

Recce Pharmaceuticals Ltd

Level 36, 1 Macquarie Place
Gateway Tower
Sydney NSW 2000



Recce Pharmaceuticals Ltd

Notice of 2019 General Meeting

Explanatory Statement | Proxy Form

30 September 2019

2.00pm AEST

Address

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000

This Notice of Meeting should be read in its entirety.
If Shareholders are in doubt as to how they should
vote, they should seek advice from their professional
advisers prior to voting.

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Venue and Voting Information

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (AEST) on Monday, 30 September 2019 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000.

Your vote is important

The business of the General Meeting affects your shareholding and your vote is important.

Voting in person

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting.
Proxy Forms received later than this time will be invalid.

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of General Meeting

Notice is hereby given that a General Meeting of Shareholders of Recce Pharmaceuticals Ltd ACN 124 849 065 will be held at 2.00pm (AEST) on Monday, 30 September 2019 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 2.00pm (AEST) on 28 September 2019.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Resolutions

Ratification of Prior Issue of Equity Securities

1. Resolution 1 – Ratification of Prior Issue of Shares to Acuity Capital Pty Ltd

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 4,500,000 fully paid ordinary shares issued to Acuity Capital Pty Ltd on 15 February 2019 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) a person who participated in the issue and received the Shares; or
- (b) an Associate of those persons.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. **Resolution 2 – Ratification of Prior Issue of Shares**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 12,857,143 fully paid ordinary shares issued on 15 February 2019 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (a) a person who participated in the issue and received the Shares; or
- (b) an Associate of those persons.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. **Resolution 3 – Ratification of Prior Issue of Options to DJ Carmichael Pty Ltd**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 1,800,000 unlisted options issued on 15 February 2019 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a person who participated in the issue and received the Options; or
- (b) an Associate of those persons.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Alistair McKeough
Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 2.00pm (AEST) on Monday, 30 September 2019 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the General Meeting are set out below.

Resolutions

Ratification of Prior Issue of Equity Securities

Resolution 1 – Ratification of Prior Issue of Shares to Acuity Capital Pty Ltd

Background

As announced by the Company on 1 November 2018, the Company entered into a controlled placement deed (CPD) with Acuity Capital Pty Ltd (**Acuity**), providing the Company with up to \$3 million of standby equity capital until 31 December 2020. The Company retains full control of all aspects of the placement process, having sole discretion as to whether or not to utilise the CPD, the quantum of issued shares, the minimum price of shares and the timing of each placement tranche (if any). There are no requirements on the Company to utilise the CPD and the Company may terminate the CPD at any time, without cost or penalty.

As collateral for the CPD, the Company issued 4,500,000 fully paid ordinary shares on 15 February 2019 for nil consideration to Acuity. The Company may, at any time, cancel the CPD and buy back the Collateral Shares for no consideration (subject to shareholder approval).

ASX Listing Rules 7.1

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 4,500,000 Shares issued on 15 February 2019.

All of the Shares were issued to Acuity by utilising the Company's existing capacity under Listing Rule 7.1.

Listing Rule 7.1 allows an entity to issue (or agree to issue) up to 15% of the Company's fully paid ordinary shares on issue in any 12 month period without the approval of the Shareholders of the Company.

Listing Rule 7.4 provides that where an entity in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with Shareholder approval for the purposes of Listing Rule 7.1, thereby "refreshing" the Company's capacity under Listing Rule 7.1.

Therefore, the effect of approval of this Resolution is to allow the entity to retain the flexibility to issue additional securities within the 15% capacity under Listing Rule 7.1 after this Resolution is adopted.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) The Company issued 4,500,000 fully paid ordinary shares.
- (b) Each of the Shares were issued for nil consideration.
- (c) The Shares were fully paid on issue and ranked equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.

- (d) The Shares were issued to Acuity Capital Pty Ltd.
- (e) Funds were not raised from the issue of the Shares as the Shares were issued as collateral shares pursuant to the CPD.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Resolution 2 – Ratification of Prior Issue of Shares

Background

As announced by the Company on 15 February 2019, the Company successfully completed a placement to sophisticated and institutional investors (**Placement**) of 12,857,143 fully paid ordinary shares at an issue price of 14 cents (\$0.14) per Share raising \$1.8 million (before costs) for the Company. The funds raised will be used to strengthen the Company's balance sheet as the Company advances its New Class of Broad Spectrum Antibiotic towards approval to start human clinical trials. In addition, the funds will be used to further pre-clinical programs, for general working capital and for the repayment of director loans.

ASX Listing Rules 7.1 and 7.1A

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 12,857,143 Shares issued on 15 February 2019.

The Placement was completed by utilising the Company's existing capacity in which 7,114,553 Shares were issued under Listing Rule 7.1 and 5,742,590 Shares were issued under Listing Rule 7.1A.

Listing Rule 7.1 allows an entity to issue (or agree to issue) up to 15% of the Company's fully paid ordinary shares on issue in any 12 month period without the approval of the Shareholders of the Company.

Listing Rule 7.1A provides that, in addition to issues permitted without prior Shareholder approval under Listing Rule 7.1, an entity that is eligible and obtains Shareholder approval under Listing Rule 7.1A may issue (or agree to issue) during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in Listing Rule 7.1A. The Company is an eligible entity and sought and received Shareholder approval for this additional 10% capacity at the Company's annual general meeting last year.

Listing Rule 7.4 provides that where an entity in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with Shareholder approval under Listing Rule 7.1, thereby "refreshing" the Company's capacity under Listing Rule 7.1. A note to Listing Rule 7.4 also provides it can also be used to ratify the previous issue of securities made with approval pursuant to Listing Rule 7.1A.

Therefore, the effect of approval of this Resolution is to allow the entity to retain the flexibility to issue additional securities within the 15% capacity under Listing Rule 7.1 and the additional 10% capacity under Listing Rule 7.1A, after this Resolution is adopted.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) The Company issued 12,857,143 fully paid ordinary shares.
- (b) Each of the Shares were issued at \$0.14 per Share.
- (c) The Shares were fully paid on issue and ranked equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (d) The Shares were issued to sophisticated and institutional investors.
- (e) Funds raised from the issue of the Shares have been and will be used by the Company to strengthen the Company's balance sheet, to further pre-clinical programs, for general working capital and the

repayment of director loans.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Resolution 3 – Ratification of Prior Issue of Options to DJ Carmichael Pty Ltd

Background

DJ Carmichael Pty Ltd (**DJ Carmichael**) was the lead manager of the Placement. Fees payable to DJ Carmichael in relation to the Placement include a cash payment of 6% of the total amount raised and the issue of 1,800,000 unlisted Options, which has an exercise price that is a 20% premium to the issue price of the shares offered under the Placement. Accordingly, on 15 February 2019, the Company issued 1,800,000 Options to DJ Carmichael. Each of the Options have an exercise price of \$0.168 per Option and expire on 15 February 2023.

ASX Listing Rules 7.1

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 1,800,000 Options issued on 15 February 2019.

All of the Options were issued to DJ Carmichael by utilising the Company's existing capacity under Listing Rule 7.1.

Listing Rule 7.1 allows an entity to issue (or agree to issue) up to 15% of the Company's fully paid ordinary shares on issue in any 12 month period without the approval of the Shareholders of the Company.

Listing Rule 7.4 provides that where an entity in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with Shareholder approval for the purposes of Listing Rule 7.1, thereby "refreshing" the Company's capacity under Listing Rule 7.1.

Therefore, the effect of approval of this Resolution is to allow the entity to retain the flexibility to issue additional securities within the 15% capacity under Listing Rule 7.1 after this Resolution is adopted.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) The Company issued 1,800,000 unlisted options.
- (b) Each of the Options were issued for nil consideration.
- (c) The Options have an exercise price of \$0.168 per Option and expire on 15 February 2023.
- (d) The Options were issued to DJ Carmichael.
- (e) Funds were not raised from the issue of the Options as the Options were issued as part of the fees for DJ Carmichael acting as Lead Manager for the Placement.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Enquiries

Shareholders are asked to contact the Company Secretary on +61 2 8072 1400 if they have any queries in respect of the matters set out in these documents.

Glossary

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Company means Recce Pharmaceuticals Ltd ACN 124 849 065.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Dollar or "\$" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

General Meeting or **Meeting** means a General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

Notice of Meeting means this notice of general meeting dated 30 August 2019 including the Explanatory Statement.

Option means an option which, subject to its terms, could be exercised into a Share.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

Securities mean Shares and/or Options (as the context requires).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Automic Group, Level 5, 126 Phillip Street Sydney NSW 2000.

Holder Number:

Vote by Proxy: RCE

Your proxy voting instruction must be received by **2.00pm (AEST) on Saturday, 28 September 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Contact	Return your completed form		All enquiries to Automic	
	 BY MAIL Automic GPO Box 5193 Sydney NSW 2001	 IN PERSON Automic Level 5, 126 Phillip Street Sydney NSW 2000	 BY EMAIL meetings@automicgroup.com.au	 WEBCHAT https://automic.com.au/
			 PHONE 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)	

[illegible]

Resolutions		For	Against	Abstain
1.	Ratification of Prior Issue of Shares to Acuity Capital Pty Ltd	☐	☐	☐
2.	Ratification of Prior Issue of Shares	☐	☐	☐
3.	Ratification of Prior Issue of Options to DJ Carmichael Pty Ltd	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1 Securityholder 2 Securityholder 3

Sole Director and Sole Company Secretary Director Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone Date (DD/MM/YY)

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).