

Annual General Shareholders Meeting



Proposed Resolutions
submitted by the Board of Directors
to the decision
of the **General Shareholders Meeting**

VIGO, 28 - 29 JUNE 2017

PROPOSED RESOLUTION TO AGENDA ITEM 1

To review and, as the case may be, approve the Annual Financial Statements and Management Report of Pharma Mar, S.A. and its Consolidated Group for fiscal year 2016; the proposed allocation of earnings; and the management by the Board of Directors during said period.

1. Approve, under the terms set forth in the relevant statutory provisions, the Annual Financial Statements (Balance Sheet, Income Statement, Statement of Changes in Net Equity, Cash Flow Statement and Notes to the Financial Statements) and Management Report of Pharma Mar, S.A. for fiscal year ending 31 December 2016, as well as the Annual Financial Statements (Balance Sheet, Income Statement, Statement of Changes in Net Equity, Cash Flow Statement and Notes to the Financial Statements) and Management Report for its Consolidated Group for the same period.

It is expressly stated that the aforementioned accounting documents have been audited by PRICEWATERHOUSECOOPERS Auditores S.L., and their report, together with all other documents forming part of the Annual Financial Statements, were made available at that time to the shareholders and have been delivered to the attendees at this General Meeting.

2. As regards allocation of earnings, approve the allocation of losses in the amount of ELEVEN MILLION FOUR HUNDRED SEVENTY-THREE THOUSAND EIGHT HUNDRED AND FIFTY EUROS AND EIGHTY-SEVEN CENTS (€11,473,850.87) to increase the negative income statement balance from previous fiscal years.
3. Approve the management by the Board of Directors of Pharma Mar, S.A. for fiscal year 2016.

PROPOSED RESOLUTION TO AGENDA ITEM 2

To reappoint the Company's Statutory Auditors.

As the one-year period for which PRICEWATERHOUSE COOPERS Auditores S.L. was reappointed as the Company's Statutory Auditor has ended, reappoint said company, with registered offices in Madrid, Paseo de la Castellana 259-B, and holding Spanish Tax ID (C.I.F.) B-79031290, and registered with the Special Registry of Statutory Auditors under number S0242, as the Company's Statutory Auditor for a period of one year.

This resolution was proposed by the Audit Committee and subsequently confirmed by the Board of Directors of Pharma Mar, S.A.

It should be noted that by virtue of Resolution Two adopted by the General Meeting of Pharma Mar, S.A. on 30 June 2015, PRICEWATERHOUSE COOPERS Auditores S.L. was appointed as the Statutory Auditor of the Company's Consolidated Group for a period of three (3) years (comprising fiscal years ending on 31 December 2015, 2016 and 2017).

PROPOSED RESOLUTION TO AGENDA ITEM 3

To authorize the Board of Directors, in accordance with the provisions of Article 297.1.b) of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), to increase share capital, within a maximum period of five years, if deemed convenient, by an amount equal to half of the current share capital, on a one-time basis or several times, in the manner and amount deemed appropriate, granting the power to exclude preemptive subscription rights, provided in all cases said right of exclusion shall be subject to a limit of 20% of the Company's share capital under the terms laid out in the proposed resolutions. Revoke and invalidate any unimplemented portions of Resolution Eleven of the General Shareholders Meeting held on 30 June 2015.

- I) Revoke and invalidate any unimplemented portions of the authorization granted by virtue of Resolution Eleven of the General Shareholders Meeting held on 30 June 2015.

- II) Authorize the Board of Directors, as extensively as may be required by law, in accordance with the provisions of Article 297.1.b) of the Spanish Capital Corporations Law, to increase share capital, on a one-time basis or several times, within a maximum period of five years of the holding of this General Meeting, by a maximum amount equal to half of the share capital of Pharma Mar, S.A. at the time this General Meeting is held, by issuing new shares, with or without a premium, with the counter value of the new shares being settled by way of monetary contributions. In this regard, the Board of Directors may also set the terms and conditions of the capital increase as well as the characteristics of the shares, including determining the investors and markets to whom the capital increase will be directed and the placement procedure to be followed, freely offering new unsubscribed shares in the preemptive subscription period(s); provide that, in the event of an incomplete subscription, capital shall only be increased in the amount of subscriptions made; and amend provisions of the corporate Bylaws as related to capital. The available limit from time to time shall include the amount of capital increases that, as the case may be, with a view to converting bonds, are carried out in accordance with the resolution passed in relation to Agenda Item Four of this General Shareholders Meeting. Furthermore, the Board of Directors is entitled to exclude, in whole or in part, preemptive subscription rights under the terms of Article 506 of the Spanish Capital Corporations Law, provided in all cases the nominal amount of any capital increases agreed to or effectively carried out pursuant to the authority delegated herein and in the resolution proposed under Agenda Item Four of this Meeting to exclude preemptive rights shall not exceed a maximum nominal amount, jointly, of 20% of the Company's share capital at the time of this delegation. In any event, if the Board decides to exclude preemptive subscription rights in relation to any or all such capital increase(s), the Board shall, at the time the resolution for capital increase is passed, issue a report detailing the specific corporate interests justifying such measure, which shall be subject to the relevant report of the statutory auditor as referred to in Article 506 of the Spanish Capital Corporations Law. Said reports shall be made available to the shareholders and shall be reported to the first General Meeting to be held after the resolution on the issue was adopted.

This authority includes the power to carry out any procedures necessary to ensure the new shares under the capital increase(s) are admitted to trade on the securities markets on which the shares of Pharma Mar, S.A. are listed, as well as on any other stock exchanges, regulated markets, multi-lateral trading systems or other trading markets or systems, whether in Spain or abroad, in accordance with the procedures set forth for each such trading market or system, and in all cases complying with applicable rules on admission, listing and delisting.

The Board of Directors is also authorized to delegate the powers granted by this resolution to the Executive Committee or to any other Director or individual as it deems appropriate, provided said powers are delegable under law.

PROPOSED RESOLUTION TO AGENDA ITEM 4

To delegate to the Board of Directors the authority to: issue debentures, bonds, notes and other fixed income securities, both simple as well as exchangeable and/or convertible, as well as to issue warrants or other analogous securities; establish the criteria for determining the basis and methods of conversion and/or exchange and, in the latter case, to increase share capital by the necessary amount and exclude the preemptive subscription rights of shareholders (although this power to exclude preemptive rights shall be limited to 20% of the Company's share capital as set forth in the proposed resolutions); guarantee the issues of subsidiaries, revoking and invalidating any unimplemented portions of Resolution Twelve, passed by the General Shareholders Meeting held on 30 June 2015.

- I) Revoke and invalidate any unimplemented portions of Resolution Twelve of the General Shareholders Meeting held on 30 June 2015.
- II) Delegate to the Board of Directors, in accordance with Article 319 of the Commercial Registry Regulations and with the general regime for bond issues, the power to issue fixed income securities, including warrants and other analogous securities, subject to the following conditions:
 - 1. The aforementioned fixed securities issue may be carried out one-off or on several occasions within the maximum period of five years from the date this resolution is adopted.
 - 2. The maximum aggregate amount for fixed income securities issue(s) as approved pursuant to this authority shall be ONE HUNDRED MILLION EUROS (€100,000,000.00) or its equivalent in another currency. For the purposes of calculating said limit, in the case of warrants, the sum of the premiums and exercise prices of the warrants for each issue approved under this authority shall be taken into account.
 - 3. Fixed income securities issued may include debentures, bonds, notes and other fixed income securities, both simple and, in the case of debentures and bonds, exchangeable for shares in the Company or any other company (whether or not a Group company) and/or convertible into shares of the Company, as well as warrants or other analogous securities which may directly or indirectly grant a right to subscribe or acquire shares in the Company, whether newly-issued or outstanding.
 - 4. This authority shall include the setting of the various aspects and conditions of each issue (par value, issue type, redemption price, issue currency, interest rate, redemption, anti-dilution mechanisms, subordination clauses, issue guarantees, place of issue, admission to trading, etc.) and to the performance of such procedures as may be necessary or convenient, including as required by applicable securities market regulations, for the execution of specific issues approved pursuant to this authority.
 - 5. In the case of issues of convertible and/or exchangeable debentures or bonds, and in order to determine the basis and methods of conversion and/or exchange, the following criteria are established:
 - a) The conversion and/or exchange ratio may be fixed or variable, for which purpose fixed income securities shall be valued at their par value and shares shall be valued at the fixed or variable exchange ratio established by the Board of Directors.

- b) In the event that a fixed conversion and/or exchange ratio is established, the shares shall be valued at the fixed rate set by the Board of Directors or at the quotation determined on the date(s) specified in the resolution of the Board of Directors, on the basis of the trading value of the Company's shares on the Stock Exchange Continuous Market for the date(s) or period(s) taken as reference in said resolution (with or without discounts and/or premiums). In any case, the minimum price of the shares may not be lower than the greater of (i) the arithmetic mean of the closing prices of the Company's shares on the Stock Exchange Continuous Market during a period to be determined by the Board of Directors, not greater than three months or less than fifteen days, prior to the date on which the Board of Directors meeting is held in which, making use of this authority, the issue of debentures or bonds is approved; and (ii) the closing price of the shares on said Stock Exchange Continuous Market on the day before said Board of Directors meeting is held.
- c) In the event that a variable conversion and/or exchange ratio is established, the shares shall be valued for conversion and/or exchange purposes at the arithmetic mean of the closing prices of the Company's shares on the Stock Exchange Continuous Market during a period to be determined by the Board of Directors, not greater than three months or less than five days prior to the conversion and/or exchange date, subject to a premium or, as the case may be, a discount on said price per share. The premium or discount may be different for each conversion and/or exchange date of each issue (or, as the case may be, each issue tranche). However, in the event the price per share is discounted, such discount may not exceed 30%.
- d) Bonds may not be converted into shares when the par value of the former is less than that of the latter. Furthermore, share value for purposes of the conversion ratio, adjusted for anti-dilution clauses, may under no circumstances be less than its par value.

The securities issued shall be convertible into new shares of Pharma Mar and/or exchangeable for outstanding shares of the Company, as determined by the Board of Directors, who shall be empowered to determine whether the securities would be voluntarily or necessarily convertible and/or exchangeable and, if voluntarily, whether this would be at the option of the holder and/or of the issuer thereof, as well as their frequency and term of duration, which shall be established in the issue resolution. The Board of Directors may also establish, in the event the issue is convertible and exchangeable, that the issuer reserves the right to choose, at any time, between conversion into new shares or exchange for outstanding shares, specifying the nature of the shares to be delivered upon conversion or exchange, and may even choose to deliver a combination of newly-issued and outstanding shares, as well as to provide for conversion and/or exchange to be satisfied by delivery of shares or for-difference/synthetic securities, with the relevant authority to subscribe, as the case may be, such derivatives as may be appropriate. In all cases the issuer shall ensure equal treatment as between all holders of fixed income securities being converted and/or exchanged on a given date.

- e) When a conversion and/or exchange is carried out, any fractional shares that, as the case may be, may have to be delivered to the note or bondholder shall be rounded downward to the immediately preceding whole number, and each holder shall receive, as laid out in the issue conditions, in cash, any difference which may arise in such case.
 - f) At the time any issue of convertible and/or exchangeable debentures or bonds is approved pursuant to the authorization granted in this resolution, the Board of Directors shall issue a Directors' Report explaining the basis and methods of conversion. This report shall be submitted with the relevant auditors' report referred to in Article 414 of the Spanish Capital Corporations Law.
6. In the case of an issue of warrants or other analogous securities (to which the provisions of the Spanish Capital Corporations Law on convertible securities shall apply by analogy), the following criteria are established:
- a) The exercise price of the warrants may be fixed or variable.

- b) In the event of a fixed price, said price shall be determined by the Board of Directors or at the rate determinable on the date(s) specified in the resolution of the Board of Directors, on the basis of the trading value of the Company's shares on the Stock Exchange Continuous Market on the date(s) or period(s) of reference in accordance with said resolution (with or without discounts and/or premiums). In all cases the minimum exercise price may not be lower than the greater of (i) the arithmetic mean of the closing prices of the Company's shares on the Stock Exchange Continuous Market during a period to be determined by the Board of Directors, not greater than three months or less than fifteen days, prior to the date on which the Board of Directors meeting is held in which, making use of this authority, the warrants issue is approved; and (ii) the closing price of the shares on the Stock Exchange Continuous Market on the day before said Board of Directors meeting is held.
 - c) In the event of a variable exercise price, said price shall be calculated as the arithmetic mean of the closing prices of the Company's shares on the Stock Exchange Continuous Market during a period to be determined by the Board of Directors, not greater than three months or less than five days prior to the conversion and/or exchange date, subject to a premium or, as the case may be, a discount on said price. The premium or discount may be different for each exercise date (or, as the case may be, each issue tranche). However, in the event the price per share is discounted, such discount may not exceed 30%.
 - d) When warrants are issued with simple exchange rates or at par, i.e. one share per warrant, the sum of the premium(s) paid for each warrant plus the exercise price may not in any case be less than the trading value of the Company's shares, as per the provisions of the preceding paragraphs, or less than its par value. When warrants are issued with multiple exchange ratios, i.e. ratios other than one share per warrant, the sum of the premium(s) paid for the warrants issued as a whole and their aggregate exercise price may not in any case be less than the result of multiplying the number of shares underlying the total warrants issued by the list value of the share of the Company considered in accordance with the provisions of the preceding paragraphs, or less than its par value.
 - e) The warrants issued in accordance with this resolution may give rise to a right to subscribe to new shares of the Company and/or to acquire outstanding shares of the Company, or a combination of both. In any case, the Company may reserve the right to choose, at the time of exercise of the warrant, between delivering new shares, outstanding shares or a combination of both, as well as to satisfy exercise thereof by delivery of shares or for-difference/synthetic securities, with the relevant authority in such case to subscribe such derivatives as may be appropriate. In all cases the issuer shall ensure equal treatment as between all holders of warrants being exercised on a given date.
 - f) At the time an issue of warrants is approved pursuant to this authorization, the Board of Directors shall issue a report detailing and specifying, based on the above-mentioned criteria, the specific basis and methods applicable to exercise of such issue. In accordance with the application by analogy of Article 414 of the Spanish Capital Corporations Law, this report shall be accompanied by the related auditors' report.
7. In all cases the authorization to issue warrants and convertible and/or exchangeable debentures or bonds shall include:
- a) The authority to increase capital by the amount necessary in order to fill requests for conversion or the exercise of warrants. Said authority may only be exercised to the extent to which the total nominal amount of capital increases used to cover the issue of convertible debentures or bonds and of warrants and all remaining capital increases which may have been approved pursuant to the authorities granted by this Meeting, exceeds the limit of one-half of the share capital as provided by Article 297.1 b) of the Spanish Capital Corporations Law as at the date hereof. Furthermore, the nominal amount of any capital increases agreed to or effectively carried out pursuant to the authority delegated herein and in the resolution passed in relation to Agenda Item Three of this Meeting, in both cases with the exclusion of preemptive subscription rights shall not exceed a maximum nominal amount, jointly, of 20% of the Company's share capital at the time of this delegation.

- b) The authority to exclude the preemptive subscription rights of shareholders in accordance with Article 511 of the Spanish Capital Corporations Law, when so required in the interests of the Company. In any case, if the Board decides to remove the preemptive subscription right in relation to a specific issue of convertible debentures or bonds or of warrants that it may carry out pursuant to this authorization, it shall issue, at the time the issue is approved, a report detailing the specific corporate interests justifying such decision, which shall be subject to the relevant report from the statutory auditor, as referred to under Article 417.2 and 511.3 of the Spanish Capital Corporations Law. Said reports shall be made available to the shareholders and shall be reported to the first General Meeting to be held after the resolution on the issue was adopted.
 - c) The authorization to determine the basis and methods for conversion and/or exchange as set forth in paragraphs 5 and 6, *supra*, and, in particular, to determine the time for conversion and/or exchange, which may be limited to a pre-determined period; to specify ownership of the right to conversion and/or exchange, which may be attributed to the Company or to the bondholders; to meet obligations to bondholders or warrant holders (via conversion, exchange or a combination of conversion and exchange, to be determined thereby at the time of enforcement, and which may include delivery of for-difference/synthetic securities, in which case the Board of Directors shall execute such derivatives as may be necessary or convenient); and, in general, authorization for such other matters and conditions as may be necessary or convenient for such issue.
- 8. The Board of Directors is also authorized to guarantee, on behalf of the Company, the issue of fixed income securities by its subsidiaries.
 - 9. The Board of Directors, at future General Meetings of the Company, shall report to the shareholders on its use, as the case may be, as of said date, of the authorizations granted by virtue of this resolution.
 - 10. The Company may request admission to trade of debentures, bonds, warrants and other securities issued pursuant to this authorization, on any stock exchanges, regulated markets, multi-lateral trading systems or other trading markets or systems, whether in Spain or abroad, in accordance with the procedures set forth for each such trading market or system, and in all cases complying with applicable rules on admission, listing and delisting. In this regard, the Board shall be empowered to determine the market and carry out the formalities and actions necessary for admission to trading before the competent bodies of the various national or foreign securities markets.

Authorize the Board of Directors to delegate the powers granted by this resolution to the Executive Committee or to any other Director or individual as it deems appropriate, provided said powers are delegable under law.

PROPOSED RESOLUTION TO AGENDA ITEM 5

To authorize the Board of Directors, with express power of substitution, to buyback treasury stock either directly or through Group companies.

Pursuant to the provisions of Article 146 and related provisions and of Article 509 of the Spanish Capital Corporations Law, it is resolved to authorize the Company's Board of Directors (as well as its subsidiaries), with the express power of substitution, to acquire, during a period of five years from the date of this General Meeting, at any time and as many times as deemed appropriate and by any means permitted by law, the Company's shares in accordance with the following provisions and requirements in addition to those provided by the legal provisions in force:

A. Means of acquisition

Acquisitions shall be made through sale and purchase transactions, swap transactions or other means permitted by law.

B. Maximum limit

Company shares with a par value, in aggregate with shares already held by the Company and its subsidiaries, that does not exceed 10% of the Company's subscribed capital from time to time.

C. Purchase price when for consideration

- (i) Maximum acquisition price: 10% of the trading price of the Company's shares in the Spanish Stock Exchange Interconnection System at the time of acquisition.
- (ii) Minimum acquisition price: par value of the Company's shares.

The Company's Board of Directors (and the boards of its subsidiaries) are authorized, for the period and in accordance with the terms established in the preceding paragraphs to the extent applicable and at arm's length, to acquire the Company's shares using loans.

It is hereby expressly authorized that treasury stock acquired may be used in whole or in part towards (i) its disposal; (ii) delivery to employees, executives, directors (for the purposes provided in Article 146 of the Spanish Capital Corporations Law); and (iii) reinvestment plans for dividends or similar instruments.

Render void the unimplemented portion of Resolution Four of the General Shareholders Meeting held on 23 June 2016, also governing authorization to acquire treasury stock.

PROPOSED RESOLUTION TO AGENDA ITEM 6

To approve a Free of Charge Stock Ownership Plan for fiscal year 2018 aimed at officers and employees of the Group who, having an indefinite contract and receiving variable compensation, meet more than half of their targets set for fiscal year 2017, up to a total maximum limit of 500,000 shares of Pharma Mar, S.A., to be delivered in implementation of this Plan.

Approve a new Free of Charge Stock Ownership Plan (hereinafter, the "Plan") that will allow certain officers and employees of the Group to receive in fiscal year 2018, based on the extent to which 2017 targets are met, free shares of Pharma Mar, S.A. The Board of Directors is delegated to develop and implement the aforesaid Plan within the limits established in this resolution.

The Plan will have a dual objective: on the one hand, to reward employees and officers who had satisfactory performance in 2017 and, on the other hand, to stimulate employee loyalty and retention within the Group.

The Board of Directors will base the design and implementation of the Plan on the foundations established below.

1.- SUBJECTIVE SCOPE

The Plan will be directed at management teams and employees from the following Pharma Mar Group companies: Pharma Mar, S.A.; Xylazel, S.A.; Zelnova Zeltia, S.A.; Sylentis, S.A. Sociedad Unipersonal; Genomica, S.A. Sociedad Unipersonal; and Genomica AB, provided they meet all of the following criteria:

- 1.- Have an indefinite contract and have completed, as the case may be, their probationary period as of 31 December 2017. In the case of Xylazel, S.A. and Zelnova Zeltia, S.A., only those employees that belong to professional group 0 will be eligible as beneficiaries, as well as all other employees that, although not belonging to said professional group, are determined by the Board of Directors of said companies to be eligible. In the latter case, the Board may not designate more than twenty-five employees for each company (in addition to those belonging to professional group 0).
- 2.- Receive variable compensation in 2018 for meeting targets established for fiscal year 2017.
- 3.- Meet over 50% of the targets set by their Department Head or line manager for fiscal year 2017.

The Plan will apply both to current employees and officers that meet the eligibility conditions for being a beneficiary as well as to new staff that join the Group during the term of the Plan, provided the new staff member meets the three aforementioned conditions.

Under no circumstances shall the members of the Board of Directors of Pharma Mar, S.A. be eligible as beneficiaries, even if they hold executive positions in any Group companies.

2.- OBJECTIVE SCOPE

The Board of Directors shall decide on the number of shares to be received by each beneficiary based on the amount of variable compensation received in 2018 and the extent to which they met the targets established by their Department Head or line manager for 2017.

A maximum of 500,000 shares will be delivered in implementation of the Plan. The shares for the Plan shall come from treasury stock held by Pharma Mar, S.A. at the time the Plan is implemented.

3.- CONDITIONS

The Board of Directors shall seek to establish proper conditions to ensure that the Plan's purpose of increasing the loyalty of its beneficiaries is met, establishing the relevant periods necessary for guaranteeing the availability of the shares, as well as the consequences for breach by the beneficiary of the Plan terms, which may include the total or partial loss of the shares granted.

Furthermore, the Board may decide on those guarantees required to be granted by the beneficiaries over the shares granted in order to ensure compliance with the Plan.

The Board of Directors is also authorized to delegate the powers granted by this resolution to the Executive Committee or to any other director or individual as it deems appropriate, provided said powers are delegable under law.

This resolution was proposed by the Appointments and Compensation Committee and subsequently confirmed by the Board of Directors.

PROPOSED RESOLUTION TO AGENDA ITEM 7

To submit the Annual Report on Compensation of Directors of Pharma Mar, S.A. for fiscal year 2016 to an advisory vote (Art. 541.4 of the Spanish Capital Corporations Law).

Approve, on an advisory basis, the Annual Report on Compensation of Directors of Pharma Mar, S.A. for fiscal year 2016, the full text of which was made available to the shareholders, together with all other documents related to the General Shareholders Meeting, as from the time the meeting notice was published. A copy of said text is attached to the minutes as a Schedule.

PROPOSED RESOLUTION TO AGENDA ITEM 8

To authorize the Board of Directors to interpret, remedy, supplement, implement, execute and develop the resolutions adopted by the General Meeting, both to record such resolutions in a public deed and to substitute the powers entrusted thereto by the General Meeting.

Notwithstanding the authorizations granted in the preceding resolutions, authorize the Board of Directors, with the fullest powers required by law, with express power of substitution in favor of the Executive Committee or any Director or individual as deemed appropriate, to interpret, remedy, supplement and implement all of the above resolutions adopted by the General Meeting.

Empower the Chairman of the Board of Directors, Mr. José María Fernández Sousa-Faro; the Vice Chairman of the Board of Directors, Mr. Pedro Fernández Puentes; the Secretary of the Board of Directors, Mr. Sebastián Cuenca Miranda ; and the Vice Secretary of the Board of Directors, Ms. María Concepción Sanz López, such that any of them, indistinctly, may record the resolutions passed by the General Meeting in this session in a public deed and may execute any public and private documents necessary or convenient in order to implement said resolutions, including the power to apply for the partial registration, amendment and remedy of the content thereof to the extent necessary to bring them in line with the verbal or written requirements of the Mercantile Registry or of any other administrative bodies or authorities. Furthermore, the aforementioned individuals are expressly authorized, on the same joint and several basis, to make the required registration of annual financial statements and other applicable documents with the Mercantile Registry.