

Capital Raise – Placement and Rights Offer to raise approximately \$6 million

Highlights:

- **Binding commitments received for approximately \$2.4 million share placement at \$0.06 (6 cents) per share, including Rhythm Chairman, Mr Otto Buttula, participating in the placement for an amount of \$1.5 million (subject to shareholder approval).**
- **Rhythm to also undertake a three-for-five (3:5) non-renounceable rights issue offer to all shareholders at \$0.06 (6 cents) to raise up to a further \$3.6 million (“Rights Issue Offer”), bringing the total amount of the proposed capital raising to approximately \$6.0 million before costs.**
- **Additional binding commitments received for approximately \$2.25 million for any shortfall shares from the Rights Issue Offer.**
- **All Directors, other than David White, who is an Ineligible Foreign Shareholder, have indicated that they intend to take up their Entitlement in full, representing an investment of approximately \$0.1 million.**

23 July 2020, Melbourne: Rhythm Biosciences Limited (ASX: RHY) is pleased to announce it has received firm, binding commitments from sophisticated, professional and other exempt investors to raise \$2.40 million through a share placement (“**Placement**”) and also intends to undertake a non-renounceable rights issue offer to raise approximately \$3.6 million from shareholders (“Rights Issue Offer”), for a total of approximately \$6.0 million before costs. The Placement includes a subscription by Rhythm Chairman, Mr Otto Buttula, in an amount of \$1.5 million (“Related Party Placement”).

“We are very pleased by the strong support for the share placement, which has introduced a number of new investors to our register. Similarly, we are delighted with the support shown by the binding commitments of all parties in the capital raising. We look forward to rewarding all our supportive shareholders with the development of our simple, low cost blood test for the early detection of colorectal cancer and increasing shareholder value” commented Rhythm CEO Glenn Gilbert.

Rhythm BiosciencesACN: 619 459 335
ASX: RHY**Issued Capital**100,750,000 Shares
3,000,000 Options**Australian Registered Office**Level 2, 480 Collins Street
Melbourne VIC 3000
www.rhythmbio.com**Directors**Otto Buttula – Chairman of the Board
Trevor John Lockett – Executive Director
Louis James Panaccio – Non-Executive Director
David John White – Non-Executive Director
Eduardo Vom – Non-Executive Director

The funds from the Rights Issue Offer and the Placement will be applied to:

- furthering and completing research and development of the current ColoSTAT® test;
- the transfer to manufacture and initial scale up of manufacturing capability trials;
- the completion of the current clinical trial (Study 7) recruitment;
- support regulatory application preparation for Europe and Australia;
- marketing / business development; and
- working capital purposes.

“We are also pleased to offer existing eligible shareholders with the opportunity to participate in the capital raising on the same terms as the Placement, and I would like to thank all our existing and new shareholders for their ongoing support” said Mr Gilbert.

Capital Raising Details

Rhythm has received firm, binding commitments for a placement to sophisticated, professional and other exempt investors (including Mr Otto Buttula), comprising a total of 40,112,500 fully paid ordinary shares in the Company ("New Shares") at an issue price of \$0.06 (6 cents) per share to raise approximately \$2.40 million (before costs).

The Placement was conducted utilising its placement capacity under ASX Listing Rule 7.1 (being 15,112,500 shares). Settlement of the Placement to unrelated parties is expected to occur on 29 July 2020. These shares will be issued after the Record Date of the Rights Issue Offer, therefore the new Placement investors will not have participating rights in that offer.

As part of the Placement, Rhythm Chairman, Mr Otto Buttula, has committed \$1.50 million (25 million ordinary shares). The placement to Mr Otto Buttula is subject to prior shareholder approval at a General Meeting scheduled to be held on 25 August 2020 ("General Meeting"). "Having our Chairman demonstrate such significant commitment underscores his confidence in the Company, management and the path we are on to develop the ColoSTAT® product" said Mr Gilbert.

A commitment fee of 5% of the respective amounts subscribed will be paid to each of the subscribers under the Placement.

Rights Issue Offer Details

In addition to the Placement, the Company also intends to undertake a non-renounceable rights issue offer to eligible shareholders to subscribe for three (3) new shares for every five (5) shares held an offer price of \$0.06 (6 cents) per share to raise up to \$3.6 million before costs by the issue of up to ("Rights Issue Offer"). Eligible shareholders are shareholders with a registered address in Australia and New Zealand as at as at the Record Date of 28 July 2020. There is no minimum amount to be raised under the Rights Issue Offer, but the Company has already received binding written commitments from third parties for up to \$2.25 million of any shortfall available (see below).

The Rights Issue Offer will open on Friday, 31 July 2020 and close at 5pm (AEST), Friday, 28 August 2020. Issues under this Rights Issue Offer will be made under Listing Rule 7.2, exception 1 (at the same price as issues under the Placement) and therefore no shareholder approval is required for the Rights Issue Offer. Fractional entitlements will be rounded up to the nearest whole number.

The New Shares will be fully paid ordinary shares, will rank equally with the Company's existing issued Shares and the Company will make an application to the ASX for the official quotation of the New Shares.

The Company has received firm, binding written commitments from third parties for up to \$2.25 million of any shortfall available under the Rights Issue Offer ("Shortfall Subscribers"). A commitment fee of 5% of the respective amounts subscribed will be paid to each of the above Shortfall Subscribers under the Placement.

The table below sets out, for illustrative purposes only, the existing Share capital structure (before the Rights Issue Offer) together with the impact of the issue of the New Shares under the Rights Issue Offer and the Placements. It assumes that no options are exercised prior to the Record Date.

Shares	Number
Existing Shares as at date of the Rights Issue Offer	100,750,000
Maximum number of New Shares issued under the Offer (approximately)	60,450,000
Maximum number of New Shares to be issued under the Placements (approximately)	40,112,500
Maximum number of New Shares issued under the Placements (approximately) if shareholders do not approve the Related Party Placement	15,112,500
Total issued Shares following completion of all Placements (assuming shareholder approval of the Related Party Placement (approximate),	201,312,500

Further information pertaining to the Rights Issue Offer will be sent to Eligible Shareholders in a booklet ("Offer Booklet") expected to be lodged with the ASX and despatched to Shareholders on or around Friday, 31 July 2020.

Directors retain the right for up to 3 months after the close of the Offer to place the balance of any New Shares not taken up by Eligible Shareholders and the Shortfall Subscribers.

The following is an indicative timetable for the Placements and Rights Issue Offer:

Indicative Capital Raising Timetable¹ Event	Date
Capital Raising announcement and company resumes trading	Thursday, 23 July 2020
Record Date	Tuesday, 28 July 2020
Allotment of New Shares under Placement (other than Related Party Placement)	Wednesday, 29 July 2020
Dispatch of Offer Booklet and Rights Issue Offer opens	Friday, 31 July 2020
General Meeting held	Tuesday, 25 August 2020
Allotment of New Shares under Related Party Placement (assuming shareholder approval obtained)	Thursday, 27 August 2020
Closing of Rights Issue Offer	5.00pm Friday, 28 August 2020
Allotment and issue of New Shares under Rights Issue Offer	Thursday, 3 September 2020
Expected normal trading of New Shares under Rights Issue Offer	Friday, 4 September 2020

1. Dates / times are indicative and subject to change. All times / dates are in reference to Australian Eastern Standard Time

The release of this announcement was authorised by the Chief Executive Officer Mr. Glenn Gilbert on behalf of the Board.

For further information, please contact:

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About Rhythm Biosciences

ASX-listed Rhythm Biosciences is endeavoring to develop and commercialise a screening and diagnostic test for the early detection of colorectal cancer, the third biggest cause of cancer-related deaths globally.

Rhythm's lead product, ColoSTAT[®], is intended to be a simple, affordable, minimally invasive and effective blood test for the early detection of bowel cancer for the global mass market. It is expected to be comparable to, if not better than, the current standard of care, the faecal immunochemical test (FIT), at a lower cost. ColoSTAT[®] also provides an alternative for those who choose not to, or are unable to, be assessed using standard screening programs.

ColoSTAT[®] is designed to be used easily by laboratories without the need for additional operator training or additional infrastructure.

ColoSTAT[®] has the potential to play an important role in reducing the morbidity and mortality rates and healthcare costs associated with colorectal cancer. Globally, over 850,000 people die from colorectal cancer each year.