

Corporate Update: Remediation of Breach of Listing Rule 10.11

Melbourne, Australia, 22 February 2024: Algorae Pharmaceuticals Limited (**Algorae** or the **Company**) (ASX code: 1AI) advises that it has become aware of a breach of ASX Listing Rule 10.11 by the Company.

At the Company's extraordinary general meeting on 1 September 2023, shareholders approved the issue of a total of 80 million performance rights to Directors Mr David Hainsworth and Mr Bradley Dilkes under ASX Listing Rule 10.11 (**Performance Rights**). Approximately 96% of votes were cast in favour of the resolutions (see the Company's announcement "1AI Results of Meeting" on 1 September 2023). These Performance Rights were issued pursuant to the Directors' preference to receive milestone-based equity remuneration to preserve cash for R&D expenditures and to continue to be aligned with shareholders to generate long term value.

ASX Listing Rule 10.13.5 states that, where an issue of securities is approved by shareholders under ASX Listing Rule 10.11, the date by which those securities are issued "*must not be more than 1 month after the date of the meeting*". Due to an administrative error, the Performance Rights were issued to Mr Hainsworth and Mr Dilkes on 10 October 2023, being outside the one-month period prescribed by ASX Listing Rule 10.13.5. As such, the Performance Rights were inadvertently issued without valid shareholder approval under, and in breach of, ASX Listing Rule 10.11. The subsequent issues of shares to Mr Hainsworth and Mr Dilkes (a total of 40 million shares) (**Recently Issued Shares**) on 9 November and 28 December 2023, upon vesting and conversion of a portion of their Performance Rights, were therefore also in breach of ASX Listing Rule 10.11.

Algorae has consulted with ASX regarding the appropriate remedial action to take in relation to the breach of ASX Listing Rule 10.11. ASX has advised that it will accept the following course of action to remediate the breach:

1. An extraordinary general meeting (**EGM**) will be convened by the Company, at which shareholders will be asked to vote on (a) ordinary resolutions to approve the retention by Mr Hainsworth and Mr Dilkes of the Recently Issued Shares held by them (**Retention Resolutions**); and (b) if a Retention Resolution is not passed, a special resolution for the buy-back of the relevant Recently Issued Shares by the Company (**Buy-Back Resolution**). If the Buy-Back Resolution is not approved by shareholders, the relevant shares must be sold in the secondary market in compliance with Algorae's trading policy, with proceeds to be donated to a registered Australian charity. Further details are outlined in the Company's Notice of EGM [lodged with ASX today]. The EGM is scheduled to be held on Tuesday, 26 March 2024 at 10.00am (Melbourne time) at Thomson Geer, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000.
2. The remaining 40 million unvested Performance Rights have been forfeited by Mr Hainsworth and Mr Dilkes and cancelled for no consideration.
3. A holding lock has also been placed on the 40 million Recently Issued Shares held by Mr Hainsworth and Mr Dilkes, which will remain in place until 11 January 2025.

The Company's breach of ASX Listing Rule 10.11 was unintentional and due to an administrative oversight, and the Company is committed to ensuring, and has since taken active steps to ensure, that such a breach does not occur again.

In addition to the aforementioned remediation, as announced by the Company on 17 January 2024, Algorae has engaged Ms Leah Pieris of Automic Group to undertake the corporate secretary function for the company. Ms Pieris is a Chartered Company Secretary and Fellow of the Governance Institute of Australia. The Company believes that

the appointment of Ms Pieris will strengthen the Company's governance and compliance frameworks and assist in preventing any further breaches of the ASX Listing Rules.

This announcement has been approved by the Board of Directors of Algorae Pharmaceuticals Limited.

End

For more information, please visit www.algoraepharma.com

Corporate and Media Enquiries

Mr Brad Dilkes - Director

P: +61 422 180 317

E: brad@algoraepharma.com

About Algorae Pharmaceuticals

Algorae is a pharmaceutical development company focussed on addressing unmet medical needs through the discovery and development of novel treatments. The Company has assembled a proficient R&D team and established collaborations with reputable academic institutions to advance its drug candidates. Algorae's promising therapeutic pipeline includes AI-116 for dementia, AI-168 for cardiovascular disease and NTCELL for Parkinson's disease.

Algorae intends to expand its therapeutic pipeline using a proprietary artificial intelligence (AI) drug discovery and development platform. Known as Algorae Operating system (AlgoraeOS), the AI platform leverages extensive scientific databases from various disciplines within an advanced system at the intersection of AI and pharmaceutical research.

By employing machine learning, deep learning, and neural networks, the aim of AlgoraeOS is to uncover synergistic drug combinations that lead to the development of novel and effective treatments for medical conditions, aligning with Algorae's commitment to address unmet medical needs. Algorae Pharmaceuticals is listed and publicly traded on the Australian Stock Exchange (ASX: 1AI), providing investors with an opportunity to participate in the Company's growth.

Forward-looking Statements

This document may contain certain forward-looking statements, relating to Algorae's business, which can be identified by the use of forward-looking terminology such as "promising," "probable", "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be," "on track," or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates, nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialisation of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. Algorae is providing this information and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.