales, (iii) such judgments were not obtained by fraudulent means and do not conflict with any other valid judgment in the same matter between the same parties and (iv) an action between the same parties in the same matter is not pending in any English or Welsh court at the time the lawsuit is instituted in the foreign court. It is not necessary that the Transaction Documents, the Registration Statement, the Time of Sale Information, the Prospectus or any other document be filed or recorded with any court or other authority in the England and Wales.

(ii) The Company and its subsidiaries have (i) complied with their respective published privacy policies and internal privacy policies and guidelines, except where non-compliance would not reasonably be expected to have a Material Adverse Effect, (ii) implemented or are in the process of implementing procedures to comply with all applicable laws in the European Union, England and Wales, and the United States (the "Significant Jurisdictions") relating to data privacy, data protection and data security, including with respect to the collection, storage, transmission, transfer (including cross-border transfers), disclosure and use of personally identifiable information (including personally identifiable information of employees, contractors, and third parties who have provided information to the Company or its subsidiaries), and (iii) implemented and maintained a comprehensive security plan which implements and monitors effective and commercially reasonable administrative, technical and physical safeguards to ensure that personally identifiable information is protected against loss, damage, and unauthorized access, use, modification, or other misuse. There has been no loss,

damage, or unauthorized access, use, modification, or breach of security of personally identifiable information maintained by or on behalf of by the Company or any of its subsidiaries, except where such loss, damage, access, use, modification or breach would not reasonably be expected to have a Material Adverse Effect. No person (including any governmental entity) has made any claim or commenced any action with respect to loss, damage, or unauthorized access, use, modification, or breach of security of personally identifiable information maintained by or on behalf of the Company or any of its subsidiaries and to the knowledge of the Company no such claim or action has been threatened that would be reasonably expected to have a Material Adverse Effect. The Company and its subsidiaries have filed any required registrations with applicable data protection authorities in the Significant Jurisdictions.

(jj) Each of the Company and its subsidiaries has good and valid title to all property (real and personal) described in the Registration Statement, the Time of Sale Information and the Prospectus as being owned by it, free and clear of all liens, claims, security interests or other encumbrances except such as are not materially burdensome and do not have or will not result in a Material Adverse Effect to the use of the property or the conduct of the business of the Company. All property (real and personal) held under lease by the Company and its subsidiaries is held by it under valid, subsisting and enforceable leases with only such exceptions as in the aggregate are not materially burdensome and do not have or result in a Material Adverse Effect to the use of the property or the conduct of the business of the Company.

(kk) Each of the Company and its subsidiaries has all permits, licenses, franchises, approvals, consents and authorizations of governmental or regulatory authorities (hereinafter "permit" or "permits") as are necessary to own its properties and to conduct its business in the manner described in the Registration Statement, the Time of Sale Information and the Prospectus, except where the failure to have obtained any such permit has not had and will not have a Material Adverse Effect; each of the Company and its subsidiaries has operated and is operating its business in material compliance with and not in material violation of all of its obligations with respect to each such material permit and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination of any such material permit or result in any other material impairment of the rights of any such material permit.

(ll) The consolidated financial statements of the Company, together with the related schedules and notes thereto, set forth in the Registration Statement, the Time of Sale Information and the Prospectus present fairly in all material respects (i) the financial condition of the Company and its consolidated subsidiaries on the basis stated as of the dates indicated and (ii) the consolidated results of operations, shareholders' equity and changes in cash flows and the Company's consolidated subsidiaries for the periods therein specified; and such financial statements and related schedules and notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (the "IASB"), consistently applied throughout the periods involved. There are no other financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Registration Statement, the Time of Sale Information and the Prospectus.

(mm) The Company and its subsidiaries maintain a system of internal accounting controls that the Company believes are sufficient to provide reasonable assurances that transactions are properly authorized and recorded and detailed records are kept which accurately and fairly reflect financial activities, so as to permit the preparation of the Company's consolidated financial statements in conformity with IFRS and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

(nn) The Company has established and maintains "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")); such disclosure controls and procedures are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's Chief Executive Officer and its Chief Financial Officer by others within those entities, and such disclosure controls and procedures are effective to perform the functions for which they were established; the Company's independent auditors and the Audit Committee of the Board of Directors of the Company have been advised of (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;

(oo) The Company and, to the knowledge of the Company, the Company's directors or officers, in their capacities as such, are each in compliance in all material respects with Section 402 of the Sarbanes-Oxley Act and the rules and regulations promulgated thereunder;

(pp) The Company is a "foreign private issuer" within the meaning of Rule 405 of the Act.

(qq) The Company has not, prior to the date hereof, made any offer or sale of securities which could be "integrated" for purposes of the Act with the offer and sale of the ADS Offered Securities pursuant to the Registration Statement, the ADS Registration Statement and the Prospectus; and except as disclosed in the Registration Statement, the Time of Sale Information and the Prospectus, the Company has not sold or issued any security during the 180-day period preceding the date of the Prospectus;

(rr) Neither the Company nor any of its subsidiaries, directors, officers or employees nor, to the knowledge of the Company, any agent or affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the

rules and regulations thereunder (the "Foreign Corrupt Practices Act") or the United Kingdom Bribery Act (the "Bribery Act"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the Foreign Corrupt Practices Act and the Bribery Act) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the Foreign Corrupt Practices Act or the Bribery Act; and the Company, its subsidiaries and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance in all respects with the Foreign Corrupt Practices Act and the Bribery Act and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance in all material respects therewith;

(ss) Neither the Company nor any of its subsidiaries, directors, officers or employees nor, to the knowledge of the Company, and agent or affiliate of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions (collectively, "Sanctions") or located, organized, resident or conducting business in a country or territory that is the subject of Sanctions; and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC;

(tt) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance in all material respects with any applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the "United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (the "PATRIOT Act") or the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency;

(uu) No labor problem or dispute with the employees of the Company or any of its subsidiaries exists, or, to the Company's knowledge, is threatened or imminent, which would reasonably be expected to result in a Material Adverse Effect. The Company is not aware that any key employee or significant group of employees of the Company or any of its subsidiaries plans to terminate employment with the Company or any of its subsidiaries.

(vv) The Company and its subsidiaries (i) are in compliance with any and all applicable federal, state, local and foreign laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive

required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or other approvals would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has been named as a "potentially responsible party" under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended. Neither the Company nor any of its subsidiaries owns, leases or occupies any property that appears on any list of hazardous sites compiled by any state, local or foreign governmental agency where such appearance would have a Material Adverse Effect. There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, individually or in the aggregate, result in a Material Adverse Effect.

(ww) The Company and its subsidiaries own, or have obtained valid and enforceable licenses for, or other rights to use, the inventions, patent applications, patents, trademarks, trade names, service names, copyrights, trade secrets and other proprietary information described in the Registration Statement, the Time of Sale Information and the Prospectus, as being owned by or licensed to them or which are necessary for the conduct of their respective businesses as currently conducted or as proposed to be conducted, except where the failure to own, license or have such rights would not, individually or in the aggregate, have a Material Adverse Effect (collectively, "Intellectual Property"); (i) to the Company's knowledge, the business of the Company as currently conducted does not infringe or misappropriate any Intellectual Property of any third party where such infringement would result in a Material Adverse Effect; (ii) to the Company's knowledge, there is no infringement by third parties of any Intellectual Property; (iii) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or enforceability of any Intellectual Property; (iv) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or any of its subsidiaries infringes or otherwise violates (or would, upon the commercialization of any product or service described in the Registration Statement, the Time of Sale Information and the Prospectus that is under development, infringe or violate) any patent, trademark, trade name, service name, copyright, trade secret or other proprietary rights of others; and (v) the Company and its subsidiaries have complied in all material respects with the terms of each agreement pursuant to which material Intellectual Property has been licensed to the Company or any of its subsidiaries, and all such agreements are in full force and effect.

(xx) All patents and patent applications owned by or exclusively licensed to the Company have been duly filed and maintained, the parties prosecuting any such patent applications have complied with their duty of candor and disclosure to the United States Patent and Trademark Office ("USPTO"), or the relevant foreign patent authority, and the Company is not aware of any facts required to be disclosed to the USPTO or the relevant foreign patent authority that were not disclosed in the course of prosecuting patent applications which would preclude the grant of a patent in connection with such patent or would reasonably be expected to form the basis of a finding of invalidity with respect to any patents that have issued with respect to such applications.

(yy) The Company (A) is and at all times has been in compliance with all statutes, rules or regulations of the United States Food and Drug Administration (the "FDA"), the United States Department of Health and Human Services ("HHS"), the United States Centers for Medicare & Medicaid Services ("CMS"), the European Medicines Agency ("EMEA") or any other state, federal or foreign agencies or bodies engaged in the regulation of ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product under development, manufactured or distributed by the Company ("Product Laws"), except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect; (B) has not received any FDA Form 483, notice of adverse finding, warning letter, untitled letter or other correspondence or notice from the FDA or any governmental authority alleging or asserting material noncompliance with any Product Laws or any governmental licenses amendments thereto required by any such Product Laws, and to the knowledge of the Company, neither the FDA nor any other governmental entity is considering such action; and (C) has not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from the FDA or any governmental authority or third party alleging that any product operation or activity is in material violation of any Product Laws and has no knowledge that the FDA or any governmental authority or third party is considering any such claim, litigation, arbitration, action, suit, hearing, enforcement, audit, investigation or proceeding.

(zz) The studies, tests and preclinical and clinical trials conducted by or on behalf of, or sponsored by, the Company, or in which the Company has participated, that are described in the Registration Statement, the Time of Sale Information or the Prospectus, or the results of which are referred to in the Registration Statement, the Time of Sale Information or the Prospectus, were and, if still pending, are being conducted in all material respects in accordance with protocols, procedures and controls designed and approved for such studies and with standard medical and scientific research procedures; the descriptions of the results of such studies, tests and trials contained in the Registration Statement, the Time of Sale Information or the Prospectus are accurate and complete in all material respects.

(aaa) The Company has procured executed Lock-Up Agreements, substantially in the form of Exhibit A attached hereto, from each of the individuals and entities listed on Schedule IV hereto.

(bbb) There are no affiliations or associations between (i) any member of the Financial Institution Regulatory Authority ("FINRA") and (ii) the Company or any of the Company's officers, directors, 5% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the date the Registration Statement was initially filed with the Commission.

(ccc) The Company and its subsidiaries are covered by insurance that is adequate to protect the Company and its subsidiaries against such losses and risks and that is in such amounts as are prudent and customary in the businesses in which the Company and its subsidiaries are engaged.

(ddd) The Company has not established, maintained or contributed to any "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title IV of ERISA or Section 412 or 430 of the Code or Section 302 or 303 of ERISA.

(eee) There are no contracts or other documents that are required to be described in the Registration Statement, the ADS Registration Statement, the Time of Sale Information or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(fff) No holder of Ordinary Shares, ADSs or Warrants after the consummation of the transactions contemplated by the Transaction Documents is or will be subject to any personal liability in respect of any liability of the Company by virtue only of its holding of any such Ordinary Shares, ADSs or Warrants.

7. Expenses. Whether or not the transactions contemplated hereby are consummated or this Agreement becomes effective or is terminated, the Company agrees to pay or cause to be paid the following expenses incidental to the performance of the obligations of the Company: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Offered Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the ADS Registration Statement and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof and of any Preliminary Prospectus to the Underwriters and dealers; (ii) the printing and delivery (including postage, air freight charges and charges for counting and packaging) of such copies of the Registration Statement, the ADS Registration Statement, the Prospectus, each Preliminary Prospectus, the Time of Sale Information, any Written Testing-the-Waters Communication and all amendments or supplements to any of them as may be reasonably requested for use in connection with the offering and sale of the Offered Securities; (iii) consistent with the provisions of Section 5(j), all reasonable expenses in connection with the qualification of the ADS Offered Securities for offering and sale under state securities laws or Blue Sky laws, including reasonable attorneys' fees and out-of-pocket expenses of the counsel for the Underwriters in connection therewith; (iv) the filing fees incidental to securing any required review by FINRA of the fairness of the terms of the sale of the ADS Offered Securities; (v) the fees and expenses associated with listing the ADSs and Warrants on the NASDAQ and the ADS Ordinary Shares on the AIM; (vi) the cost of preparing share certificates or any ADRs evidencing the ADS Ordinary Shares; (vii) the costs and charges of any transfer agent, registrar, warrant agent or depositary; (viii) the cost of the tax stamps, if any, in connection with the issuance and delivery of the ADS Offered Securities (other than the ADS Ordinary Shares) to the respective Underwriters; (ix) all other fees, costs and expenses referred to in the section titled "Expenses Relating to this Offering" in the Registration Statement, the Time of Sale Information and the Prospectus; (x) the transportation, lodging, graphics and other expenses incidental to the Company's preparation for and participation in the "roadshow" or any Testing-the-Waters Communications for the offering contemplated hereby; and (xi) up to $10,000 with respect to the fees and expenses of Representative's clearing firm. All expenses incurred by the Company in connection with any "road show" presentation to potential investors shall be paid by the Company (provided that each of the Company and the Underwriters shall pay their respective hotel and other expenses incurred in connection with any "road show" presentation). In addition,

the Company shall reimburse the Representative for its out-of-pocket expenses related to the Offering in an amount up to $100,000, $25,000 of which has been paid prior to the date hereof (and which shall be reimbursed to the extent not incurred pursuant to FINRA Rule 5110(f)(2)(D)), which shall be paid by deduction from the proceeds of the Offering contemplated herein. In addition, in the event that the proposed offering is terminated for the reasons set forth in Section 5(l) hereof, the Company agrees to reimburse the Underwriters as provided in Section 5(l).

8. Indemnification and Contribution. (a) Subject to the limitations in the paragraph below, the Company agrees to indemnify and hold harmless each Underwriter, and each dealer selected by each Underwriter that participates in the Offering (each, a "Selected Dealer"), and each of their respective directors, officers, employees, agents and affiliates of such Underwriter or any Selected Dealer, and each person, if any, who controls any Underwriter or any Selected Dealer within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (a "Controlling Person") from and against any and all losses, claims, damages, liabilities and expenses (including, without limitation, any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between such Underwriter and the Company or between such Underwriter and any third party or otherwise) (collectively, "Damages") to which they or any of them may become subject under the Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) any Preliminary Prospectus, the Registration Statement, the ADS Registration Statement, the Time of Sale Information, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication or the Prospectus or in any amendment or supplement thereto, (ii) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Offered Securities, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically), or (iii) any application or other document or written communication (collectively, "application") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Offered Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, trading market or any securities exchange, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading, except if such Damages arise out of or are based upon an untrue statement or omission or alleged untrue statement or omission that has been made therein or omitted therefrom in reliance upon and in strict conformity with the information furnished in writing to the Company by or on behalf of any Underwriter expressly for use in any Preliminary Prospectus, the Registration Statement, the ADS Registration Statement, the Time of Sale Information, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication or the Prospectus or in any amendment or supplement thereto or in any application. This indemnification shall be in addition to any liability that the Company may otherwise have.

(b) If any action or claim shall be brought against any Underwriter, a Selected Dealer or any Controlling Person in respect of which indemnity may be sought against the Company, such Underwriter, Selected Dealer or Controlling Person shall promptly notify in

writing the Company of the institution of such action or claim and the Company shall assume the defense thereof, including the employment of counsel reasonably acceptable to such Underwriter, Selected Dealer or Controlling Person and the payment of all actual fees of and expenses incurred by such counsel. Such Underwriter, Selected Dealer or Controlling Person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter, Selected Dealer or Controlling Person, unless (i) the Company has agreed in writing to pay such fees and expenses of such counsel in connection with the defense of such action or claim, (ii) the Company has failed to assume the defense and employ counsel reasonably acceptable to such Underwriter, Selected Dealer or Controlling Person in connection with the defense of such action or claim, or (iii) the named parties to any such action or claim (including any impleaded parties) include both such Underwriter, Selected Dealer or Controlling Person and the Company, and such Underwriter, Selected Dealer or Controlling Person shall have reasonably concluded, based on advice of its outside counsel, that one or more legal defenses may be available to the Underwriter, Selected Dealer or Controlling Person which are different from or additional to those defenses available to the Company, or that representation of such Underwriter, Selected Dealer or Controlling Person and the Company by the same counsel would be inappropriate under applicable standards of professional conduct (whether or not such representation by the same counsel has been proposed) due to actual or potential differing interests between them (in which case the Company shall not have the right to assume the defense of such action on behalf of such Underwriter, Selected Dealer or Controlling Person (but the Company shall not be liable for the fees and expenses of more than one counsel for the Underwriters, Selected Dealers or Controlling Persons in addition to local counsel if needed)). The Company shall not be liable for any settlement of any such action effected without its written consent, but if settled with such written consent, or if there be a final judgment for the plaintiff in any such action, the Company agrees to indemnify and hold harmless any Underwriter, Selected Dealer or Controlling Person from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment, but in the case of a judgment only to the extent stated in the paragraph (a) of this Section 8.

(c) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, officers, employees and agents and any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, to the same extent as the foregoing several indemnity from the Company to each Underwriter, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions in the Registration Statement, the ADS Registration Statement, the Prospectus, the Time of Sale Information, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication or any Preliminary Prospectus, or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, written information furnished to the Company with respect to such Underwriter expressly for use in such Registration Statement, the ADS Registration Statement, the Prospectus, the Time of Sale Information, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication or any Preliminary Prospectus, or any amendment or supplement thereto or application. If any action or claim shall be brought or asserted against the Company, any of its directors, any of its officers or any such controlling person based on the Registration Statement, the ADS Registration Statement, the Prospectus, the Time of Sale Information or any Preliminary Prospectus, or any amendment or supplement thereto, or any application, and in respect of which indemnity may be sought against

any Underwriter pursuant to this paragraph (c), such Underwriter shall have the rights and duties given to the Company by the immediately preceding paragraph (except that if the Company shall have assumed the defense thereof such Underwriter shall not be required to do so, but may employ separate counsel therein and participate in the defense thereof, but the fees and expenses of such separate counsel shall be at such Underwriter's expense), and the Company, its directors, any such officers and any such controlling persons, shall have the rights and duties given to the Underwriters by the immediately preceding paragraph. Notwithstanding the provisions of this paragraph (c), no Underwriter shall be required to indemnify the Company for any amount in excess of the underwriting discounts and commissions applicable to the ADS Offered Securities purchased by such Underwriter. The Underwriters' obligations in this paragraph (c) to indemnify the Company are several in proportion to the respective numbers of Firm Securities set forth opposite their names in Schedule I hereto (or such numbers of Firm Securities increased as set forth in Section 10 hereof) and not joint.

(d) Neither the Company nor any Underwriter will, without the prior written consent of each person entitled to indemnification hereunder, settle or compromise or consent to the entry of any judgment in any proceeding or threatened claim, action, suit or proceeding in respect of which the indemnification may be sought under this Section 8 (whether or not the party that is entitled to indemnification hereunder is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of persons entitled to indemnification hereunder from all liability arising out of such claim, action, suit or proceeding and does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of a person entitled to indemnification.

(e) If the indemnification provided for in this Section 8 is unavailable or insufficient for any reason whatsoever to an indemnified party in respect of any Damages referred to herein, then the Company and each Underwriter, severally and not jointly, in lieu of indemnifying such person entitled to indemnification under this Section 8, shall contribute to the amount paid or payable by such person entitled to indemnification under this Section 8 as a result of such Damages in such proportion that is equal to the proportion represented by the percentage that the underwriting discount which appears on the cover page of the Prospectus bears to the initial offering price thereon and the Company shall be responsible for the balance, provided that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 8 are several in proportion to the respective numbers of Firm Securities set forth opposite their names in Schedule I hereto (or such numbers of Firm Securities increased as set forth in Section 10 hereof) and not joint. Within fifteen days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("contributing party"), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid fifteen days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of

any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 8 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available.

(f) Any Damages for which an indemnified party is entitled to indemnification or contribution under this Section 8 shall be paid by the indemnifying party to the indemnified party as Damages are incurred after receipt of reasonably itemized invoices therefor. The indemnity, contribution and reimbursement agreements contained in this Section 8 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) acceptance of any ADS Offered Securities and payment therefor hereunder and (ii) any termination of this Agreement. A successor to any Underwriter, Selected Dealer or Controlling Person, or to the Company, its directors or officers or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 8.

9. Conditions of Underwriters' Obligations. The several obligations of the Underwriters to purchase the ADS Offered Securities hereunder are subject to the satisfaction of the following conditions on the Closing Date and each Additional Closing Date:

(a) The Registration Statement and the ADS Registration Statement shall have become effective and all filings required by Rules 424(b), 430A and 462 under the Act shall have been timely made.

(b) You shall be reasonably satisfied that since the respective dates as of which information is given in the Registration Statement, the ADS Registration Statement, the Time of Sale Information and the Prospectus, (i) there shall not have been any material change in the share capital of the Company or any material change in the indebtedness (other than in the ordinary course of business) of the Company, (ii) except as set forth or contemplated by the Registration Statement, the Time of Sale Information or the Prospectus, no material oral or written agreement or other transaction shall have been entered into by the Company that is not in the ordinary course of business or that could reasonably be expected to result in a material reduction in the future earnings of the Company, (iii) no loss or damage (whether or not insured) to the property of the Company shall have been sustained that had or could reasonably be expected to have a Material Adverse Effect, (iv) no legal or governmental action, suit or proceeding affecting the Company or any of its properties that is material to the Company or that affects or could reasonably be expected to affect the transactions contemplated by this Agreement shall have been instituted or threatened, which if adversely determined would have a Material Adverse Effect and (v) there shall not have been any material adverse change in the condition (financial or otherwise), business, management, results of operations or prospects of the Company and its subsidiaries taken as a whole that makes it impractical or inadvisable in your judgment to proceed with the public offering or purchase of the ADS Offered Securities as contemplated hereby.

(c) On the date hereof, you shall have received a cold comfort letter, addressed to the Underwriters and in form and substance reasonably satisfactory in all respects to you from PricewaterhouseCoopers, dated as of the date of this Agreement and you shall have

received a bring-down cold comfort letter dated as of the Closing Date and each Additional Closing Date, if any.

(d) You shall have received on the Closing Date (and each Additional Closing Date, if any) an opinion of Reed Smith LLP, U.S. counsel to the Company, including without limitation a negative assurance letter, addressed to the Underwriters, in form and substance reasonably satisfactory to counsel for the Representative.

(e) You shall have received on the Closing Date (and each Additional Closing Date, if any) the opinion of Reed Smith LLP, English counsel to the Company, including without limitation a negative assurance letter, addressed to the Underwriters, in form and substance reasonably satisfactory to counsel for the Representative.

In rendering the opinions as provided for in Sections 9(d) and (e), counsel may rely, to the extent they deem such reliance proper, as to matters of fact upon certificates of officers of the Company and of government officials.

(f) You shall have received on the Closing Date (and each Additional Closing Date, if any), an opinion of Ellenoff Grossman & Schole LLP with respect to the issuance and sale of the ADS Offered Securities, the Registration Statement and other related matters as you may reasonably request.

(g) You shall have received on the Closing Date and each Additional Closing Date, if any, an opinion of Emmett, Marvin & Martin, LLP, as counsel for the Depositary, in form and substance reasonably satisfactory to counsel for the Representative.

(h) The Company and the Depositary shall have executed and delivered the Deposit Agreement and the Deposit Agreement shall be in full force and effect and the Company and the Depositary shall have taken all action necessary to permit the issue and deposit of the Company's ADS Ordinary Shares, as applicable, and the issuance of the ADS Offered Securities in accordance with the Deposit Agreement, including, in the case of the Company, having obtained the approval of its shareholders for (i) the issuance of the ADS Offered Securities on the Closing Date and (ii) in accordance with the AIM Listings Requirements (solely with respect to the ADS Ordinary Shares underlying the Offered ADSs).

(i) The Depositary shall have furnished or caused to be furnished to the Representative on the Closing Date or the Additional Closing Date, as the case may be, certificates satisfactory to the Representative evidencing the deposit with it of the ADS Ordinary Shares being so deposited against issuance of the ADS Offered Securities to be delivered by the Company on the Closing Date or the Additional Closing Date, as the case may be, and the execution, countersignature (if applicable), issuance and delivery of such ADS Offered Securities pursuant to the Deposit Agreement and such other matters related thereto as the Representative may reasonably request.

(j) On the Closing Date, the Company and the Depositary shall have executed and delivered the Warrant Agent Agreement and the Warrant Agent Agreement shall be in full force and effect;

(k) On the Closing Date and on each Additional Closing Date, the duly executed and delivered Officer's Certificate, in form and substance reasonably satisfactory to counsel for the Representative, signed by the chief executive officer and the chief financial officer of the Company (or such other officers as are acceptable to you) to the effect that the statements set forth in Sections 9(b), 9(n) and 9(o) hereof are true and correct as of such date;

(l) On the Closing Date and on each Additional Closing Date, the duly executed and delivered Secretary's Certificate, in form and substance reasonably satisfactory to counsel for the Representative;

(m) the European Placement has been consummated and the European Placement Securities have been contracted to be issued to the purchasers thereof on or about the Closing Date and evidence of the foregoing has been delivered to the Representative and is satisfactory to the Representative in its sole discretion;

(n) (i) No stop order suspending the effectiveness of the Registration Statement or the ADS Registration Statement shall have been issued by the Commission and no proceedings for that purpose shall be pending or, to the knowledge of the Company, shall be threatened or contemplated by the Commission; (ii) no order suspending the effectiveness of the Registration Statement, the ADS Registration Statement or the qualification or registration of the ADS Offered Securities under the securities or Blue Sky laws of any jurisdiction shall be in effect and no proceeding for such purpose shall be pending or, to the knowledge of the Company, threatened or contemplated by the authorities of any jurisdiction; (iii) any request for additional information on the part of the staff of the Commission or any such authorities shall have been complied with; (iv) after the date hereof, no amendment or supplement to the Registration Statement, the ADS Registration Statement or the Prospectus shall have been filed unless a copy thereof was first submitted to you and you did not object thereto in good faith; and (v) all of the representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects (except for such representations and warranties qualified by materiality, which representations and warranties shall be true and correct in all respects) on and as of the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be, as if made on and as of the Closing Date or the Additional Closing Date, as the case may be.

(o) The Company shall not have failed in any material respect at or prior to the Closing Date or the Additional Closing Date, as the case may be, to have performed or complied with any of its agreements herein contained and required to be performed or complied with by them hereunder at or prior to the Closing Date or the Additional Closing Date, as the case may be.

(p) The Company has furnished or caused to have been furnished to you such further certificates and documents as you shall have reasonably requested.

(q) At or prior to the date hereof, you shall have received executed Lock-Up Agreements from each of the parties set forth on Schedule IV.

(r) At or prior to the Effective Date, you shall have received a letter from the Corporate Financing Department of FINRA confirming that such Department has determined to raise no objections with respect to the fairness or reasonableness of the underwriting terms and arrangements of the offering contemplated hereby.

(s) On or prior to the Closing Date, you will be satisfied that application has been made for admission of the ADS Ordinary Shares underlying the Firm ADSs to trading on the AIM, no order suspending the offering of such ADS Ordinary Shares shall have been issued and no proceeding for any such purpose shall have been instituted or threatened by the AIM. On or prior to each Additional Closing Date, if any, you shall be satisfied that the ADS Ordinary Shares underlying the Additional ADSs have been approved for admission to trading on the AIM.

(t) The Offered ADSs, Underlying ADSs and ADS Warrants have been approved for listing on NASDAQ and the Company has delivered evidence of such approval for listing to the Representative that is reasonably satisfactory to the Representative;

(u) All relevant approvals required for the performance of this Agreement and the transactions contemplated by this Agreement from the FCA shall have been duly obtained and be in full force and effect.

All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to you and your counsel.

The several obligations of the Underwriters to purchase Additional Securities hereunder are subject to the satisfaction on and as of each Additional Closing Date of the conditions set forth in this Section 9, except that, if an Additional Closing Date is other than the Closing Date, the certificates, opinions and letters referred to in this Section 9 shall be dated as of such Additional Closing Date and the opinions called for by paragraphs (d), (e), and (f) shall be revised to reflect the sale of Additional Securities.

If any of the conditions hereinabove provided for in this Section 9 shall not have been satisfied when and as required by this Agreement, this Agreement may be terminated by you by notifying the Company of such termination in writing or by telegram at or prior to such Closing Date, but you shall be entitled to waive any of such conditions.

10. Defaulting Underwriters. If any one or more of the Underwriters shall fail or refuse to purchase Firm Securities or Additional Securities, as the case may be, that it or they have agreed to purchase hereunder, and the aggregate number of Firm Securities or Additional Securities, as the case may be, that such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Firm Securities or Additional Securities, as the case may be, each non-defaulting Underwriter shall be obligated, severally, in the proportion in which the number of Firm Securities set forth opposite its name in Schedule I hereto bears to the aggregate number of Firm Securities set forth opposite the names of all non-defaulting Underwriters or in such other proportion as you may specify in the Agreement among Underwriters, to purchase the Firm Securities that such defaulting

Underwriter or Underwriters agreed, but failed or refused to purchase. If any Underwriter or Underwriters shall fail or refuse to purchase Firm Securities and the aggregate number of Firm Securities with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Securities and arrangements satisfactory to you and the Company for the purchase of such Firm Securities are not made within five Business Days after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case that does not result in termination of this Agreement, either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, the ADS Registration Statement and the Prospectus or any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any such default of any such Underwriter under this Agreement.

11. Termination of Agreement. This Agreement shall be subject to termination in your absolute discretion, without liability on the part of any Underwriter to the Company by notice to the Company, if prior to the Closing Date, or an Additional Closing Date (if different from the Closing Date and then only as to the Additional Securities), as the case may be, in your sole judgment, (i) trading in the Company's Ordinary Shares or ADSs shall have been suspended by the Commission or NASDAQ, or the AIM, as the case may be, (ii) trading in securities generally on the New York Stock Exchange ("NYSE"), the NYSE MKT, NASDAQ, or the AIM shall have been suspended or materially limited, or minimum or maximum prices shall have been generally established on such exchange, or additional material governmental restrictions, not in force on the date of this Agreement, shall have been imposed upon trading in securities generally by any such exchange or by order of the Commission or any court or other governmental authority, (iii) a general moratorium on commercial banking activities shall have been declared by either federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or other international or domestic calamity, crisis or change in political, financial or economic conditions or other material event the effect of which on the financial markets of the United States and/or United Kingdom, in your judgment, is material and adverse and such as to make it impracticable or inadvisable to market the ADS Offered Securities or to enforce contracts for the sale of the ADS Offered Securities. Notice of such cancellation shall be promptly given to the Company and its counsel by telegraph, telecopy, e-mail or telephone and shall be subsequently confirmed by letter.

12. Information Furnished by the Underwriters. The Company acknowledges that the first paragraph under the caption "Underwriting—Commissions and Discounts" and the second and third paragraphs under the caption "Underwriting—Price Stabilization, Short Positions And Penalty Bids" in any Preliminary Prospectus or the Prospectus, constitute the only information furnished by or on behalf of the Underwriters through you or on your behalf as such information is referred to in Sections 6(c), 6(d), 6 (e), and 8 hereof.

13. Miscellaneous. Except as otherwise provided in Sections 5 and 11 hereof, notice given pursuant to any of the provisions of this Agreement shall be in writing and shall be delivered

(i) to the Company:

Motif Bio plc
One Tudor Street
London, EC4Y 0AH
United Kingdom
Attention: Graham Lumsden
E-mail: graham.lumsden@motifbio.com

with a copy to:

Reed Smith LLP
599 Lexington Avenue, 22nd Floor
New York, New York 10022
Attention: Aron Izower
Facsimile: (212) 521-5450
E-mail: aizower@reedsmith.com

(ii) to the Representative:

H.C. Wainwright & Co., LLC
430 Park Avenue, 4th Floor
New York, New York 10022
Attention: Aileen Gibbons
E-mail: agibbons@hcwco.com

with a copy to:

Ellenoff Grossman & Schole LLP
1345 Avenue of the Americas
New York, New York 10105
Attention: Joseph Smith
Facsimile: (212) 401-4741
E-mail: jsmith@egsllp.com

This Agreement has been and is made solely for the benefit of the several Underwriters and the Company. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Representative. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

14. Applicable Law; Counterparts; Consent to Jurisdiction; Entire Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to choice of law principles thereunder.

This Agreement may be signed in various counterparts, which together shall constitute one and the same instrument. This Agreement shall be effective when, but only when, at least one counterpart hereof shall have been executed on behalf of each party hereto.

The Company and the Underwriters each hereby irrevocably waive any right they may have to a trial by jury in respect to any claim based upon or arising out of this Agreement or the transactions contemplated hereby.

Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("Related Proceedings") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum.

The Transaction Documents, together with the exhibits and schedules thereto, and the Prospectus contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules. Notwithstanding anything herein to the contrary, the Engagement Agreement, dated October 10, 2016 and amended and restated on November 2, 2016, between the Company and the Representative (the "Engagement Agreement") shall continue to be effective and the terms therein shall continue to survive and be enforceable by the Representative in accordance with its terms, including, without limitation, Sections A.1, A.3 and A.4 therein, provided that, in the event of a conflict between the terms of the Engagement Agreement and this Agreement, the terms of this Agreement shall prevail.

15. No Fiduciary Duty. Notwithstanding any pre-existing relationship, advisory or otherwise, between the parties or any oral representations or assurances previously or subsequently made by any of the Underwriters, the Company acknowledges and agrees that (i) nothing herein shall create a fiduciary or agency relationship between the Company, on the one hand, and the Underwriters, on the other hand; (ii) the Underwriters have been retained solely to act as underwriters and are not acting as advisors, expert or otherwise, to either the Company in connection with this offering, the sale of the ADS Offered Securities or any other services the Underwriters may be deemed to be providing hereunder, including, without limitation, with respect to the public offering price of the ADS Offered Securities; (iii) the relationship between the Company, on the one hand, and the Underwriters, on the other hand, is entirely and solely commercial, and the price of the ADS Offered Securities was established by the Company and the Underwriters based on discussions and arms' length negotiations and the Company

understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement; (iv) any duties and obligations that the Underwriters may have to the Company shall be limited to those duties and obligations specifically stated herein; and (v) notwithstanding anything in this Agreement to the contrary, the Company acknowledges that the Underwriters may have financial interests in the success of the offering contemplated hereby that are not limited to the difference between the price to the public and the purchase price paid to the Company for the ADS Offered Securities and such interests may differ from the interests of the Company, and the Underwriters have no obligation to disclose, or account to the Company for any benefit they may derive from such additional financial interests. The Company hereby waives and releases, to the fullest extent permitted by the applicable law, any claims it may have against the Underwriters with respect to any breach or alleged breach of fiduciary duty in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

16. Research Analyst Independence. The Company acknowledges that (a) the Underwriters' research analysts and research departments are required to be independent from their respective investment banking divisions and are subject to certain regulations and internal policies and (b) the Underwriters' research analysts may hold views and make statements or investment recommendations and/or publish research reports with respect to the Company, the value of the ADS Offered Securities and/or the offering that differ from the views of their respective investment banking divisions. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Underwriters with respect to any conflict of interest that may arise from the fact that the views expressed by the Underwriters' independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company by any Underwriter's investment banking division. The Company acknowledges that each of the Underwriters is a full service securities firm and as such, from time to time, is subject to applicable securities laws, may effect transactions for its own account or the account of its customers and may hold long or short positions in debt or equity securities of the companies that are the subject of the transactions contemplated by this Agreement.

[remainder of page intentionally blank]

17. Please confirm that the foregoing correctly sets forth the agreement among the Company and the several Underwriters.

Very truly yours,

MOTIF BIO PLC

/s/ Graham G. Lumsden
Name:Graham G. Lumsden
Title: Chief Executive Officer and Executive Director

CONFIRMED as of the date first above
mentioned, as the Representative
of the several Underwriters named in
Schedule I hereto.

H.C. WAINWRIGHT & CO., LLC

By: /s/ Mark W. Viklund
Name: Mark W. Viklund
Title: Chief Executive Officer

SCHEDULE I

Name	Number of Firm ADSs	Number of Firm ADS Warrants	Closing Purchase Price
H.C. Wainwright & Co., LLC	2,438,491	1,219,246	$6.4914 as to 1,347,691 combinations $6.6659 as to 1,090,800 combinations to be sold to Invesco
Total:			**$16,019,565**

(1) includes 1,090,800 Firm ADSs and 545,400 Firm ADS Warrants sold to Invesco Asset Management Limited

SCHEDULE II

Issuer Free Writing Prospectuses

1. The Free Writing Prospectus of the Company filed with the Commission on October 13, 2016.

2. The Free Writing Prospectus of the Company filed with the Commission on October 31, 2016.

3. The Free Writing Prospectus of the Company filed with the Commission on November 17, 2016.

SCHEDULE III

Pricing Information

Number of Firm ADSs: 2,438,491

Number of Firm ADS Warrants: 1,219,246

Number of Additional ADSs: 292,618

Number of Additional ADS Warrants: 146,309

Combined Public Offering Price per ADS/ADS Warrant: $ 6.98

Allocated as follows:

- Per ADS Public Offering Price: $6.97
- Per ADS Warrant Public Offering Price: $0.01

Underwriting Discount per ADS/ADS Warrant Combination: $0.4886

Underwriting Discount per ADS/ADS Warrant Combination sold to Invesco Asset Management Limited: $0.3141

SCHEDULE IV

Persons Subject to Lock-up

Graham Lumsden
Pete Meyers
Robert Bertoldi
David Huang
Richard Morgan
Charlotta Ginman-Horell
Jonathan Gold
Zaki Hosny
Mary Lake Polan
Bruce Williams
Amphion Innovations plc
Amphion Innovations US Inc.
Yorkville Advisors

SCHEDULE V

Written Testing the Water Communications

C-2

EXHIBIT A

Lock-up Agreement

, 2016

Rodman & Renshaw, a unit of H.C. Wainwright & Co., LLC
As representative of the several Underwriters
named in Schedule I to the Underwriting Agreement

c/o H.C. Wainwright & Co., LLC
430 Park Avenue
New York, New York 10022

Re: Motif Bio plc (the "Company") - Restriction on Share Sales

Dear Sirs and Madams:

This letter is delivered to you pursuant to the Underwriting Agreement (the "Underwriting Agreement") to be entered into by the Company, as issuer, and Rodman & Renshaw, a unit of H.C. Wainwright & Co., LLC, as representative (the "Representative") of certain underwriters (the "Underwriters") to be named therein. Upon the terms and subject to the conditions of the Underwriting Agreement, the Underwriters intend to effect a public offering of American Depositary Shares ("ADSs"), each of which represents 20 Ordinary Shares, of one penny each in capital, of the Company (the "Ordinary Shares"), and warrants ("Warrants") to purchase ADSs, as described in and contemplated by the registration statement of the Company on Form F-1, File No. 333-212491 (the "Registration Statement"), as subsequently amended (the "Offering").

The undersigned recognizes that it is in the best financial interests of the undersigned, as an officer or director, or an owner of shares, options, warrants or other securities of the Company (the "Company Securities"), that the Company complete the proposed Offering.

The undersigned further recognizes that the Company Securities held by the undersigned are, or may be, subject to certain restrictions on transferability, including those imposed by United States federal securities laws. Notwithstanding these restrictions, the undersigned has agreed to enter into this letter agreement to further assure the Underwriters that the Company Securities of the undersigned, now held or hereafter acquired, will not enter the public market at a time that might impair the underwriting effort.

Therefore, as an inducement to the Underwriters to execute the Underwriting Agreement, the undersigned hereby acknowledges and agrees that the undersigned will not (i) offer, sell, contract to sell, pledge, grant any option to purchase or otherwise dispose of (collectively, a "Disposition") any Company Securities, or any securities convertible into or exercisable or exchangeable for, or any rights to purchase or otherwise acquire, any Company Securities held by the undersigned or acquired by the undersigned after the date hereof, or that may be deemed

to be beneficially owned by the undersigned (collectively, the "Lock-Up Shares"), pursuant to the Rules and Regulations promulgated under the Act, as amended, and the Exchange Act, as amended, for a period commencing on the date hereof and ending 180 days after the date of the Company's Prospectus first filed pursuant to Rule 424(b) under the Act, inclusive (the "Lock-Up Period"), without the prior written consent of Rodman & Renshaw, a unit of H.C. Wainwright & Co., LLC or (ii) exercise or seek to exercise or effectuate in any manner any rights of any nature that the undersigned has or may have hereafter to require the Company to register under the Act the undersigned's sale, transfer or other disposition of any of the Lock-Up Shares or other securities of the Company held by the undersigned, or to otherwise participate as a selling securityholder in any manner in any registration effected by the Company under the Act, including under the Registration Statement, during the Lock-Up Period. The foregoing restrictions are expressly agreed to preclude the undersigned from engaging in any hedging, collar (whether or not for any consideration) or other transaction that is designed to or reasonably expected to lead or result in a Disposition of Lock-Up Shares during the Lock-Up Period, even if such Lock-Up Shares would be disposed of by someone other than such holder. Such prohibited hedging or other transactions would include any short sale or any purchase, sale or grant of any right (including any put or call option or reversal or cancellation thereof) with respect to any Lock-Up Shares or with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from Lock-Up Shares.

Notwithstanding the restriction, the undersigned may transfer any or all Lock-up Shares (i) as a bona fide gift or gifts, provided that the donee or donees thereof have executed and delivered to the Representative a written agreement providing their agreement to be bound by the restrictions set forth herein, (ii) to any trust, partnership, limited liability company or other legal entity commonly used for estate planning purposes which is established for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that the trustee, general partner, manager or other administrator, as the case may be, has executed and delivered to the Representative a written agreement providing their agreement of such entity to be bound by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, or (iii) with the prior written consent of the Representative on behalf of the Underwriters. For purposes of this letter agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. In addition, notwithstanding the foregoing, (i) if the undersigned is a corporation, partnership, limited liability company or other business entity, such business entity may (a) transfer Company Securities to another corporation, partnership or other business entity that controls, is controlled by or is under common control with the undersigned or (b) distribute Company Securities to current or former members, partners, shareholders, subsidiaries or affiliates (as defined in Rule 405 promulgated under the Act) of the undersigned or to any investment fund or other entity that controls or manages the undersigned (including, for the avoidance of doubt, a fund managed by the same manager or managing member or general partner or management company or by an entity controlling, controlled by, or under common control with such manager or managing member or general partner or management company as the undersigned or who shares a common investment advisor with the undersigned; and (ii) if the undersigned is a trust, such trust may transfer Company Securities to a trustee or beneficiary of the trust; provided, however, that in any such case, it shall be a condition to the transfer that the transferee has executed and delivered

to the Representative a written agreement stating that the transferee is receiving and holding such Company Securities subject to the provisions of this Agreement and there shall be no further transfer of such Company Securities except in accordance with this Agreement, and provided further that any such transfer shall not involve a disposition for value.

Furthermore, the undersigned may: (i) exercise options or warrants of the Company to purchase ordinary shares granted pursuant to the Company's share option plans, or that are otherwise referred to or described in the Prospectus, whether for cash or by "cashless" exercise; (ii) transfer ordinary shares by operation of law such as pursuant to a qualified domestic order or in connection with a divorce settlement, provided that the undersigned shall use its reasonable best efforts to cause the transferee to sign and deliver a lock-up agreement substantially in the form of this lock-up agreement for the balance of the Lock Up Period; and (iii) sell, transfer or dispose of ordinary shares purchased by the undersigned on the open market following the Offering if and only if no filing or report by any party under the Exchange Act, or other public announcement, shall be required or shall be voluntarily made in connection with such sale, transfer or disposition.

In addition, the foregoing restrictions shall not apply to (i) the deposit of Ordinary Shares with the Depositary, in exchange for the issuance of ADSs, or the cancellation of ADSs in exchange for the issuance of Ordinary Shares, provided that such ADSs or Ordinary Shares issued pursuant to this clause (i) shall remain subject to the terms of this lock-up agreement or (ii) the establishment of any contract, instruction or plan (a "Plan") that satisfies all of the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act; provided that no sales of Company Securities shall be made pursuant to such a Plan prior to the expiration of the Lock-Up Period, and such a Plan may only be established if no public announcement of the establishment or existence thereof and no filing with the Commission or other regulatory authority in respect thereof or transactions thereunder or contemplated thereby, by the undersigned, the Company or any other person, shall be required, and no such announcement or filing is made voluntarily, by the undersigned, the Company or any other person, prior to the expiration of the Lock-Up Period.

Nothing in this lock-up agreement shall prevent the undersigned from offering, announcing the intention to sell, selling, transferring, contracting to sell, selling any option or contract to purchase, purchase any option or contract to sell, granting any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any of the undersigned's Company Securities:

(a) in connection with either:

(i) the acceptance of a general offer for the ordinary share capital of the Company (or any part of it) made in accordance with the United Kingdom City Code on Takeovers and Mergers; or

(ii) the provision of an irrevocable undertaking to accept an offer referred to in paragraph (i) above;

(b) pursuant to any compromise or arrangement under Part 26 of the United Kingdom Companies Act 2006 providing for the acquisition by any person (or

group of persons acting in concert) of 50% or more of the Ordinary Shares in issue and which compromise or arrangement is agreed by the requisite majority of the members of the Company and sanctioned by the court;

(c) pursuant to any sale, transfer or arrangement under section 110 of the United Kingdom Insolvency Act 1986 in relation to the Company;

(d) pursuant to an intervening court order; or

(e) a transfer to the shareholders' personal representative following the death of such shareholder.

It is understood that, if the Underwriting Agreement (other than the provisions thereof that survive termination) shall terminate or be terminated prior to payment for and delivery of the ADSs, you will release the undersigned from the obligations under this letter agreement.

In furtherance of the foregoing, the Company, its transfer agent and registrar and the Depositary are hereby authorized to decline to make any transfer of Lock-Up Shares if such transfer would constitute a violation or breach of this letter. This letter shall be binding on the undersigned and the respective successors, heirs, personal representatives and assigns of the undersigned. Capitalized terms used but not defined herein have the respective meanings assigned to such terms in the Underwriting Agreement.

Very truly yours,

_____

Signature of Securityholder

_____

Print Name

Exhibit 4.17

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is effective as of January 16, 2017 (the "Effective Date"), and is entered into by and between Motif BioSciences Inc. (the "Company"), and Robert Dickey IV ("Employee") (collectively with the Company, the "Parties"; each of the Parties referred to individually as a "Party").

WHEREAS, the Company desires to employ Employee in accordance with the terms and conditions set forth below; and

WHEREAS, Employee desires to be employed by the Company in accordance with the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements set forth in this Agreement, the Parties hereby agree as follows:

1. **EMPLOYMENT**.

a. **Title**. The Company hereby agrees to employ Employee, and Employee hereby accepts such employment, as Chief Financial Officer of the Company.

b. **At Will Relationship**. Employee's employment with the Company shall commence as of the Effective Date. Employee's employment shall be considered "at will" in nature and, accordingly, either the Company or Employee may terminate this Agreement and Employee's employment at any time and for any reason, with or without cause or prior notice. Nothing in this Agreement, including but not limited to Section 3 hereof, shall be construed as, or shall interfere with, abridge, limit, modify, or amend the "at will" nature of Employee's employment with Company.

c. **Duties and Responsibilities**. During Employee's employment with the Company, Employee shall at all times: (i) comply with the terms and conditions set forth in this Agreement; (ii) perform and carry out such responsibilities, duties, and authorities as the Company may direct, designate, request of, or assign to Employee from time to time, which shall include, but not necessarily be limited to, such responsibilities, duties, and authorities that are typically performed by and assigned to employees in similar positions within similar companies; (iii) perform the duties and carry out the responsibilities assigned to him by the Company to the best of his ability, in a trustworthy, business-like, and efficient manner for the purpose of advancing the business and interests of the Company; (iv) devote sufficient time, attention, effort, and skill to his position with and the business of the Company; (v) comply with and abide by the Company's policies, practices, and procedures (as may be amended or otherwise modified from time to time by the Company); and (vi) comply with all laws, rules, regulations, and licensing requirements of, or that may be applicable to, his employment with the Company. In the event that any term(s) of this Agreement conflicts with a term(s) of any employee handbook, policy, practice, or procedure adopted or maintained, at any time, by the Company, the term(s) of this Agreement shall control and supersede such conflicting term(s).

In particular but without prejudice to the foregoing, during Employee's employment with the Company, Employee shall carry on duties on behalf of the Company and any affiliate company including, (i) if so required by the Company, acting as an officer of the Company, (ii) complying with the articles of association as amended from time to time of the Company, (iii) abiding by any statutory, fiduciary, or common law duties which may apply to his position, (iv) not doing anything that could result in any legal or regulatory restriction which would cause him to be unable to perform his duties, (v) doing such things within his control as are necessary to ensure compliance by himself and the Company or any relevant affiliate with the United States Securities and Exchange Commission Rules and Regulations, the Alternative Investment Market Rules of the London Stock Exchange and any regulatory code to the extent it is considered relevant by the Company, (vi) complying with all requirements, recommendations, or regulations as amended from time to time of the Financial Industry Regulatory Authority in the United States and the Financial Conduct Authority in the United Kingdom and all regulatory authorities relevant to the Company or any affiliate company, (vii) complying with any code of practice issued by the Company as amended from time to time relating to dealing in securities of the Company or any affiliate company, and (viii) complying with the requirements under both legislation and regulation in respect of the disclosure of inside information.

Notwithstanding anything to the contrary in this Agreement, Employee shall be permitted to serve on the board of directors of any other entity or organization to the extent that doing so does not (i) involve an entity with which the Company has a material vendor relationship or is deemed to be a competitor, (ii) interfere, or create a conflict of interest, with Employee's duties and obligations to the Company, or (iii) otherwise violate any provision of this Agreement, subject to Employee obtaining prior written approval from the Company's Board of Directors.

d. **No Conflicts**. Employee represents and warrants that he is not bound by or subject to any written or oral agreement, pact, covenant, or understanding with any previous or concurrent employer, or any other party, that would limit, abridge, restrict, or interfere with, in any way, his ability to perform his duties and obligations hereunder. Employee further represents and warrants that the performance of his duties and obligations hereunder shall not violate any written or oral agreement, pact, covenant, or understanding by and between him and any previous or concurrent employer, or any other party. Employee further represents and warrants that he will not use any trade secret, or confidential or proprietary information, of any of his previous or concurrent employers, or that was obtained, learned, or procured during any period of employment prior to or concurrent with his employment with the Company, in connection with his employment with the Company or in the performance of his duties and obligations hereunder.

e. **Travel**. Employee acknowledges and agrees that substantial time may be spent, as part of his employment with the Company, in such locations as may be requested by the Chief Executive Officer of the Company, or his/her designee, from time-to-time, for which Employee may be required to travel.

2. **COMPENSATION AND BENEFITS**. Subject to the terms and conditions of Sections 1 and 3 of this Agreement, and Employee's continued employment with the Company, and in consideration for the services to be provided hereunder by Employee, the Company hereby agrees to pay or otherwise provide Employee with the following compensation and benefits during his employment with the Company:

a. **Annual Salary**. The Company shall pay Employee a base salary equal to $320,000.00 per year (as it may be adjusted from time to time, the "Annual Salary"), less applicable taxes, withholdings, and deductions, and any other deductions that may be authorized by Employee, from time to time, in accordance with applicable federal, state, and/or local law. The Annual Salary shall be payable in monthly installments or otherwise in accordance with the Company's standard payroll practices and procedures, as in effect from time to time. Employee acknowledges and understands that his position of employment with the Company is considered "exempt," as that term is defined under the Fair Labor Standards Act and applicable state or local law. As an exempt employee, Employee is not eligible to receive overtime pay.

Notwithstanding the foregoing, the Annual Salary may be reviewed by the Company from time to time and may be subject to upward or downward adjustment, in the Company's sole discretion, based upon a review and consideration of various factors, including but not limited to Employee's performance and/or the Company's overall financial performance. Employee acknowledges and agrees that the Company's upward or downward adjustment of the Annual Salary, at any time, for any reason, and to any extent, shall not constitute Good Reason (as that term is defined below).

b. **Equity.** Subject to the approval by the Board of Directors of Motif Bio Plc (the parent company of the Company), and the terms and conditions set forth in the Motif Bio Plc Share Option Plan and option agreement, Employee will receive a stock option award to purchase shares of Motif Bio Plc's common stock. The number of shares of Motif Bio Plc common stock to be granted to Employee will be 1,500,000 shares. The per share exercise price for the shares of common stock underlying the stock option shall be equal to the fair market value of Motif Bio Plc's common stock on the date of grant. The stock option shall vest and become exercisable in increments over the four (4)-year period following the Effective Date as follows: (i) one-fourth (25%) of the stock option will vest and become exercisable on the one (1)-year anniversary of the Effective Date and (ii) the remaining three-fourths (75%) of the stock option will vest and become exercisable in equal installments on a monthly basis over the thirty-six (36)- month period following the one (1)-year anniversary of the Effective Date. The stock option is contingent upon Employee's employment with the Company.

c. **Bonus Eligibility**. In addition to the Annual Salary, following the end of each fiscal year of the Company or at such other times as the Company may in its sole discretion deem appropriate, Employee shall be eligible to receive a discretionary bonus payment. The timing and amount, if any, of any such bonus shall be determined in the sole discretion of the Board of Directors of the Company. In order to earn and receive any such bonus, Employee must be employed by the

Company, without having received from or tendered to the Company notice of an anticipated termination (for any reason), at the time that such bonus is to be paid to Employee. Payment of a bonus for any year will not give rise to an entitlement or expectation of a bonus for any other year. Such bonus, if any, will be paid in accordance with the Company's bonus payment practices in effect from time-to-time for similarly-situated employees of the Company, including tax withholdings.

For the bonus period for the fiscal year ending December 31, 2017, Employee shall be eligible to receive a discretionary bonus, if any, of up to 35 % of the Annual Salary in effect as of December 31, 2017 prorated for the number of days from the Effective Date of the Employment Agreement to December 31, 2017.

d. **Benefit Plans**. Employee shall be provided with medical insurance by the Company, pursuant to any such plan(s) made generally available to similarly-situated employees of the Company, and shall be entitled to participate in any and all group health, disability insurance, life insurance, incentive, savings, retirement, and other benefit plans which are made generally available to similarly-situated employees of the Company. Notwithstanding the foregoing, the Company reserves the right, in its sole discretion, to at any time amend, modify, or terminate any such plans referenced in the prior sentence, subject to the terms and conditions of such plans and applicable federal, state, or local law.

e. **Vacation and Sick Leave**. Employee shall be entitled to twenty (20) combined days of vacation and sick leave per calendar year, in accordance with the Company's respective vacation and sick leave policies, as in effect from time to time, plus such holidays as may be designated by the Company in accordance with its holiday policy as in in effect from time to time.

f. **Expenses**. Employee shall be entitled to reimbursement for all reasonable expenses that he incurs in connection with the performance of his duties and obligations hereunder, including but not necessarily limited to those expenses incurred in connection with Section 1(e) of this Agreement. Upon presentment by Employee of appropriate and sufficient documentation, as determined in the Company's sole direction, the Company shall reimburse Employee for all such expenses in accordance with the Company's expense reimbursement policy, as in effect from time to time.

3. **EFFECT OF TERMINATION.**

a. **Definitions**. For purposes of this Agreement:

i. the term "Cause" shall mean: (a) any act or omission of Employee that, in connection with his employment with the Company, amounts to or constitutes a breach of a fiduciary duty, gross negligence, willful misconduct, or material misconduct, or that amounts to or constitutes fraud, embezzlement, or misappropriation; (b) Employee's breach of any term(s) of this Agreement; (c) Employee's violation of any policy(ies) established, adopted, or maintained by the Company; (d) any act or omission of Employee that, in the Company's sole discretion, is

demonstrably and materially injurious to the Company; (e) any act or omission of Employee that causes the Company to suffer or endure public disgrace, disrepute, or economic harm; or (f) Employee's misappropriation of corporate assets or corporate opportunities; and

ii. the term "Good Reason" shall mean the occurrence of either of the following events without the consent of Employee: (a) a material breach of this Agreement by the Company; (b) a material reduction in Employee's responsibility, authority, or duties relative to Employee's responsibility, authority or duties in effect immediately prior to such reduction, except for any change in title or reporting relationship (such title or reporting change shall not constitute Good Reason); or (c) the Company's permanent relocation of Employee's principal place of employment to a location that is more than fifty (50) miles from New York, New York (for purposes of this Section 3(a)(ii)(c), however, "Good Reason" shall not include or arise from ordinary travel, for any length of time, as may be required or requested of Employee by the Company, from time to time, during the course of Employee's employment hereunder, in accordance with Section 1(e) of this Agreement or otherwise); provided, however, that "Good Reason" shall not be deemed to exist for purposes of this Agreement unless Employee has first provided written notice of such reason to the Company no later than thirty (30) days after the event or occurrence constituting Good Reason first arises, with such notice affording the Company thirty (30) days, from the date of the Company's receipt of such notice, to cure the deficiency, and further provided that the Company has failed to cure such deficiency within the time frame prescribed in such written notice.

b. **Termination by the Company without Cause within Two Years of the Effective Date**. If Employee's employment with the Company is terminated by the Company without Cause prior to or upon the second anniversary of the Effective Date, Employee shall receive upon such termination only:

i. any vacation accrued but unused as of the date of Employee's termination, subject to the Company's policies regarding vacation pay (the "Vacation Pay");

ii. any Annual Salary and Bonus earned but unpaid as of the date of Employee's termination (together with the Vacation Pay, the "Statutory Amounts"); and

iii. subject to Employee meeting the terms and conditions of Section 3(g) below, an amount equal to three (3) months of the then-current Annual Salary, as of the date of Employee's termination, which shall be paid in three (3) substantially equal monthly installments commencing with the first regular payroll of the Company following the effective date of the Release (as that term is defined below), and if at all, in any event no later than seventy (70) days after the date of Employee's termination.

c. **Termination by the Company without Cause Following the Second Anniversary of the Effective Date**. If Employee's employment with the Company is terminated by the Company without Cause following the second anniversary of the Effective Date, Employee shall receive upon such termination only:

i. the Statutory Amounts; and

ii. subject to Employee meeting the terms and conditions of Section 3(g) below, an amount equal to three (3) months of the then-current Annual Salary, as of the date of Employee's termination, plus one (1) additional month of the then-current Annual Salary for each full year of Employee's employment with the Company, up to a maximum of nine (9) additional months above the three-month initial entitlement, which shall be paid in twelve (12) substantially equal monthly installments commencing with the first regular payroll of the Company following the effective date of the Release (as that term is defined below), and if at all, in any event no later than seventy (70) days after the date of Employee's termination.

d. **Termination by Employee with Good Reason within Two Years of the Effective Date**. If Employee's employment with the Company is terminated by Employee with Good Reason prior to or upon the second anniversary of the Effective Date, subject to the notice and cure period provided in Section 3(a)(ii), Employee shall receive upon such termination only:

i. the Statutory Amounts; and

ii. subject to Employee meeting the terms and conditions of Section 3(g) below, an amount equal to three (3) months of the then-current Annual Salary, as of the date of Employee's termination, which shall be paid, in the Company's sole discretion, either in a lump sum or in three (3) substantially equal monthly installments commencing with the first regular payroll of the Company following the effective date of the Release (as that term is defined below), and if at all, in any event no later than seventy (70) days after the date of Employee's termination.

e. **Termination by Employee with Good Reason Following the Second Anniversary of the Effective Date**. If Employee's employment with the Company is terminated by Employee with Good Reason following the second anniversary of the Effective Date, subject to the notice and cure period provided in Section 3(a)(ii), Employee shall receive upon such termination only:

i. the Statutory Amounts; and

ii. subject to Employee meeting the terms and conditions of Section 3(g) below, an amount equal to three (3) months of the then-current Annual Salary, as of the date of Employee's termination, plus one (1) additional month of the then-current Annual Salary for each full year of Employee's employment with the Company, up to a maximum of nine (9) additional months above the three-month initial entitlement, which shall be paid, in

the Company's sole discretion, either in a lump sum or in twelve (12) substantially equal monthly installments commencing with the first regular payroll of the Company following the effective date of the Release (as that term is defined below), and if at all, in any event no later than seventy (70) days after the date of Employee's termination.

f. **Termination with Cause and All Other Terminations**. Subject to Section 2(b) above, if Employee's employment with the Company is terminated for any reason other than as specified in Sections 3(b)-(e) at any time during Employee's employment with the Company, Employee shall receive upon such termination only the Statutory Amounts.

g. **Release of Claims against the Company**. Notwithstanding the foregoing, no payment shall be made or benefit provided to Employee pursuant to this Section 3 of the Agreement, other than the Statutory Amounts, unless Employee signs and, if applicable, does not revoke a general release of all claims against the Company, and any related, affiliated, or associated persons and/or entities as the Company may designate or determine in its sole discretion, in such form as the Company may reasonably require (the "Release"). The Release must be signed by Employee and returned to the Company within the period designated by the Company, which shall not extend later than fifty (50) days after the date of Employee's termination. Any payment to be made or benefit provided pursuant to this Section 3 of the Agreement shall be tendered in accordance with the schedule to be set forth in the Release.

4. **RESTRICTIVE COVENANTS**. The Parties agree that the Company is engaged in a highly competitive industry and would suffer irreparable harm and incur substantial damage if Employee were to enter into competition with the Company. Therefore, in order for the Company to protect its legitimate business interests, Employee covenants and agrees as follows:

a. Except as set forth in Section 1(c) of this Agreement, Employee shall not, at any time during his employment with the Company, either directly or indirectly, accept employment with or render services to, whether as an employee, independent contractor, consultant, or otherwise, any person or entity other than the Company without the prior written consent of the Company, which consent shall not be unreasonably withheld by the Company but may nevertheless be determined in the sole discretion of the Company;

b. Employee shall not, for a period of six (6) months after his employment with the Company ceases, anywhere in the States of New York or New Jersey, either directly or indirectly: (i) accept employment with or render services to any person or entity that is a business competitor of the Company, or has at any time during Employee's employment with the Company engaged or attempted to engage in business competition with the Company, in a position, capacity, or function that is similar, in title or substance, whether in whole or in part, to any position, capacity, or function that Employee held with or in which Employee served the Company; or (ii) invest in any person or entity that is a business competitor of the Company, or has at any time during Employee's employment with the Company engaged or attempted to engage in business competition with

the Company, except that Employee may own up to one percent (1%) of any outstanding class of securities of any company registered under Section 12 of the Securities Exchange Act of 1934, as amended;

c. Employee shall not, at any time during his employment with the Company and for a period of twelve (12) months thereafter, for any reason, on his own behalf or on behalf of any other person or entity: (i) solicit, invite, induce, cause, or encourage to alter or terminate his, her, or its business relationship with the Company any client, customer, supplier, vendor, licensee, licensor, or other person or entity that, at any time during Employee's employment with the Company, had a business relationship with the Company, or any person or entity whose business the Company was soliciting or attempting to solicit at the time of Employee's termination, (a) with whom Employee had contact, or for whom Employee performed services, to any extent, during his employment with the Company, and (b) with whom Employee did not have a business relationship prior to his employment with the Company; (ii) solicit, entice, attempt to solicit or entice, or accept business from any such client, customer, supplier, vendor, licensee, licensor, person, or entity; or (iii) interfere or attempt to interfere with any aspect of the business relationship between the Company and any such client, customer, supplier, vendor, licensee, licensor, person, or entity; and

d. Employee shall not, at any time during his employment with the Company and for a period of twelve (12) months thereafter, either directly or indirectly, on his own behalf or on behalf of any other person or entity: (i) solicit, invite, induce, cause, or encourage any director, officer, employee, agent, representative, consultant, or contractor of the Company to alter or terminate his, her, or its employment, relationship, or affiliation with the Company; (ii) interfere or attempt to interfere with any aspect of the relationship between the Company and any such director, officer, employee, agent, representative, consultant, or contractor; or (iii) engage, hire, or employ, or cause to be engaged, hired, or employed, in any capacity whatsoever, any such director, officer, employee, agent, representative, consultant, or contractor.

Employee represents, warrants, agrees, and understands that: (i) the covenants and agreements set forth in this Section 4 of the Agreement are reasonable in their geographic scope, temporal duration, and content; (ii) the Company's agreement to employ Employee, and a portion of the compensation to be paid to Employee hereunder, are in consideration for such covenants and Employee's continued compliance therewith; (iii) Employee shall not raise any issue of, nor contest or dispute, the reasonableness of the geographic scope, temporal duration, or content of such covenants and agreements in any proceeding to enforce such covenants and agreements; (iv) the enforcement of any remedy under this Agreement will not prevent Employee from earning a livelihood, because Employee's past work history and abilities are such that Employee can reasonably expect to find work in other areas and lines of business; (v) the covenants and agreements set forth in this Section 4 of the Agreement are essential for the Company's reasonable protection, are designed to protect the Company's legitimate business interests, and are necessary and implemented for legitimate business reasons; and (vi) in entering into this Agreement, the Company has relied upon Employee's representation that he will comply in full with the covenants and agreements set forth in this Section 4 of the Agreement.

5. **CONFIDENTIALITY**.

a. **Confidential Information**. Employee acknowledges that during his employment with the Company, and by the nature of Employee's duties and obligations hereunder, Employee will come into close contact with confidential information of the Company and its subsidiaries, affiliates, and/or other related entities, as applicable, including but not limited to: trade secrets, know-how, Inventions (as that term is defined below), business plans, finances, pricing, sales and marketing information, products, research, algorithms, market intelligence, services, technologies, concepts, methods, sources, methods of doing business, patterns, processes, compounds, formulae, programs, devices, tools, compilations of information, development, manufacturing, purchasing, engineering, computer programs (whether in source code or object code), theories, techniques, procedures, strategies, systems, designs, works of art, the identity of and any information concerning affiliates or customers, or potential customers, information received from others that the Company is obligated to treat as confidential or proprietary, and any other technical, operating, financial, and other business information that has commercial value, whether relating to the Company, its business, potential business, operations, or finances, or the business of any of the Company's affiliates, subsidiaries, related entities, clients, customers, suppliers, vendors, licensees, or licensors, that Employee may develop or of which Employee may acquire knowledge during his employment with the Company, or from his colleagues while working for the Company, whether prior to, during, or subsequent to his execution of this Agreement, and all other business affairs, methods, and information not readily available to the public (collectively, "Confidential Information"). Confidential Information does not include: (i) Employee's general skills and experience; (ii) information that was lawfully in Employee's possession prior to his employment with the Company (other than through breach by a third party of any confidentiality obligation to the Company); (iii) information that is or becomes publicly available without any direct or indirect act or omission on Employee's part; (iv) information that is required to be disclosed pursuant to any applicable law, regulation, judicial or administrative order or decree, or request by other regulatory organization having authority pursuant to the law; provided, however, that Employee shall first have given reasonable notice to the Company prior to making such disclosure; or (v) information that is generally known within the industries or trades in which the Company transacts business.

Employee acknowledges and agrees that each and every part of the Company's Confidential Information: (a) has been developed by the Company at significant effort and expense; (b) is sufficiently secret to derive economic value from not being generally known to other parties; (c) is proprietary to and a trade secret of the Company and, as such, is a valuable, special, and unique asset of the Company; and (d) constitutes a protectable business interest of the Company. Employee further acknowledges and agrees that any unauthorized use or disclosure of any Confidential Information by Employee will cause irreparable harm and loss to the Company. Employee acknowledges and agrees that the

Company owns the Confidential Information. Employee agrees not to dispute, contest, or deny any such ownership rights either during or after Employee's employment with the Company.

In recognition of the foregoing, Employee covenants and agrees as follows:

i. Employee will use Confidential Information only in the performance of his duties and obligations hereunder for the Company. Employee will not use Confidential Information, directly or indirectly, at any time during or after his employment with the Company, for his personal benefit, for the benefit of any other person or entity, or in any manner adverse to the interests of the Company. Further, Employee will keep secret all Confidential Information and will not make use of, divulge, or otherwise disclose Confidential Information, directly or indirectly, to anyone outside of the Company, except with the Company's prior written consent;

ii. Employee will take all necessary and reasonable steps to protect Confidential Information from being disclosed to anyone within the Company who does not have a need to know the information and to anyone outside of the Company, except with the Company's prior written consent;

iii. Employee shall not at any time remove, copy, download, or transmit any information from the Company during the term of this Agreement, except for the benefit of the Company and in accordance with this Agreement and the Company's policies; and

iv. Promptly upon Employee's termination, and in any event no later than five (5) business days after Employee's employment with the Company ceases, Employee shall return to the Company any and all Confidential Information in his possession, custody, or control, including but not limited to all memoranda, notes, records, plans, reports, forecast, marketing information, financial records and information, employee or contractor records and files, client lists, training materials, trade secrets, and all other documents (and all copies thereof), whether in electronic or hard copy form, which Employee obtained while employed by the Company or otherwise serving or acting on behalf of the Company, or which Employee may then possess or have under Employee's control.

b. **Duration of Covenant**. Employee acknowledges and agrees that his obligations under this Section 5 of the Agreement shall remain in effect forever. Notwithstanding the foregoing, nothing in this Agreement shall be construed as, or shall interfere with, abridge, limit, restrain, or restrict Employee's (or his attorney's) right, without prior authorization from or notification to the Company: (i) to engage in any activity or conduct protected by Section 7 or any other provision of the National Labor Relations Act; (ii) to communicate with any federal, state, or local government agency charged with the enforcement and/or investigation of claims of discrimination, harassment, retaliation, improper wage payments, or any other unlawful employment practices under federal, state, or

local law, or to file a charge, claim, or complaint with, or participate in or cooperate with any investigation or proceeding conducted by, any such agency; (iii) to report possible violations of federal, state, or local law or regulation to any government agency or entity, including but not limited, to the extent applicable, to the U.S. Department of Labor, the Department of Justice, the Securities and Exchange Commission (the "SEC"), the Congress, and/or any agency Inspector General, or make other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation; or (iv) to communicate directly with, respond to any inquiry from, or provide testimony before, to the extent applicable, the SEC, the Financial Industry Regulatory Authority, any other self-regulatory organization, or any other federal, state, or local regulatory authority, regarding this Agreement or its underlying facts or circumstances.

c. **Retention of All Other Rights**. Employee's obligations under this Section 5 of the Agreement are in addition to, and not in place or lieu of, any other statutory or common law obligations that Employee may have with regard to the maintenance, preservation, protection, use, and/or disclosure of Confidential Information, and the Company specifically reserves all rights it may have against Employee should Employee violate any such statutory or common law obligations.

6. **INJUNCTIVE RELIEF**. Employee agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by Employee of the covenants and agreements set forth in Sections 4 and 5 of this Agreement, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, and notwithstanding any other provision of this Agreement, Employee agrees that if Employee breaches, or the Company reasonably believes that Employee is likely to breach, Sections 4 or 5 of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach. Any award or relief to the Company may, in the discretion of the court, include the Company's costs and expenses of enforcement (including reasonable attorneys' fees, court costs, and expenses). Nothing contained in this Section 6 of the Agreement or in any other provision of the Agreement shall restrict or limit in any manner the Company's right to seek and obtain any form of relief, legal or equitable, and shall not waive the Company's right to any other relief related to any dispute arising out of this Agreement or related to Employee's employment with the Company.

7. **WORKS FOR HIRE**. As it is used in this Section 7 of the Agreement, the term "Inventions" means all discoveries, designs, creations, developments, improvements, methods, techniques, practices, methodologies, data models, databases, scripts, know-how, processes, algorithms, application program interfaces, software programs, software source documents and training manuals, codes and formulae, works of authorship, ideas, inventions, and contributions of any kind, whether or not they are patentable or registrable under federal or state copyright laws or similar statutes or protectable under common-law principles, and regardless of their form or state of development, that are made or conceived by Employee, alone or with others, or while Employee was serving as a consultant to the Company. Notwithstanding anything else in this Agreement, this Section 7 shall not apply to an Invention for which no software program, application program interface, equipment, supplies, resources, facilities, data, products, information, materials, or trade secret information of the Company was used, and which was developed entirely on Employee's own time, unless the Invention: (i) relates to the Company's

business or potential business; or (ii) results from tasks assigned to Employee by the Company or from work performed by Employee for the Company.

All Inventions are exclusively the property of the Company. Employee will promptly disclose in writing, in full detail to persons authorized by the Company, all Inventions which Employee makes during his employment with the Company and for a period of one (1) year immediately following the end of Employee's employment with the Company, which relate either to Employee's work assignment at the Company, or to the Company's trade secrets or confidential or proprietary information, for the purpose of determining the Company's rights in each such Invention. Employee will not file any patent application relating to any such Invention without the prior written consent of the Company's Chief Executive Officer or his/her designee. If Employee does not prove that Employee made the Invention entirely after leaving the Company's employment, the Invention is presumed to have been made during the period of time Employee was employed by the Company.

All Inventions will belong solely to the Company from conception. The Company shall be the sole owner of all issued patents, pending patent applications, copyrights, domain names, trade secrets, trademarks, service marks, and all other intellectual property or other rights (collectively, the "Proprietary Rights") in connection with all Inventions in the United States and/or in any other country. Employee further acknowledges and agrees that such Inventions and other works of authorship are "works made for hire" as defined in the U.S. Copyright Law, 17 U.S.C. § 101 et seq. (as amended), prepared by Employee within the scope of his employment with the Company, for purposes of the Company's rights under copyright laws. To the extent that title to any Invention or any materials comprising or including any Invention, including all Proprietary Rights embodied therein, does not, by operation of law, vest in the Company, or is not considered "works made for hire," Employee hereby irrevocably assigns to the Company all of his rights, title and interest to that Invention, including all Proprietary Rights embodied therein, free of all encumbrances and restrictions. At any time during or after Employee's employment with the Company that the Company requests, Employee will take any action, including signing whatever written documents of assignment the Company deems reasonably necessary, to formally evidence Employee's irrevocable assignment to the Company of any Invention and all related Proprietary Rights, and, upon the Company's request, he shall deliver to the Company any documents which the Company deems necessary to effect the transfer or prosecution of rights for all Inventions and Proprietary Rights in the United States and/or in any other country. At all times during and after Employee's employment with the Company, Employee will assist the Company in obtaining, maintaining and renewing patent, copyright, trademark and other appropriate protection for any Invention, in the United States and in any other country, at the Company's expense. In the event that the Company is unable, after reasonable effort, to secure Employee's signature on any document or documents needed to apply for or prosecute any patent, copyright, domain name, trademark, or other right or protection relating to an Invention, for any other reason whatsoever, Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as his agent and attorney-in-fact, to act for and on Employee's behalf to execute and file any such application or applications, and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, domain names, trademarks, or similar protections thereon with the same legal force and effect as if executed by Employee. Employee hereby waives all rights of publicity, moral rights or droit morale, and agrees not to enforce or permit others to enforce such rights against the Company or its successors in interest.

On Schedule A, which is an integral part of this Agreement, Employee has completely identified (without disclosing any trade secret, proprietary or other confidential information) every Invention he made before his employment with the Company in which Employee has an ownership interest and which is not the subject matter of an issued patent or a printed publication at the time Employee signs this Agreement. If Employee becomes aware of any projected or actual use of any such Invention by the Company, Employee will promptly notify the Company in writing of said use. Except as to the Inventions listed on Schedule A or those which are the subject matter of an issued patent or a printed publication at the time Employee signs this Agreement, Employee will not assert any rights against the Company with respect to any Invention made before his employment with the Company.

8. **NOTICES**. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been given (i) when delivered personally or by hand (with written confirmation of receipt); (ii) if sent by a nationally-recognized overnight courier, on the date received by the addressee (with written confirmation of receipt); or (iii) on the date sent by electronic mail or facsimile (with confirmation of transmission), to the recipient(s) and address(es) specified below (or to such other recipient and/or address as either Party may, from time to time, designate in writing in accordance with the terms and conditions of this Agreement):

If to Employee:

Robert Dickey IV
320 West Mermaid Lane
Philadelphia, PA 19118

robdickey4@gmail.com

If to the Company:

Graham G. Lumsden
Motif BioSciences Inc.
125 Park Avenue, Suite 2622
New York, NY 10017

graham.lumsden@motifbio.com

9. **LEGAL REPRESENTATION**. Employee acknowledges that he was advised to consult with, and has had ample opportunity to receive the advice of, independent legal counsel before executing this Agreement — and the Company hereby advises Employee to do so — and that Employee has fully exercised that opportunity to the extent he desired. Employee acknowledges that he had ample opportunity to consider this Agreement and to receive an explanation from such legal counsel of the legal nature, effect, ramifications, and consequences of this Agreement. Employee warrants that he has carefully read this Agreement, that he understands completely its contents, that he understands the significance, nature, effect, and consequences of signing it, and that he has agreed to and signed this Agreement knowingly and voluntarily of his own free will, act, and deed, and for full and sufficient consideration.

10. **ENTIRE AGREEMENT; AMENDMENT**. This Agreement, together with all exhibits and schedules annexed hereto and any agreements and/or awards that have been or shall be made pursuant to Section 2(b) of this Agreement, constitutes the entire agreement between the Parties relating to the subject matter hereof, and supersedes and cancels all prior agreements and understandings, whether oral or written, with respect to the same. In entering into and performing under this Agreement, neither the Company nor Employee has relied upon any promises, representations, or statements except as expressly set forth herein or in any agreements and/or awards that have been or shall be made pursuant to Section 2(b) of this Agreement. No modification, alteration, amendment, revision of, or supplement to this Agreement shall be valid or effective unless the same is memorialized in a writing signed by both by Employee and a duly-authorized representative or agent of the Company. Neither e-mail correspondence, text messages, nor any other electronic communications constitutes a writing for purposes of this Section 10 of the Agreement.

11. **GOVERNING LAW**. This Agreement shall in all respects be interpreted, enforced, and governed by and in accordance with the internal substantive laws (and not the laws of choice of laws) of the State of New York.

12. **ASSIGNMENT**. This Agreement shall not be assignable by Employee, but shall be binding upon Employee and upon his heirs, administrators, representatives, executors, and successors. This Agreement shall be freely assignable by the Company without restriction and shall be deemed automatically assigned by the Company with Employee's consent in the event of any sale, merger, share exchange, consolidation, or other business reorganization. This Agreement shall inure to the benefit of the Company and its successors and assigns.

13. **SEVERABILITY**. If one or more of the provisions of this Agreement is deemed void by law, then the remaining provisions shall continue with full force and effect and, if legally permitted, such offending provision or provisions shall be replaced with an enforceable provision or enforceable provisions that as nearly as possible effects the Parties' intent. Without limiting the generality of the foregoing, the Parties hereby expressly state their intent that, to the extent any provision of this Agreement is deemed unenforceable due to the scope, whether geographic, temporal, or otherwise, being deemed excessive, unreasonable, and/or overbroad, the court, person, or entity rendering such opinion regarding the scope shall modify such provision(s), or shall direct or permit the Parties to modify such provision(s), to the minimum extent necessary to cause such provision(s) to be enforceable.

14. **SURVIVAL**. Upon the termination or expiration of this Agreement, Sections 2(b), 4 through 8, and 10 through 17, shall survive such termination or expiration, and shall continue, with full force and effect, in accordance with their respective terms and conditions.

15. **WAIVER**. The failure of either Party to insist, in any one or more instances, upon the performance of any of the terms, covenants, or conditions of this Agreement or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any rights, and the obligations of the Party with respect to such future performance shall continue with full force and effect. No waiver of any such right will have effect unless given in a writing signed by the Party against whom the waiver is to be enforced.

16. **COMPLIANCE WITH SECTION 409A OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("SECTION 409A").**

a. Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, amounts payable to Employee pursuant to Sections 3(b)(iii), 3(c)(ii), 3(d)(ii), or 3(e)(ii) of this Agreement shall be made in reliance upon Treas. Reg. Section 1.409A-1(b)(9) (Separation Pay Plans) or Treas. Reg. Section 1.409A-1(b)(4) (Short-Term Deferrals), as applicable. For this purpose, each payment (including each monthly installment) shall be considered a separate and distinct payment, and each payment made in reliance on Treas. Reg. Section 1.409A-1(b)(9) shall only be payable if the Employee's termination of employment constitutes a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

b. Notwithstanding anything contained in this Agreement to the contrary, no amount payable on account of Employee's termination of employment which constitutes a "deferral of compensation" ("Section 409A Deferred Compensation") within the meaning of the Treasury Regulations issued pursuant to Section 409A of the Code (the "Section 409A Regulations") shall be paid unless and until Employee has incurred a "separation from service", and if the 70-day payment period set forth under Sections 3(b)(iii), 3(c)(ii), 3(d)(ii), or 3(e)(ii) of this Agreement commences in one taxable year and ends in another, then payment under such section shall not be made until the second taxable year. For purposes of this Agreement, "separation from service" shall have the meaning of such term as defined by the Section 409A Regulations, and each payment shall be considered a separate and distinct payment. Furthermore, if Employee is a "specified employee" within the meaning of the Section 409A Regulations as of the date of Employee's separation from service, no amount that constitutes Section 409A Deferred Compensation which is payable on account of Employee's separation from service shall be paid to Employee before the date (the "Delayed Payment Date") which is first business day of the seventh (7th) month after the date of Employee's separation from service or, if earlier, the date of Employee's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

c. To the extent that all or any portion of the Company's payment of benefits or reimbursements or in-kind benefits provided to Employee (the "Company-Provided Benefits") would constitute Section 409A Deferred Compensation, then, for the duration of the applicable period during which the Company is required to provide such benefits: (a) the amount of Company-Provided Benefits furnished in any taxable year of Employee shall not affect the amount of Company-Provided Benefits furnished in any other taxable year of Employee; (b) any right of Employee to Company-Provided Benefits shall not be subject to liquidation or exchange for another benefit; and (c) any reimbursement for Company-Provided Benefits to which Employee is entitled shall be paid no later than the last day of Employee's taxable year following the taxable year in which Employee's expense for such Company-Provided Benefits was incurred.

d. The Company intends that income provided to Employee pursuant to this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A and the Section 409A Regulations. However, the Company does not guarantee any particular tax effect for income provided to Employee pursuant to this Agreement. In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to Employee, the Company shall not be responsible for the payment of any applicable taxes incurred by Employee on compensation paid or provided to Employee pursuant to this Agreement.

17. **TAXES**. The Parties acknowledge and agree that the Company may withhold from any amounts payable under this Agreement such federal, state, local, and foreign taxes and withholdings as may be required to be withheld pursuant to any applicable law, rule, or regulation.

18. **SECTION HEADINGS**. The section headings used in this Agreement are included solely for convenience, and shall not affect, or be used in connection with, the interpretation of this Agreement.

19. **COUNTERPARTS**. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

EMPLOYEE:

/s/ Robert Dickey IV
Robert Dickey IV

MOTIF BIOSCIENCES INC.

By: /s/ Graham G. Lumsden
Graham G. Lumsden

Chief Executive Officer

SCHEDULE A

INVENTIONS EMPLOYEE MADE PRIOR TO THE COMMENCEMENT OF HIS EMPLOYMENT WITH THE COMPANY, IN WHICH HE HAS AN OWNERSHIP INTEREST, WHICH ARE NOT THE SUBJECT MATTER OF ISSUED PATENTS OR PRINTED PUBLICATIONS:

(If there are none, please enter the word "NONE")

NOTE: Please describe each such Invention without disclosing trade secrets, proprietary or confidential information.

NONE

[Attach additional sheets if more space is needed.]

Exhibit 4.18

CONSULTING AGREEMENT
Effective Date: January 16, 2017

THIS CONSULTING AGREEMENT (this "Agreement") is entered into by and between Motif Biosciences, Inc., a Delaware corporation (the "Company"), and Pete A. Meyers, an individual ("Consultant"), as of the date set forth above (the "Effective Date").

WHEREAS, the Consultant was previously the Chief Financial Officer of the Company ("**CFO**"); and

WHERAS, the Company wishes to obtain the services of Consultant for a three month period to facilitate the transition of the Consultant's prior duties as the CFO of the Company to the Company's new CFO, and Consultant wishes to provide such services, all subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Company and Consultant hereby agree to be legally bound as follows:

1. **Services.** During the Term, Consultant shall assist the new CFO of the Company as requested by the Company (the "Services"). The Services will be performed in a professional manner and will be performed remotely and/or at the offices of the Company as reasonably requested by the Company

2. **Compensation.** In connection with the Services, the Company shall pay Consultant as follows: (a) thirty thousand dollars ($30,000) for the first month of Services; (b) ten thousand dollars ($10,000) for the second month of Services; and (c) ten thousand dollars ($10,000) for the third and final month of Services. Such amounts shall be paid at the end of each month. The Company shall reimburse Consultant for all reasonable expenses incurred by Consultant in connection with the performance of the Services, including travel expenses. Additionally, the Company agrees to amend Consultant's existing stock option grant of April 21, 2016 (the "Grant") to (1) provide that 740,394 of the stock options granted will vest on May 1, 2017, provided that the Consultant performed the Services as provided herein, (2) Consultant will be able to exercise such vested options under the Grant at any time until December 31, 2018 and (3) in the event that Consultant makes any disparaging remarks regarding the Company or is in breach of Section 7 of the Confidential Separation and Release Agreement entered into by the Company and Consultant dated January 13, 2017, any right to exercise any vested options under the Grant shall immediately terminate. All shares you receive upon exercise of vested options under the Grant shall be subject to reasonable lock-up periods as reasonably determined by the Company.

3. **Term.** The term of this Agreement shall begin on the Effective Date and shall continue for three (3) months thereafter (the "Term").

4. **Confidentiality.**

4.1 Company Confidential Information. Consultant shall hold in strict confidence, and not to use, except for the benefit of the Company, and not to disclose to any person or entity without written authorization of the Company, any Confidential Information (as defined below) of the Company. "Confidential Information" means any proprietary or confidential information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products,

services, customer lists and customers, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, marketing, distribution and sales methods and systems, sales and profit figures, finances and other business information disclosed to Consultant by or on behalf of the Company, either directly or indirectly, whether in writing, orally or by drawings or inspection of documents or other tangible property; provided, that Confidential Information shall not include any of the foregoing items to the extent they have become publicly known and made generally available through no wrongful act of Consultant.

4.2 Third Party Information Held by Consultant. Consultant shall not improperly use or disclose to the Company or any of its directors, officers, employees or agents, any Confidential Information of any current or former client or other person or entity with whom Consultant has an agreement or duty to keep such information confidential, and that Consultant shall not bring onto the premises of the Company any such information in any medium unless consented to in writing by such client, person or entity.

4.3 Third Party Information Held by the Company. Consultant recognizes that the Company has received, and in the future may receive, from third parties Confidential Information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant shall hold all such information in strict confidence and not disclose it to any person or entity or use it except as necessary in carrying out Services, consistent with the Company's agreement with such third party. For purposes of this Agreement, such third party information shall be deemed part of the Confidential Information of the Company.

4.4 Required Disclosure of Confidential Information. If Consultant is required by law or court or governmental order to disclose Confidential Information, Consultant shall give the Company prompt written notice of such requirement such that the Company shall have the opportunity to apply for a protective order, injunction or for confidential treatment of such Confidential Information.

5. **Miscellaneous.**

5.1 Assignment; No Third Party Beneficiaries. Neither party may assign this Agreement without the prior written consent of the other party. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer on any person or entity other than the parties hereto or their respective successors and permitted assigns, any benefits, rights or remedies.

5.2 Governing Law, Jurisdiction and Attorney Fees. This Agreement shall be governed by and interpreted in accordance with laws of the State of Delaware without giving effect to any conflict of laws provisions. Consultant agrees that any dispute or controversy arising out of or relating to any interpretation, construction, performance or breach of this Agreement may be brought in the United States District Court in Delaware, or if such court does not accept jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in the State of Delaware.

5.3 Entire Agreement, Amendment and Waiver. This Agreement (including the schedules hereto) is the sole agreement between Consultant and the Company with respect to the Services and it supersedes all prior agreements and understandings with respect thereto, whether oral or written. No amendment, supplement or other modification to any provision of this Agreement shall be binding unless in writing and signed by both Consultant and the Company. No waiver of any rights under this Agreement shall be effective unless in writing signed by the party to be charged. A waiver of a breach or violation of any provision of this Agreement will not constitute or be construed as a waiver of any subsequent breach or violation of that provision or as a waiver of any breach or violation of any other provision of this Agreement.

5.4 Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction.

5.5 Headings. The headings in this Agreement are intended solely for convenience or reference and shall be given no effect in the construction or interpretation of this Agreement.

5.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have duly executed this Agreement as of the Effective Date.

MOTIF BIOSCIENCES, INC.	**CONSULTANT**
/s/ Graham G. Lumsden	/s/ Pete A Meyers
Authorized Signature	Pete A Meyers
Name: Graham G. Lumsden Title: CEO	

Exhibit 4.19

CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE

THIS CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE (the "Agreement") is made and entered into by and between Pete A. Meyers ("Meyers") and Motif BioSciences Inc., (the "Company") (collectively, the "Parties")

WHEREAS, Meyers was employed by the Company pursuant to an Employment Agreement, dated May 1, 2016 (the "Employment Agreement");

WHEREAS, the Parties wish memorialize the terms and conditions of the termination of Meyers' employment by the Company;

NOW THEREFORE, in consideration of the covenants, promises, and other good and valuable consideration set forth herein, it is agreed by and between the Parties as follows:

1. **Separation of Employment.** Meyers agrees that his employment with the Company will terminate effective as of January 13, 2017 (the "Separation Date"). Meyers agrees that from and after the Separation Date, he will no longer be, nor hold himself out as, an employee, officer, representative or agent of the Company. Meyers agrees that, on or before the Separation Date, he will resign from all Board, officer or other positions with the Company and will take all necessary actions to effect such resignation, including signing the necessary resignation letters and other documents. Meyers shall be paid his current annual salary through the Separation Date, less applicable withholdings and authorized deductions. Meyers shall be entitled to reimbursement for reasonable business expenses incurred on or before the Separation Date, provided Meyers submits appropriate supporting receipts and documentation to Graham Lumsden, CEO within ten (10) business days after the Separation Date; reimbursements will be made at such time and in such manner as provided for by the Company's normal policies and practices governing such payments.

2. **Severance Benefits.** Subject to Meyers' execution and non-revocation of this Agreement, and in consideration of the releases and covenants given by Meyers in this Agreement, the Company shall pay Meyers an amount equal to one hundred fifty thousand dollars ($150,000), less applicable withholdings and authorized deductions (the "Severance Benefits"). For purposes of clarity, the payment provided in this Section 2(a) shall satisfy the Company's obligations pursuant to Section 3(b) of the Employment Agreement.

3. **Acknowledgments.** Meyers acknowledges and agrees that:

a. The Severance Benefits are in lieu of and in full satisfaction of any amounts that might otherwise be payable under any contract, plan, policy or practice, past or present, of the Company, and any of its affiliates, including but not limited to the Employment Agreement (other than the Consulting Agreement entered into by the parties as of January 16, 2017 (the "Consulting Agreement")).

b. The Severance Benefits provide valid and sufficient consideration for Meyers' undertakings pursuant to this Agreement, are in addition to what Meyers would otherwise be entitled, and would not be made but for Meyers' execution of this Agreement.

c. Except as set forth in Section 2 above and other than as provided under the Consulting Agreement and the Stock Option Grant dated April 21, 2016 (as to be amended pursuant to the Consulting Agreement), Meyers is not entitled to and will not at any time seek or receive any further consideration from the Company, including any compensation, bonus, incentive compensation, equity securities or benefits of any kind.

d. After the Separation Date, Meyers will not be entitled to participate in, or continue to participate in, any benefit programs offered by the Company to its employees. Any accrued or vested amounts or benefits due to Meyers will be treated in accordance with the Company's benefit plans, programs, or policies, as applicable. Meyers will receive, under separate cover, information concerning his right to continue health insurance benefits (at his own expense after the Separation Date in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA").

4. **Release and Waiver of Claims.**

a. As a material inducement to the Company to enter into this Agreement, Meyers, for himself and his heirs, successors, and assigns, hereby forever releases and discharges, to the fullest extent permitted by law, the Company, its owners, investors, parents, subsidiaries, affiliated corporations, related entities, divisions, predecessors, successors and assigns, and its and their respective directors, officers, partners, principals, shareholders, attorneys, agents, representatives, employees, insurers, trustees, heirs, executors, and administrators, past and present (collectively, the "Released Parties") from any and all claims, demands, actions, and causes of action of any kind whatsoever, past or present, known and unknown, whether in law or in equity, which Meyers ever had, now has, or may have against the Released Parties arising at any time up to and including the date of his execution of this Agreement, including but not limited to:

(i) all claims directly or indirectly relating to or arising out of Meyers' employment with the Company and the termination of same

(ii) all claims under any federal, state or local statute or ordinance, including without limitation all claims under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, Section 1981 of Title 42 of the United States Code, the Age Discrimination in Employment Act ("ADEA"), the Older Workers Benefit Protection Act ("OWBPA"), the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act, the Equal Pay Act, the Genetic Information Nondiscrimination Act, the Sarbanes-Oxley Act of 2002, the New York State Human Rights Law, the New York City Human Rights Law, the New York Labor Code, each as amended, and any other federal, state, or local law, rule, or regulation pertaining to employment;

(iii) all claims under any express or implied contract or claims under any common law theory, including claims for unjust enrichment, negligence, defamation, failure to

hire, wrongful discharge, intentional and unintentional torts, breach of the covenant of good faith and fair dealing, fraud, retaliation, harassment or discrimination; and

(iv) all claims for compensation or damages of any type whatsoever, including but not limited to, back pay, front pay, wages, economic loss, compensatory damages, emotional distress, pain and suffering, liquidated and punitive damages, attorneys' fees, expenses and costs.

b. Notwithstanding the generality of the foregoing, nothing here constitutes a release or waiver by Meyers of: (i) any claim or right based on any facts or set of facts that may arise after the execution of this Agreement; (ii) any claim that may not be waived under law, including claims for unemployment or workers compensation benefits; (iii) the right to provide information to, file a charge with, or participate in an investigation by a governmental agency; and (iv) any claim or right Meyers may have under this Agreement. Provided, however, that Meyers acknowledges and agrees that, if he pursues, or someone pursues on his behalf, a claim that is not waived as set forth in this Section 4(b), Meyers hereby waives and disclaims any right to individual recovery for such claim, including money damages or other relief, except that this limitation on monetary recovery will not apply to claims for unemployment or workers compensation benefits or to administrative proceedings before the U.S. Securities and Exchange Commission. Moreover, nothing in this Agreement limits or waives Meyers' right, pursuant to the OWBPA, to seek a judicial determination of the validity of this Agreement's waiver of claims under the ADEA.

5. **Covenant Not to Sue.** Meyers represents that he has not, prior to signing this Agreement, filed any suit, proceeding, complaint, charge, grievance, arbitration, or claim against the Company or any of the Released Parties in any forum. Meyers further represents that he has not assigned or transferred, or purported to assign or transfer, to any person or entity any claim or other matter released in this Agreement. Meyers further agrees that, to the fullest extent permitted by law, he will not institute nor consent to allow any other person or entity to institute on his behalf against the Company or any of the Released Parties any claim, lawsuit, or proceeding with any forum in any way relating to or arising out of any claim or other matter released in this Agreement. In the event any action or claim is brought in violation of this section, Meyers understands that the General Release and Waiver set forth in Section 4 will completely bar any recovery or relief obtained on his behalf, whether monetary or otherwise, by any person or entity with respect to any of the claims that he has released in this Agreement.

6. **Return of Property.** Within five (5) business days following the Separation Date, Meyers shall return to the Company all Company Property, whether tangible or intangible, whether created by Meyers or not, that is in his custody, possession or control. "Company Property" includes, but is not limited to, any and all originals, copies, excerpts and synopses of any files, notes, documents, records, computer disks, printouts, video recordings, audio recordings, correspondence on Company letterhead, communications (including without limitation correspondence, e-mails and text messages) and other methods of storing information which pertain to, relate to, constitute, contain or reference the Company's business or Confidential Information.

7. **Non-Disparagement.** Meyers agrees that he will not take any actions, make any statements, or knowingly cause others to take any actions or make any statements that disparage, derogate, or defame the Company or any other Released Party. Nothing in this Agreement shall prevent Meyers from providing information to or participating in a proceeding before a court, administrative agency, or other governmental body, or as otherwise required by law.

8. **No Disclosure.** Meyers agrees to keep the existence and terms of this Agreement confidential, except that Meyers may tell his immediate family, attorneys, and accountants, if any, of the Agreement as needed, but only if any individual he tells about this Agreement agrees to maintain the confidentiality of this Agreement. This Section shall not prohibit disclosure (a) as may be necessary for the prosecution of claims relating to the performance or enforcement of this Agreement or (b) as may be ordered by any regulatory agency or court or as required by other lawful process.

9. **Continuing Obligations.** Meyers agrees to comply with the sections of his Employment Agreement titled "Restrictive Covenants," "Confidentiality," and "Works For Hire" by their terms, as if set forth expressly herein, and acknowledges that his obligations set forth in such sections survive the termination of his employment with the Company.

10. **Non-Admission of Liability.** This Agreement is entered into voluntarily by the Parties in order to bring a mutually agreeable resolution to the termination of Meyers' employment with the Company. This Agreement is not, and shall not in any way be construed as, an admission by the Company of any fault, liability, or wrongdoing of any kind. The Company specifically disclaims on the part of the Company, its respective directors, officers, executives, employees, representatives and agents, any liability to or wrongful acts against Meyers or any other person.

11. **Choice of Law; Venue.** This Agreement shall be interpreted, governed by, and construed in accordance with the laws of the State of New York, without giving effect to its conflict of law principles. Any claims arising out of or relating to this Agreement, the execution of this Agreement, or the waiver of claims in this Agreement shall be brought exclusively in the state courts of New York or, if the jurisdictional prerequisites are met, in the United States District Court for the Southern District of New York; the Parties agree and consent to the jurisdiction of and venue in those courts.

12. **Injunctive Relief.** Meyers acknowledges and agrees that any breach of his covenants and other obligations set forth in Sections 5 through 9, inclusive, will cause irreparable harm to the Company that is incapable of calculation and for which monetary damages will be grossly inadequate. Meyers therefore acknowledges and agrees that in the event of a breach or threatened breach of Sections 5 through 9, inclusive, the Company shall be entitled to immediate injunctive or other preliminary or equitable relief, as appropriate and without the requirement to post any bond, in addition to all other remedies available at law and equity. The Company shall be entitled to recover all reasonable attorneys' fees and costs incurred with respect to any action brought to enforce its rights under this Paragraph 12.

13. **Severability.** It is the desire and intent of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies

applied in each jurisdiction in which enforcement is sought. In the event that any one or more of the provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Provided, however, that if either of both of the General Release and Waiver in Section 4 or the Covenant Not to Sue in Section 5 are held to be invalid, illegal, or unenforceable, then Meyers acknowledges and agrees that (a) he will be required to enter into a new agreement containing an enforceable release of all legally waivable claims against the Released Parties and a promise to not file any legal proceeding against any of the Released Parties based on such released claims and (b) the Severance Benefits will constitute sufficient consideration for his entering into such new agreement.

14. **Entire Agreement; Amendment.** This Agreement sets forth the entire agreement and understanding between the Parties and fully supersedes and replaces any and all prior agreements or understandings (whether oral or written) between the Parties pertaining to the subject matter hereof; provided however, that nothing in this Agreement shall impair Meyer's obligations under the Employment Agreement that survive termination of his employment, as set forth in Section 9 above. The Parties acknowledge and agree that in signing this Agreement, they have not relied upon any representation, promise or inducement that is not expressly set forth in this Agreement. This Agreement may be amended or modified only with the written consent of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

15. **Acknowledgments, Consideration and Revocation Period.**

a. Meyers acknowledges and represents that he has carefully read this Agreement, knows its contents, and understands its terms. By signing this Agreement, Meyers acknowledges that he does so same freely and voluntarily, without any compulsion, duress or undue influence from anyone.

b. Meyers acknowledges that he has been advised in writing (by this Agreement) that he has the right to consult with an attorney of his choosing concerning the legal significance of this Agreement prior to signing it.

c. Meyers acknowledges that (i) by entering into this Agreement, he is releasing and waiving valuable rights and claims, including specifically, but not limited, any rights and claims that may exist under the ADEA; (ii) the waiver and release of claims set forth in Section 4 and the promise not to sue set forth in Section 5 do not apply to any rights or claims that may arise under the ADEA after the date of execution of this release, nor do they apply to his right to challenge the validity of this Agreement's waiver and release of claims under the ADEA.

d. Meyers shall have a period of 21 days from the date on which a copy of this Agreement has been delivered to him to consider whether to sign it and return a signed copy to the Company to Graham Lumsden, CEO in person, by mail, or by email at graham.lumsden@motifbio.com. Any modifications, material or otherwise, made to this Agreement do not restart or affect in any manner the original twenty-one (21) day consideration period. Meyers acknowledges that if he signs and returns this Agreement before the expiration

of the 21-day period, he will have done so knowingly and voluntarily and will have waived the remainder of the 21-day period.

e. If Meyers signs the Agreement, he then has a period of 7 days following the date of signing (the "Revocation Period") to revoke his acceptance of the Agreement. Any revocation must be in writing and received by Graham Lumsden, CEO in person, by mail, or by email at graham.lumsden@motifbio.com on or prior to the end of seventh day in order to be effective. A letter of revocation that is not received by the seventh day after Meyers has signed the Agreement will be invalid and will not revoke this Agreement. If no revocation occurs, this Agreement shall become effective on the eighth day after it is signed by Meyers (the "Effective Date").

16. **Counterparts.** This Agreement may be executed in any number of counterparts, which together shall be effective as if they were a single document. Signatures on the Agreement transmitted by email or facsimile copy shall have the same force and effect as original signatures.

WHEREFORE, the Parties to this Agreement, intending to be legally bound, have caused this Agreement to be executed as of the date(s) set forth below.

Pete Meyers	**Motif BioSciences Inc.**
/s/ Pete Meyers	By: /s/ Graham G. Lumsden Graham G. Lumsden CEO
Date: 1/5/17	Date: January 5, 2017

Exhibit 4.20

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement (the "Agreement") is entered into on this 7th day of April, 2017, between Motif BioSciences Inc. ("Motif"), and Jonathan E. Gold ("Consultant"), each a "Party" and, collectively, the "Parties."

RECITALS

WHEREAS, Consultant currently serves as a Non-Executive Director for Motif Bio plc ("Motif Bio") and receives certain remuneration for such service; and

WHEREAS, effective upon the Effective Date (as defined below), Motif wishes to engage Consultant to provide certain consulting services to Motif; and

WHEREAS, Consultant and Motif desire to enter into a binding agreement outlining the terms and conditions of their independent contractor relationship;

NOW, THEREFORE, in consideration of the mutual terms, covenants, and promises set forth below, the Parties hereto covenant and agree as follows:

1. Engagement. Motif hereby engages Consultant pursuant to the terms and conditions set forth herein, and Consultant hereby accepts such engagement.

2. Term; Termination.

a) The term of this Agreement and Consultant's engagement by Motif shall commence on January 1, 2017 (the "Effective Date") and shall continue for a period of twelve (12) months thereafter (the "Initial Term") unless terminated earlier as set forth herein. Following the Initial Term, this Agreement shall automatically renew on a monthly basis (each such monthly term, a "Renewal Term," and, together with the Initial Term, collectively, the "Term") unless either Party provides written notice of its or his election not to renew this Agreement at least thirty (30) days prior to the end of the Initial Term or then applicable Renewal Term. In the event that either Party provides the required 30-days' notice of non-renewal, this Agreement and Consultant's engagement by Motif will be terminated effective upon the expiration of the Initial Term or then-current Renewal Term.

b) Notwithstanding the foregoing section, (i) either Party may terminate the Initial Term, and this Agreement and their relationship, by providing the other Party with ninety (90) days' written notice of such termination, (ii) Motif may terminate the Initial Term or any Renewal Term, and this Agreement and its relationship with Consultant, immediately upon Consultant's breach of Section 7 (Qualifications), Section 9 (Indemnification), Section 10 (Inventions) or Section 11 (Confidential Information) or a material breach of any other provision of this Agreement, and (iii) Consultant may terminate the Initial Term or any Renewal

Term, and this Agreement and its relationship with Motif, immediately upon Motif's material breach of any provision of this Agreement.

c) Upon any non-renewal or termination of this Agreement and the Parties' relationship, Consultant shall be entitled only to: (i) the portion of Consultant's fee (as set forth in Section 4(a) of this Agreement) that was earned before the effective date of the non-renewal or termination; and (ii) reimbursement of pre-approved expenses incurred by Consultant before the effective date of the non-renewal or termination that are reimbursable pursuant to Section 4 (b) of this Agreement.

3. Scope of Duties; Acknowledgements and Representations.

a) Consultant agrees, and shall use his best efforts, to provide the consulting services and the deliverables set forth in "Exhibit A" hereto, and such other services and deliverables as may be requested or required, from time to time, by Motif (the "Services").

b) Consultant hereby agrees to devote his reasonable time, abilities, skills, and energy to the performance of the Services. Consultant represents and warrants that he has the right and is free to perform the Services without violating any other agreement to which he is a party. Consultant further represents and warrants that he will not use any trade secret, or confidential or proprietary information, that was obtained, learned, or procured during any period of employment or engagement prior to or concurrent with Consultant's engagement by Motif (whether prior to or following the Effective Date of this Agreement), in connection with his engagement by Motif or in the performance of the Services.

d) Consultant acknowledges and agrees that, during and after the Term, he shall not: (a) enter into any oral or written contract, agreement, or arrangement on behalf of or in the name of Motif, sign any checks on behalf of or authorize any payments by Motif, or otherwise bind Motif, without the express prior written consent of an officer of Motif; (b) engage in any conduct, or cause Motif to engage in any conduct, that would result in Motif's breach or violation of any agreement, law, ordinance, or regulation; or (c) describe or represent himself, or hold himself out, as an employee of Motif or any entity owned or controlled, in whole or in part by Motif, or any entity affiliated with Motif.

4. Compensation, Expenses, and Taxes.

a) Compensation. In consideration for the performance of the Services and fulfillment of all of Consultant's obligations to Motif under this Agreement, and as full compensation therefor, Motif shall pay Consultant a monthly fixed fee of $16,167.00 during the Term. Consultant shall submit monthly statements to

Motif summarizing the Services performed by Consultant for the immediately preceding month, no later than fourteen (14) days following the end of the applicable month being invoiced. Motif shall pay any such invoices within thirty (30) days of receipt. Consultant acknowledges and agrees that as long as this Agreement is in place and notwithstanding any other agreement between Motif and/or Motif Bio and him, no compensation will be paid to him by Motif and/or Motif Bio, including but not limited with regards to his service as a Non-Executive Director of Motif Bio.

b) Expenses. Motif shall reimburse Consultant for all pre-approved (in writing) business expenses, including travel expenses, incurred by Consultant in performance of the Services upon prompt presentment of appropriate and sufficient documentation supporting the need for such expenses. If Motif objects to any expense reimbursement request submitted, Motif shall so advise Consultant within ten (10) business days after receipt thereof; otherwise, payment shall be made within thirty (30) business days following Motif's receipt of such request. Except as set forth in Section 4(a) and this Section 4(b) of the Agreement, Consultant shall be solely responsible, and shall not be reimbursed by Motif, for all other costs, fees, and/or expenses incurred by Consultant in rendering the Services.

c) Form W-9. Consultant shall provide Motif with a signed and completed IRS Form W-9 upon execution of this Agreement. Payment will be made to the entity named on the IRS Form W-9. Consultant hereby agrees to notify Motif immediately upon any change of taxpayer information found on the IRS Form W-9.

d) Taxes. Motif shall not withhold any taxes from any payment it makes to Consultant, nor make any contributions to any federal, state, or local agency with respect to such payments on behalf of Consultant, but shall report the payments made to Consultant hereunder on an IRS Form 1099. Consultant and Motif acknowledge that Motif intends to deduct the fees it pays to Consultant for the Services as an ordinary and necessary business expense for income tax purposes. Consultant agrees and represents that, except as otherwise required in writing by the Internal Revenue Service: (i) Consultant will treat the such fees as ordinary income for income tax purposes; (ii) Consultant shall be responsible for withholding, if applicable, and paying, when due, all taxes, including estimated taxes, incurred, imposed, or assessed as a result of Consultant's receipt of such fees from Motif, including but not limited to income taxes and self-employment taxes of Consultant ("Consultant's Taxes"); and (iii) if Consultant reports the receipt of such fees other than as ordinary income and/or fails to withhold, if applicable, or pay Consultant's Taxes, Consultant will indemnify and hold harmless Motif from any and all taxes, penalties, interest,

costs, and expenses actually incurred, including reasonable attorneys' fees and accounting fees, or assessed against Motif as a result thereof.

5. Independent Contractor Status. The Parties acknowledge and agree that Consultant enters into this Agreement as, and shall at all times act as, be considered, and remain, an independent contractor of Motif. The Parties further acknowledge and agree that this Agreement shall not, at any time, be construed as creating any association, partnership, joint venture, employment, or agency relationship between Consultant, on the one hand, and Motif. As an independent contractor, Consultant shall:

a) Not be subject to Motif's direct supervision or control with respect to the performance of the Services (except that he may, from time to time, receive generalized instructions from Motif pertaining to the goals to be attained and/or results to be achieved by Consultant);

b) Comply, at Consultant's own expense, with all provisions of applicable federal, state, and local law relating to terms and conditions required to be fulfilled by independent contractors, including but not limited to all applicable tax and insurance laws and regulations;

c) Have complete and sole discretion to determine the method, means, sequence, manner, and schedule pursuant to which the Services shall be and are performed;

d) Not receive performance reviews or vocational training, nor shall Consultant be required to work at Motif's facilities or be subject to the standard disciplinary practices and procedures to which Motif's employees are subject;

e) Be responsible for maintaining and furnishing, at his own expense, a place of work, and any tools, supplies, apparel, equipment, and appropriate communications facilities required for Consultant to render the Services

f) Except as set forth in this Agreement, not, at any time, be eligible to participate in any of Motif's employee benefit plans, fringe benefit programs, group insurance arrangements, or other similar plans, programs, or arrangements maintained by Motif for the benefit of its employees, and Consultant shall never claim that he is or was eligible for, or entitled to, any benefits under any such plan, program, or arrangement;

g) Not seek, and shall have no right to receive, unemployment compensation benefits based upon the termination of this Agreement or his engagement by Motif hereunder;

h) Not receive any statutory benefit that Motif makes available to its employees, including but not limited to workers' compensation, Social Security, or unemployment compensation coverage; and

i) Be solely responsible, to the extent required by applicable law or regulation, for securing disability, unemployment compensation, and/or other insurance, and for obtaining workers' compensation insurance and training for themselves and others, as necessary.

Consultant agree to never assert or claim that he is or was an employee of Motif at any time during or after the Term, and, given that he is an independent contractor and not an employee of Motif, to never assert any claim seeking wages, employee benefits, unemployment compensation benefits, or workers' compensation benefits based upon his consulting relationship with Motif and/or the termination thereof. Consultant also knowingly and voluntarily waives any claim against Motif for any benefits provided to Motif's current or former employees during any period, prior to or following the commencement of the Term, in which Consultant is determined to be a common law employee or any designation other than an independent contractor.

6. Performing Work For Others. The Parties acknowledge and agree that Consultant's services to Motif shall not be exclusive. The Parties further acknowledge and agree that, during his engagement by Motif, Consultant may perform work on behalf of, and provide services to, persons and entities other than Motif, and may market and advertise his services to such persons and entities, so long as Consultant: (a) does not violate any of his obligations under this Agreement; (b) devotes sufficient time to the performance of the Services as is necessary for Consultant to effectively and efficiently perform all such services and fulfill all of Consultant's obligations to Motif under this Agreement; and (c) does not accept or become engaged in projects that create a conflict of interest with Motif.

7. Qualifications. Consultant represents and warrants to Motif that Consultant has the qualifications and skills necessary to perform the Services in a competent, professional manner, consistent with applicable industry standards, without the advice, control, or direction of Motif, and is in all respects able to fulfill the requirements of this Agreement. Consultant's failure or inability to skillfully perform the Services shall constitute a material breach of this Agreement. In the event that Consultant, with Motif's prior written consent, hires any other person, employee, sub-contractor, agent, or consultant to assist Consultant with performing the Services, Consultant represents and warrants that such person or entity shall have the qualifications and skills necessary to perform the Services in a competent, professional manner, consistent with applicable industry standards, without the advice, control, or direction of Motif, and is in all respects able to fulfill the requirements of this Agreement. Any such person's failure or inability to skillfully perform the Services shall constitute a material breach of this Agreement.

8. Hire of Others.

a) Consultant may, with prior written consent of Motif, hire persons to assist Consultant in performing the Services. Any and all such persons hired by Consultant to assist in performing the Services shall be considered and classified as employees of Consultant, and, in any event, no person, employee, sub-contractor, agent, or consultant hired by Consultant shall be considered an employee of Motif, unless specifically indicated otherwise in an agreement signed by all parties. The Parties acknowledge and agree that Motif will not have the authority to hire, fire, supervise, control, or manage any of Consultant's employees. Upon request, Consultant shall immediately provide Motif with proof of disability, workers' compensation, and general liability insurance, to the extent required by law, covering such employees.

b) In the event that Consultant, with Motif's prior written consent, hires any other person, employee, sub-contractor, agent, or consultant to assist Consultant with performing the Services, Consultant will obtain such person's or entity's written acknowledgement to be bound by the terms of this Agreement, including without limitation the terms contained in Section 7 (Qualifications), Section 10 (Inventions) and Section 11 (Confidential Information).

9. Indemnification.

a) Consultant agrees to, and hereby does, indemnify, defend, protect, and hold harmless Motif and its principals, agents, and affiliated companies of and from any and all claims, actions, causes of action, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, attorneys' fees, and costs ("Claims"), asserted against Motif or its affiliates, or that Motif or its affiliates may suffer or incur, as a result of, predicated upon, concerning, or arising out of: (a) Consultant's failure to comply with any representation, covenant, or obligation under, or any provision of, this Agreement; (b) Consultant's failure, or allegations that he failed, to pay his employees in accordance with applicable federal, state, and/or local law; (c) any claims for wages, benefits, or compensation asserted against Motif by Consultant or any employee, sub-contractor, or agent hired or engaged by Consultant (d) any injury, disability, or death of Consultant, or of any of Consultant's employees, sub-contractors, or agents, caused other than by a willful or grossly negligent act or omission committed by Motif, or any employee or agent thereof; or (e) in accordance with Section 4(d) of this Agreement, Consultant reporting his receipt of the fees paid by Motif for the Services other than as ordinary income and/or failing to pay Consultant's Taxes.

b) Motif agrees to, and hereby does, indemnify, defend, protect, and hold harmless Consultant from any and all Claims arising out of his performance of the Services hereunder, except to the extent such Claims are made pursuant to Section 9(a) of this Agreement. Notwithstanding the foregoing, Motif shall not be obligated to make any payment to Consultant under this Section 9(b) that is finally determined by a court or final arbiter of competent jurisdiction to be unlawful.

10. Inventions. Consultant agrees that all inventions, patents, ideas, products, and proceeds resulting from Consultant's performance of the Services, and all rights therein, are and shall forever remain Motif's exclusive property, and Consultant, with full title guarantee, hereby grants and assigns to Motif the entire copyright (including by way of present assignment all future copyright) and all other rights of whatsoever nature to which Consultant is now or may in the future become entitled to in and to the products of his Services hereunder to Motif.

Consultant also agrees that any copyrightable works prepared by Consultant within the scope of Consultant's performance of the Services are "works for hire" under the Copyright Act and that Motif will be considered the author and owner of such copyrightable works.

Consultant further agrees that Motif shall have the right to use such results and products during or after the Term in any manner or media whether or not now known. Consultant hereby waives all rights or interest in any invention, idea, products, proceed, or result arising from Consultant's performance of the Services hereunder in order to enable Motif to fully exploit the products of his services in any and all media, in perpetuity.

11. Confidential Information. Consultant understands that, during the course of his engagement by Motif, he may be exposed to trade secrets, and/or confidential and proprietary information, of or about Motif and its operations, including but not limited to information about its plans, finances, projects, research, records, marketing, current and prospective members, sponsors, donors, beneficiaries, partners, agents, consultants, representatives, clients, current and prospective suppliers, contracts, services, systems, processes, methods, know-how, data, consumers, employees, and/or fellow contractors (collectively, the "Confidential Information"). Throughout the Term, Consultant agrees to follow all company policies and practices designed to protect the Confidential Information. In addition, throughout the Term and at all times thereafter: (i) Consultant will hold all Confidential Information in the strictest confidence and take all reasonable precautions to prevent its disclosure to any unauthorized person; and (ii) other than as specifically required by law, Consultant will not use, disclose, communicate, or make available to anyone else, any of the Confidential Information. Consultant understands that if he violates this promise of confidentiality, Motif may take whatever action it deems appropriate to enforce its rights.

Upon termination or expiration of this Agreement, or whenever requested by Motif, Consultant will immediately deliver to Motif all property in his possession, or under his care and control, belonging to Motif, including but not necessarily limited to Confidential Information. The provisions of this Section 11 of the Agreement shall survive the expiration of the Term.

12. Miscellaneous.

a) Assignment. Consultant shall not assign any rights, or delegate or sub-contract any obligations, under this Agreement without Motif's prior written consent. Any assignment or delegation, or attempted assignment or delegation, in violation of the foregoing shall be deemed null and void, and shall constitute a material breach of this Agreement. Motif may freely assign its rights and delegate its obligations under this Agreement, at any time, without Consultant's prior consent. Subject to the foregoing, this Agreement shall inure to the benefit of, be binding upon, and be enforceable against each of the Parties hereto and their respective successors and assigns.

b) Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

c) Entire Agreement. This Agreement, together with Exhibit A annexed hereto, constitutes the full, complete, and exclusive agreement between Consultant and Motif with respect to the subject matter discussed herein, and supersedes and cancels any and all other agreements, understandings, representations, negotiations, or discussions, either oral or in writing, or express or implied, between and among Consultant and Motif and/or its employees, agents, or representatives, on the other. In entering into and performing under this Agreement, no Party has relied upon any promises or statements except as set forth herein.

d) Modification. This Agreement may be modified, amended, superseded, or canceled, and the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a writing signed by the Party or Parties to be bound by any such modification, amendment, cancellation, or waiver, that references and annexes a copy of this Agreement. Neither e-mail correspondence, text messages, nor any other electronic communications shall constitute a sufficient writing for purposes of this clause.

e) Construction. No part of this Agreement shall be strictly construed against any Party. The headings in this Agreement shall not affect its meaning.

f) Knowing and Voluntary Agreement. Consultant has carefully read all parts of this Agreement and fully understands their meaning. Consultant understands that this Agreement is legally binding, and affirms that he is entering into it voluntarily.

g) Notice. Unless otherwise provided herein, all notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered by hand, (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested), or (c) on the date sent by electronic mail of a PDF document (with confirmation of transmission), to the Parties at the following addresses (or to such other address as a Party may have specified by notice given to the other Party pursuant to this provision):

If to Consultant:

Jonathan E. Gold
380 Lexington Avenue, Suite 2020
New York, NY 10168

E-mail: jgold@jegcapital.com

If to Motif:

Motif BioSciences Inc.
Attn: Graham G. Lumsden
125 Park Avenue, Suite 2622
New York, NY 10017

E-mail: graham.lumsden@motifbio.com

h) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any choice of law provision or rule. Each Party irrevocably submits to the exclusive jurisdiction and venue of the federal and state courts located in New York County, New York, in any legal suit, action, or proceeding arising out of or based upon this Agreement, the Services, or Consultant's engagement by Motif.

i) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first set forth above.

CONSULTANT

Name: Jonathan E. Gold

Signature: /s/ Jonathan E. Gold

Dated: April 7, 2017

MOTIF BIOSCIENCES, INC.

By: Graham G. Lumsden

Signature: /s/ Graham G. Lumsden

Title: Chief Executive Officer

Dated: April 7, 2017

EXHIBIT A

Description of the Consulting Services

During the Term, Consultant shall provide to Motif the following services and deliverables:

Strategic financial expert advice and guidance, including but not limited to advice concerning:

- Capital Markets (equity and debt) insight, analysis and recommendations;
- Investment Bank assessment and partnering, syndicate building, terms;
- Capital raising strategy, including capital markets, M&A, strategic partnerships;
- Negotiation of terms for proposed financial transactions; and
- Such other advice and guidance as may reasonably be requested by Motif from time to time.

Reports, submitted upon request, detailing:

- Any new potential business opportunities for Motif identified or pursued during the current month;
- Any new potential partnering opportunities for Motif identified or pursued during the current month;
- Any updates regarding potential business opportunities or partnering opportunities previously identified;
- The status of any negotiations of proposed financial transactions;
- A list of any closed financial transactions; and
- Such other items as may be reasonably requested by Motif from time to time.

Exhibit 12.1

Certification by the Principal Executive Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Graham Lumsden, certify that:

1. I have reviewed this annual report on Form 20-F of Motif Bio plc (the "Company") for the fiscal year ended December 31, 2016;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   (d) Disclosed in this annual report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 1, 2017

/s/ Graham Lumsden
Name: Graham Lumsden
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 12.2

Certification by the Principal Financial Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert Dickey IV, certify that:

1. I have reviewed this annual report on Form 20-F of Motif Bio plc (the "Company") for the fiscal year ended December 31, 2016;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   (d) Disclosed in this annual report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 1, 2017

/s/ Robert Dickey IV
Name: Robert Dickey IV
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

Certification by the Principal Executive Officer pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Motif Bio plc (the "Company") on Form 20-F for the fiscal year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof, I, Graham Lumsden, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2017

/s/ Graham Lumsden
Name: Graham Lumsden
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 13.2

Certification by the Principal Financial Officer pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Motif Bio plc (the "Company") on Form 20-F for the fiscal year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof, I, Robert Dickey IV, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2017

/s/ Robert Dickey IV
Name: Robert Dickey IV
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 15.1

Crowe Clark Whitehill LLP
Chartered Accountants
Member of Crowe Horwath International
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK
Tel +44 (0)20 7842 7100
Fax +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.croweclarkwhitehill.co.uk

28 April 2017

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549
USA

Our Ref: SMB

Ladies and Gentlemen:

Motif Bio plc

We have read Item 16F, Change in Registrant's Certifying Accountant, included in the Annual Report on Form 20-F to be filed with the Securities and Exchange Commission on May 1, 2017 and are in agreement with the statements contained therein concerning our firm.

Yours faithfully

/s/ Crowe Clark Whitehill LLP
Crowe Clark Whitehill LLP

Exhibit 15.2

1 May 2017

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Motif Bio Plc (copy attached), which we understand will be filed with the Securities and Exchange Commission, pursuant to Item 16F of Form 20-F, as part of the Form 20-F of Motif Bio Plc dated 1 May 2017. We agree with the statements concerning our Firm in such Form 20-F.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP, The Capitol, 431 Union Street, Aberdeen, AB11 6DA
T: +44 (0) 1224 210 100, F: +44 (0) 1224 253 318, www.pwc.co.uk

Exhibit 15.3

CONSENT OF BAL PHARMA CONSULTING, LLC

BAL Pharma Consulting, LLC hereby consents to all references to the market research survey we were commissioned to prepare on behalf of Motif Bio plc entitled "Assessment of Iclaprim Commercial Opportunity in the Gram Positive Antibiotic Hospital Market" and to the results of such survey included in this Annual Report on Form 20-F of Motif Bio plc for the year ending December 31, 2016, and to all references to BAL Pharma Consulting, LLC as having prepared such survey.

/s/ Lynda Berne

Lynda Berne
Principal
BAL Pharma Consulting, LLC
April 24, 2017

Exhibit 15.4

CONSENT OF JMI LABORATORIES

JMI LABORATORIES hereby consents to all references to the market research survey we were commissioned to prepare on behalf of Motif Bio plc entitled "Assessment of Iclaprim Commercial Opportunity in the Gram Positive Antibiotic Hospital Market" and to the results of such survey included in this Annual Report on Form 20-F of Motif Bio plc for the year ending December 31, 2016, and to all references to JMI LABORATORIES as having prepared such survey.

/s/ Andrew Fuhrmeister

Andrew Fuhrmeister

CEO

JMI Laboratories

April 24, 2017