

**RECCE LTD**  
**ACN 124 849 065**

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## **SUPPLEMENTARY PROSPECTUS**

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### **IMPORTANT INFORMATION**

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the replacement prospectus dated 21 September 2015 (**Prospectus**), issued by Recce Ltd (ACN 124 849 065) (**Company**).

This Supplementary Prospectus is dated 23 November 2015 and was lodged with ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website ([www.recce.com.au](http://www.recce.com.au)).

The Company will send a copy of the Supplementary Prospectus to all applicants who have applied for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

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## 1. LITIGATION

Section 13.1 of the Prospectus is replaced with:

Other than as set out below, as at the date of this Supplementary Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

Recce has received correspondence (**Email**) from Portison Pty Ltd (**Portison**), a company claiming to have acquired all the intellectual property of Chemeq Ltd and Chemeq Technologies Pty Ltd (collectively, **Chemeq**).

The Email makes a claim of "Alleged Patent Infringement" in relation to "Chemeq patent(s)" by Recce's PCT/AU2008/001140 (**Patent Application**). The Patent Application has entered the national phase in Australia, Japan, the U.S., Europe and China and is the parent of the granted patents and patent applications of Patent Family 1 "Antimicrobial Polymers and their Composition") as disclosed in section 3 of the Patent Attorney's Report which is set out in Section 10 of the Prospectus.

The Email references an earlier letter sent to the Company by Blake Dawson (acting on behalf of the Receivers and Managers of Chemeq Ltd) (**Receivers**) on 19 May 2010 requesting that the Company desist from filing the Patent Application (**Blakes Letter**).

The Blakes Letter expressed concerns that the Patent Application may be based on, or derived from, intellectual property or confidential information owned by Chemeq. The Blakes Letter did not provide any detailed specificity or substantiation in relation to the concerns of the Receivers. By letter dated 24 May 2010, Recce requested specificity and substantiation of the Receivers' unsupported concerns. No response to the letter dated 24 May 2010 has been received. The Company is not aware of the reasons why no response to the letter dated 24 May 2010 has been received.

In the Email, Portison has stated that, unless the Company immediately desists 'with the aforementioned Recce patent and your endeavours therein', Portison will have no option but to proceed to file a claim for damages against the Company.

The Directors position is that:

- (a) the Email from Portison does not disclose any basis upon which Portison could reasonably commence proceedings against Recce or its Directors; and
- (b) without any information to support the purported claim from Portison, the Company is unable to form a definitive view on substance of the claim. However, based on the information provided by Portison to date and the information provided to the Company by Dr Melrose, the unsubstantiated accusations and assertions made by Portison amount to an ambit claim without merit.

In support of this view, the Directors note that:

- (a) all patents owned by Chemeq have ceased or lapsed;

- (b) as a matter of law it is not possible for the Patent Application to infringe another patent (e.g. a patent owned by Chemeq or any other person or entity); and
- (c) as the Patent Application has now entered the national phase in Australia, and has been granted in Australia and elsewhere, it is not possible to desist with the Patent Application.

As disclosed in the Prospectus, Dr Melrose was previously a director of Chemeq. Dr Melrose was not however a director of Chemeq when he created the invention protected by the Patent Application.

Dr Melrose has advised that in preparing the Patent Application he did not unlawfully use any intellectual property or confidential information owned by Chemeq and that Chemeq has no interest in, or rights with respect to, the Patent Application.

Notwithstanding the views of the Company, the Company has elected to offer all investors who applied for Shares under the Prospectus before the date of this Supplementary Prospectus (**Existing Applicants**) a right to withdraw their applications for Shares and be repaid their application monies. Details of the withdrawal process are set out in Section 6 of this Supplementary Prospectus.

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## 2. RISK FACTORS

Recce refers to the risk factors related to Recce's intellectual property disclosed in Section 4.2 of the Prospectus and specifically those related to litigation.

In relation to the legal proceedings threatened by Portison, Recce may be forced to defend Recce's intellectual property rights. Any such litigation, even where Recce is successful, could be costly and divert management attention away from operating its business which may adversely impact Recce's business, operations and financial condition. Further, an adverse result in such litigation may place Recce's intellectual property at risk of being invalidated, unenforceable or limited or narrowed in scope. However, the Company's position is that, based on the information provided by Portison to date and the information provided to the Company by Dr Melrose, the claim is baseless and without merit.

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## 3. EXTENSION OF TIME FOR SHARES TO BE ADMITTED TO OFFICIAL QUOTATION

In accordance with the Corporations Act, if a person offers securities under a disclosure document (e.g. a prospectus) and the disclosure document states or implies that the securities are to be quoted on a financial market (e.g. ASX) and the securities are not admitted to quotation within 3 months after the date of the disclosure document (**Quotation Condition**) then an issue or transfer of securities in response to an application made under the disclosure document is void and the person offering the securities must return the money received by the person from the applicants as soon as practicable.

In addition, the Corporations Act provides that where a disclosure document states that the securities will not be issued or transferred unless a minimum amount is raised and that condition is not satisfied within 4 months after the date of the disclosure document (**Minimum Subscription Condition**), the person offering the securities must repay the money received from applicants or give applicants a supplementary disclosure document and 1 month to withdraw their application and be repaid.

Accordingly, the Company has until 1 December 2015 to comply with the Quotation Condition and has until 1 January 2016 to comply with the Minimum Subscription Condition.

As at the date of this Supplementary Prospectus the Shares offered under the Prospectus are not admitted to Official Quotation. Further, as the Company is offering Existing Applicants a period of one month from the date of this Supplementary Prospectus to withdraw their applications and be repaid their application monies due to the threatened legal proceedings against the Company made by Portison, the Company will be unable to issue any Shares under the Offer until that one month period has expired. As this period will expire after the date the Quotation Condition must be satisfied the Company would be unable to issue any Shares under the Offer unless the period to satisfy the Quotation Condition is extended.

Further, the Minimum Subscription Condition may not be satisfied by the required date. Although applications have been received for in excess of the minimum subscription amount of the Offer (\$5,000,000 – refer to Section 4 of this Supplementary Prospectus), as these applications may be withdrawn during the one month period after the date of this Supplementary Prospectus there is a possibility that the Minimum Subscription Condition may not continue to be satisfied at the conclusion of the one month withdrawal period and where that occurs there is then the possibility that new applications for a sufficient amount to satisfy the Minimum Subscription Condition may not be obtained by the current required date. For these reasons, the Company considers it prudent that the date for satisfaction of the Minimum Subscription Condition also be extended.

On 20 November 2015, the Company was granted a modification of the Corporations Act by ASIC (**ASIC Modification**). The effect of the ASIC Modification is to give the Company:

- (a) a further 3 months after the date of the latest disclosure document lodged by the Company which discloses that the Shares are not admitted to quotation and gives applicants 1 month to withdraw their application and be repaid (e.g. the Supplementary Prospectus) to satisfy the Quotation Condition; and
- (b) a further 4 months after the date of the latest disclosure document lodged by the Company which discloses that the Minimum Subscription may not be satisfied and gives applicants 1 month to withdraw their application and be repaid (e.g. the Supplementary Prospectus) to satisfy the Minimum Subscription Condition.

Details of the withdrawal process are set out in Section 6 of this Supplementary Prospectus.

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#### 4. STATUS OF THE FUNDRAISING

The Company advises investors that the Offer has been oversubscribed for some time.

As at the date of this Supplementary Prospectus, the Company has a total of \$5,205,200 in application proceeds held on trust from 385 applications. More than the minimum subscription amount of \$5,000,000 has been in the Company's trust account since 22 October 2015.

The Offer has therefore been very well supported by investors.

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## 5. UPDATE ON STATUS OF PATENT APPLICATIONS

Since the date of the Prospectus, Recce has continued to progress its patent applications and confirms the following developments:

- (a) US Application 12/774057 has been granted and US Patent 9,119,394 of expiration date 30 March 2029 has been received. The Company's negotiations led to an approximately eight month extension of the anticipated and usual expiration date;
- (b) European Application 08782890.1 has been granted and EU Patent 2207819 of expiration date 6 August 2028 has been received; and
- (c) P.R. China Application 200880124515.5 has been allowed and fees paid by the Company such that grant is anticipated to be completed shortly.

Further, Recce confirms the provisional applications to maintain the priority benefit of the applications the subject of Family 2 "Copolymer and Method for Treatment of Parenteral Infection" were submitted by the due date of 18 November 2015.

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## 6. WITHDRAWAL RIGHTS

### 6.1 Withdrawal of previous Applications

If you are an Existing Applicant and want to exercise your right to withdraw your application for Shares and be repaid your application monies, you must provide the Company written notice, to the address set out below, of your wish to do so **no later than 5:00pm (WST) on 23 December 2015**.

**Recce Limited  
c/- State One Equities Pty Ltd  
Level 14, 172 St Georges Terrace  
Perth WA 6000**

The details for the payment of the refund cheque and address to which it should be sent as set out in your written request must correspond to the details contained in the Application Form lodged by you.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

If you do not wish to withdraw your application, you do not need to take any action.

### 6.2 New Applications

New applications for Shares on and from the date of this Supplementary Prospectus **must** be made using the Supplementary Application Form attached to or accompanying this Supplementary Prospectus. The Supplementary Application Form contains detailed instructions on how it is to be completed.

Applications made on the Application Form attached to or accompanying the Prospectus on or after the date of this Supplementary Prospectus will not be valid.

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## 7. AMENDMENTS TO PROSPECTUS

### 7.1 Indicative Timetable

Section 2 of the Prospectus is replaced by the following:

Lodgement of Original Prospectus with the ASIC	1 September 2015
Lodgement of Replacement Prospectus with the ASIC	21 September 2015
Lodgement of Supplementary Prospectus with the ASIC	23 November 2015
Last date for Existing Applicants to notify the Company of their election to withdraw their application	23 December 2015
Closing Date*	24 December 2015
Issue of Shares and despatch of holding statements*	29 December 2015
Expected date for quotation on ASX*	5 January 2016

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.*

### 7.2 Minimum Subscription

Section 5.2 of the Prospectus is replaced by the following:

The minimum subscription for the Offer is the full subscription of \$5,000,000 (**Minimum Subscription**).

Following the ASIC Modification, if the Minimum Subscription has not been raised within 4 months after the date of this Supplementary Prospectus (i.e. 23 March 2016), or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

### 7.3 ASX Listing

Section 5.4 of the Prospectus is replaced by the following:

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus was made within 7 days after the date of the Original Prospectus.

Following the ASIC Modification, if the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of this Supplementary Prospectus (i.e. 23 February 2016), or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

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**8. DIRECTORS' AUTHORISATION**

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

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**Dr Graham Melrose**  
**Executive Chairman**  
**For and on behalf of**  
**Recce Ltd**