

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Vectus Biosystems Limited (ASX:VBS)

ABN

54 117 526 137

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Performance Rights, Deferred Share Awards and fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 300,000 Performance Rights
75,000 Deferred Share Awards
2,000 fully paid ordinary shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 100,000 performance rights to each of the Directors Dr Karen Duggan, Mr Maurie Stang and Mr Peter Bush (i.e. a total of 300,000 performance rights), as detailed in the Company's Initial Public Offer (IPO) Prospectus and Notice of 2016 Annual General Meeting (AGM). The rights vest providing the Director remains a Director of the Company two years after the rights are issued and providing the Vectus share price is at least 50% higher than the \$1.55 IPO price.

75,000 Deferred Share Awards to Executive Director of the Company Dr Karen Duggan, which vest in equal tranches over three years providing that Dr Duggan remains an employee of Vectus, as detailed in the Notice of 2016 AGM.

2,000 fully paid ordinary shares to Dr Karen Duggan, as detailed in the Notice of 2016 AGM. |

+ See chapter 19 for defined terms.

<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes – the new shares rank equally with existing fully paid ordinary shares. Any shares issued if and when the Performance Rights and Deferred Share Awards convert into fully paid ordinary shares will also rank equally with existing fully paid ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>Performance Rights, Deferred Share Awards and fully paid ordinary shares issued following shareholder approval at the Company's 17 November 2016 AGM, with details of the estimated valuation set out on pages 6 to 9 of the Notice of AGM.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Performance Rights, Deferred Share Awards and fully paid ordinary shares issued after approval at the Company's 17 November 2016 AGM.</p> <p>The Performance Rights are issued to the three abovementioned Directors as key contributors to the Company in the period of the Vectus IPO and ASX Listing in order to assist in the reward, motivation and retention of those Directors, and to recognise the abilities, efforts and contributions of those participants in Vectus' performance and success, and as allowed under the Company's Employee Incentive Plan (EIP).</p> <p>The Deferred Share Awards are issued to Dr Karen Duggan under the Company's EIP as part of her remuneration for her service to the Company during the year ended 30 June 2016.</p> <p>The fully paid ordinary shares are issued to Dr Karen Duggan under the Company's EIP as part of her remuneration for her service to the Company during the year ended 30 June 2015.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>

⁺ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	Not applicable	
6c	Number of +securities issued without security holder approval under rule 7.1	Not applicable	
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable	
6f	Number of +securities issued under an exception in rule 7.2	Not applicable	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable	
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	5 December 2016	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		14,852,121	Fully paid ordinary shares

+ See chapter 19 for defined terms.

New issue announcement

<p>9 Number and ⁺class of all ⁺securities not quoted on ASX (<i>including</i> the ⁺securities in section 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="691 194 852 624">Number</th><th data-bbox="852 194 1283 624">⁺Class</th></tr> </thead> <tbody> <tr> <td data-bbox="691 624 852 365">8,521,387</td><td data-bbox="852 624 1283 365">Fully paid ordinary shares (restricted for 24 months until 23 February 2018)</td></tr> <tr> <td data-bbox="691 365 852 504">100,000</td><td data-bbox="852 365 1283 504">Performance Rights (restricted for 24 months until 23 February 2018, issued under the Vectus EIP, which expire, if not converted into shares after meeting performance conditions, on 23 February 2019).</td></tr> <tr> <td data-bbox="691 504 852 624">300,000</td><td data-bbox="852 504 1283 624">Performance Rights (vest and automatically convert into fully paid ordinary shares on 5 December 2018, providing the Director remains a Director of the Company and providing the Vectus share price is at least 50% higher than the \$1.55 IPO price)</td></tr> <tr> <td data-bbox="691 624 852 766">75,000</td><td data-bbox="852 624 1283 766">Deferred Share Awards (expire on 17 November 2019 if not converted into fully paid ordinary shares after meeting performance conditions)</td></tr> </tbody> </table>	Number	⁺ Class	8,521,387	Fully paid ordinary shares (restricted for 24 months until 23 February 2018)	100,000	Performance Rights (restricted for 24 months until 23 February 2018, issued under the Vectus EIP, which expire, if not converted into shares after meeting performance conditions, on 23 February 2019).	300,000	Performance Rights (vest and automatically convert into fully paid ordinary shares on 5 December 2018, providing the Director remains a Director of the Company and providing the Vectus share price is at least 50% higher than the \$1.55 IPO price)	75,000	Deferred Share Awards (expire on 17 November 2019 if not converted into fully paid ordinary shares after meeting performance conditions)
Number	⁺ Class										
8,521,387	Fully paid ordinary shares (restricted for 24 months until 23 February 2018)										
100,000	Performance Rights (restricted for 24 months until 23 February 2018, issued under the Vectus EIP, which expire, if not converted into shares after meeting performance conditions, on 23 February 2019).										
300,000	Performance Rights (vest and automatically convert into fully paid ordinary shares on 5 December 2018, providing the Director remains a Director of the Company and providing the Vectus share price is at least 50% higher than the \$1.55 IPO price)										
75,000	Deferred Share Awards (expire on 17 November 2019 if not converted into fully paid ordinary shares after meeting performance conditions)										
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>Any fully paid ordinary shares issued will have full participation in any future dividends.</p>										

Part 2 - Pro rata issue

Questions 11 to 33 are not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

Questions 38 to 42 are not applicable

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

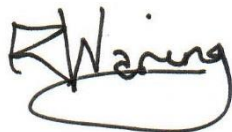
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(~~Director~~/Company Secretary)

Date: 5 December 2016

Print name: Robert J Waring

== == == == ==

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	The Company has not sought shareholder approval at an Annual General Meeting under ASX Listing Rule 7.1A.
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	Not Applicable
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> <i>This applies to equity securities – not just ordinary securities</i> <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.