

Annual General Shareholders Meeting



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

VIGO, 22 - 23 JUNE 2016

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 2015; 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 2015, 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 FORTY-THREE MILLION ONE HUNDRED AND SIX THOUSAND SIX HUNDRED AND NINETY-THREE EUROS AND FIFTY-NINE CENTS (€43,106,693.59) to raise 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 2015.

PROPOSED RESOLUTION TO AGENDA ITEM 2

To reappoint the Company's Statutory Auditors

As the period for which PRICEWATERHOUSE COOPERS Auditores S.L. was appointed as the Company's Statutory Auditor has ended, reappoint said company, which has registered offices in Madrid, Pº de la Castellana 259-B, 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 amend Articles 36 and 40 of the Corporate Bylaws. The following proposals shall be voted on separately:

3.1 Amend the following bylaw provision included in Chapter III (Statutory Bodies of the Company), Section 2 (Board of Directors): 36 (Notice, Place of Meeting, Meetings, Deliberations and Adoption of Resolutions).

3.2 Amend the following bylaw provision included in Chapter III (Statutory Bodies of the Company), Section 2 (Board of Directors): 40 (Audit Committee) to bring the provision in line with Article 529 quaterdecies of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), implemented by Law 22/2015, of 20 July, on account auditing.

3.1 Amend the following bylaw provision included in Chapter III (Statutory Bodies of the Company), Section 2 (Board of Directors): 36 (Notice, Place of Meeting, Meetings, Deliberations and Adoption of Resolutions).

Amend the aforesaid bylaw provision, which shall hereafter read as follows:

Art. 36. Notice, Place of Meeting, Meetings, Deliberations and Adoption of Resolutions

The Board shall meet, on a regular basis, at least once every quarter and compulsorily within the first three months following the close of the fiscal year, as well as whenever so required in the interests of the Company, and shall be called by its Chairman or Acting Chairman, either (a) at its own initiative or (b) as requested by three Directors or, as the case may be, by the Coordinating Director. In the latter case, the meeting shall necessarily be held within five days following the request. Furthermore, the directors constituting at least one-third of the board members may call a Board of Directors meeting, indicating the meeting agenda, to be held in the city where the registered offices are located if, following a request made to the Chairman, the Chairman, without just cause, has not called the meeting within a period of one month.

The meeting notices shall be made in writing or by e-mail at least five days in advance, except when, in the opinion of the Chairman, the urgent nature of the matters to be addressed prevents such notice, in which case it may be called immediately by phone without prior notification of the agenda. The meeting notice shall include the agenda established by the Chairman, or Acting Chairman, and the meetings shall be held at the location established by the Chairman.

The Board shall be validly assembled when a majority of its members are in attendance at the meeting, in person or by proxy. The proxy shall be granted to another Director specifically for each Board meeting either in writing or by e-mail. No individual Director may hold more than three proxies. Non-Executive Directors may only delegate their proxy to another non-executive director. The Chairman may decide, as it deems convenient, to let any persons attend the meeting, regardless of whether or not they are officers of the Company. The Board shall deliberate and resolve on the matters included on the agenda as well as on any matters proposed by the Chairman or, as the case may be, the Coordinating Director, or by the majority of the Directors present in person or by proxy, which were not included on the agenda issued with the meeting notice.

Subject to the provisions of law, resolutions shall be adopted by the absolute majority of the Directors attending, in person or by proxy, and the Chairman or Acting Chairman shall resolve ties and manage

debates, and shall further have the authority to establish, in his or her prudent opinion, the order for such debates as well as the manner for voting. Voting in writing in lieu of a meeting will only be accepted if no Director opposes said procedure.

Board meetings may also be held in one or more locations simultaneously provided there is interactivity and intercommunication, in real time, by means of audiovisual or telephone systems, thereby guaranteeing simultaneity of developments. In such case, the meeting notice shall indicate the connection system and, as the case may be, the locations where the technical means to attend and participate at the Meeting are available. Resolutions shall be deemed to have been adopted in the place where the Chairman is located.

The debates and resolutions of the Board shall be recorded in a minutes book, which shall be signed by the Secretary with the approval of the acting Chairman for the meeting. The minutes shall be approved by the Board itself either upon conclusion of the meeting or at the following meeting. The minutes shall also be deemed to be approved when, within five days following receipt of a draft copy of the minutes, no Director has made any objections.

3.2 Amendment of the following bylaw provision included in Chapter III (Statutory Bodies of the Company), Section 2 (Board of Directors): 40 (Audit Committee) to bring the provision in line with Article 529 quaterdecies of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), implemented by Law 22/2015, of 20 July, on account auditing.

Amend the aforesaid bylaw provision, which shall hereafter read as follows:

Art. 40. Audit Committee

The Company shall have an Audit Committee, which shall be comprised exclusively of Non-Executive Directors appointed by the Board of Directors, the majority of which, at least, shall be Independent Directors and one which shall be appointed taking into consideration their knowledge and experience in accounting, auditing or both. The members of the Committee shall collectively have the relevant technical expertise in relation to the sector of activity in which the company operates.

The Chairman of the Audit Committee shall be appointed from among the Independent Directors on the Committee and shall be replaced every four years, but may be reappointed one year after removal thereof has lapsed, regardless of his or her continued membership or reappointment as a member of the Audit Committee.

The Audit Committee shall have the duties established in the Spanish Capital Corporations Law and all other duties that may be attributed thereto in the Board of Directors Regulations.

The Board of Directors Regulations shall establish the number of members and shall govern the functioning of the Committee, in accordance with the provisions of law and these Bylaws.

PROPOSED RESOLUTION TO AGENDA ITEM 4

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 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 Capital Corporations Law); and (iii) reinvestment plans for dividends or similar instruments.

Render void the unimplemented portion of Resolution Thirteen of the General Shareholders Meeting of 30 June 2015, also governing authorization to acquire treasury stock.

PROPOSED RESOLUTION TO AGENDA ITEM 5

To approve a Free of Charge Stock Ownership Plan for fiscal year 2017 aimed at officers and employees of the Group that, having an indefinite contract and receiving variable compensation, meet more than half of their targets set for fiscal year 2016, 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 2017, based on the extent to which 2016 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 2016 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; Promaxsa Protección de Maderas, S.L. 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 2016. 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 2017 for meeting targets established for fiscal year 2016.
- 3.- Meet over 50% of the targets set by their Department Head or line manager for fiscal year 2016.

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 2017 and on the extent to which they met the targets established for 2016 by their Department Head or line manager.

A maximum of 500,000 shares will be delivered in implementation of the Plan. The shares for the Plan shall come from the treasury stock of Pharma Mar, S.A. that is held by the latter 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 6

To submit the Annual Report on Compensation of Directors of Pharma Mar, S.A. for fiscal year 2015 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 2015, 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 7

To approve Pharma Mar, S.A.'s Directors' Compensation Policy for 2016-2018.

Approve, in accordance with Article 529 novodecies of the Spanish Capital Corporations Law, Pharma Mar, S.A.'s Directors' Compensation Policy for fiscal years 2016, 2017 and 2018, the contents of which have been made available to the shareholders as from the time the meeting notice for the General Meeting was published, together with the specific report of the Appointments and Compensation Committee, a copy of which 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 financial statements and other applicable documents with the Mercantile Registry.