

SOPHIRIS BIO INC.

Form 424B3

July 07, 2014

**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-196331**

**Prospectus Supplement No. 1**

(to prospectus dated June 23, 2014)

**Sophiris Bio Inc.**

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This Prospectus Supplement No. 1 supplements and amends the prospectus dated June 23, 2013, or the Original Prospectus, relating to the sale of an aggregate of 3,409,629 of our common shares, no par value, by the selling shareholder identified in the Original Prospectus.

On July 7, 2014, we filed with the Securities and Exchange Commission a Current Report on Form 8-K relating to our entry into a material definitive agreement and issuance of warrants to purchase common shares. The information set forth below supplements and amends the information contained in the Original Prospectus. This Prospectus Supplement No. 1 should be read in conjunction with, and delivered with, the Original Prospectus and is qualified by reference to the Original Prospectus except to the extent that the information in this Prospectus Supplement No. 1 supersedes the information contained in the Original Prospectus.

The prices at which the selling shareholder may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive proceeds from the sale of the shares by the selling shareholder. However, we may receive proceeds of up to \$15.0 million from the sale of our common shares to the selling shareholder, pursuant to a common stock purchase agreement entered into with the selling shareholder on May 16, 2014, including proceeds that we have already received thereunder.

The selling shareholder is an “underwriter” within the meaning of the Securities Act of 1933, as amended. We will pay the expenses of registering these shares, but all selling and other expenses incurred by the selling shareholder will be paid by the selling shareholder.

Our common shares trade on the NASDAQ Global Market, or NASDAQ, under the ticker symbol "SPHS". On July 3, 2014, the last reported sale price per common share was \$2.81 per share.

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**This investment involves risks. See "Risk Factors" on page 7 of the Original Prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this Prospectus Supplement No. 1 is July 7, 2014.**

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)**

**of the Securities Exchange Act of 1934**

**June 30, 2014**

Date of Report (Date of earliest event reported)

**Sophiris Bio Inc.**

(Exact name of registrant as specified in its charter)

**British Columbia**

**001-36054**

**98-1008712**

(State or other jurisdiction) (Commission File Number) (IRS Employer Identification No.)

of incorporation)

**1258 Prospect Street**

**92037**

**La Jolla, CA**

(Address of principal executive offices)

(Zip Code)

**Registrant's  
telephone  
number,  
including  
area  
code: (858)  
777-1760**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 1.01 Entry into a Material Definitive Agreement.**

On June 30, 2014, Sophiris Bio Inc. (the “Company”), the Company’s wholly owned subsidiary, Sophiris Bio Corp. and its wholly-owned subsidiary, Sophiris Bio Holding Corp. (together, the “Subsidiaries”), and Oxford Finance LLC (“Oxford”) entered into a Loan and Security Agreement (the “Loan and Security Agreement”) pursuant to which Oxford has loaned a principal amount of \$6.0 million to the Company to refinance the Company’s existing term loan with Oxford and to provide additional working capital. The principal amount was used by us to repay approximately \$2.9 million of outstanding principal on the Company’s existing term loan, to pay accrued interest on such existing term loan, to pay other fees and expenses, including approximately \$0.7 million in an accrued final payment due under the existing term loan, and the rest will be used for general corporate purposes. Under the Company’s existing term loan with Oxford the Company would have been required to use its cash to pay principal, interest and additional fees of approximately \$3.6 million to Oxford between July 1, 2014 and November 1, 2014, the termination date of its existing term loan.

The principal borrowed under the Loan and Security Agreement bears fixed interest of 9.504% per annum (the “Loan Interest Rate”), which interest shall be payable monthly in arrears. Upon the earliest to occur of (i) the maturity date, (ii) the date the Company prepays all outstanding amounts under the Loan and Security Agreement, or (iii) the date that all amounts under the Loan and Security Agreement become due and payable, the Company shall pay Oxford an additional fee of 5% of the original principal amount (the “End of Term Charge”). The repayment terms are interest only payments through July 1, 2015 followed by 36 months of equal principal and interest payments. At its option, the Company may prepay all amounts owed under the Loan and Security Agreement (including all accrued and unpaid interest and the End of Term Charge), subject to a prepayment charge (the “Prepayment Charge”) that is determined based on the date the loan is prepaid.

In connection with the Loan and Security Agreement, the Company and the Subsidiaries granted to Oxford a security interest in all of the Company’s and the Subsidiaries’ personal property now owned or hereafter acquired, excluding intellectual property and certain other assets. The Loan and Security Agreement also provides for standard indemnification of Oxford and contains representations, warranties and certain covenants of the Company and the Subsidiaries. Upon the occurrence of an event of default by the Company under the Loan and Security Agreement, Oxford will have customary acceleration, collection and foreclosure remedies.

Pursuant to the Loan and Security Agreement, on June 30, 2014, the Company issued to Oxford warrants (the “Warrants”) to purchase an aggregate of up to 82,192 of the Company’s common shares at an exercise price of \$2.19 per share. The Warrants will expire seven years from the date of the grant.

The foregoing summary is qualified in its entirety by reference to the Loan and Security Agreement and the form of Warrant, both of which the Company intends to file as exhibits to its Quarterly Report on Form 10-Q for the

three-month period ended June 30, 2014, with the U.S. Securities and Exchange Commission.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

**Item 3.02. Unregistered Sales of Equity Securities.**

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02. The Company issued the Warrants in reliance on the exemption from registration provided for under Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). The Company relied on the exemption from registration provided for under Section 4(2) of the Securities Act based in part on the representations made by Oxford, including the representations with respect to Oxford's status as an accredited investor, as such term is defined in Rule 501(a) of the Securities Act, and Oxford's investment intent with respect to the Warrant and the underlying common shares.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Sophiris Bio Inc.**

Dated: July 7, 2014

By: /s/ Peter Slover  
Peter Slover  
Chief Financial  
Officer