



17 September 2019

Company Announcements Office
Australian Securities Exchange

Convertible Note Issue

Vectus Biosystems Limited (ASX:VBS) is pleased to announce a successful Convertible Note issue to raise an amount of \$7,000,000, which was \$2,000,000 more than initially contemplated. The funds will be used to complete the Phase I clinical trials for VB0004, which potentially prevents and reverses fibrosis in organs, to advance the library of VBS's other drugs and for general working capital.

The key terms of the Convertible Notes are:

Subscribers: Sophisticated, experienced and professional investors, as defined in sections 708(8), 708(10) and 708(11) of the Corporations Act, predominantly clients of Gleneagle Securities (Aust) Pty Ltd.

Notes: 14,000,000 Convertible Notes, each with a Face Value of \$0.50 each.

Term: 36 months until Maturity Date.

Interest Rate: 6% per annum capitalised and paid on Maturity Date (or, if agreed by VBS, the investor can elect to convert any unpaid interest on their Notes at the Maturity Date into VBS shares at an issue price that is the higher of (i) \$0.50 and (ii) 10% below the relevant VWAP).

Conversion: Each Note will be redeemed for \$0.50 plus any unpaid interest on that Note. Each Note may be converted into one VBS ordinary share at \$0.50 per share. The investors have the right to convert their Notes at any time prior to redemption.

Listing and Security: The Convertible Notes will not be listed on ASX and are secured.

Two Tranches: The issue will be undertaken in two tranches. Tranche 1 of 3,000,000 Notes at \$0.50 to raise \$1,500,000 is expected to be completed, and an Appendix 3B lodged, on or about 24 September 2019. Tranche 2 of 11,000,000 Notes at \$0.50 to raise \$5,500,000 is expected to be completed, and an Appendix 3B lodged, on or about 18 November 2019. Tranche 1 will be completed utilising the existing placement capacity under ASX Listing Rule 7.1. Tranche 2 is subject to shareholder approval under Listing Rule 7.1, and will be completed following shareholder approval at the VBS Annual General Meeting to be held on or about 13 November 2019.

Vectus Biosystems Limited

Robert J Waring
Company Secretary

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