

ASX Announcement

11 September 2023

Entitlement Offer cleansing notice under section 708AA(2)(f) of the Corporations Act

This notice of being given by Recce Pharmaceuticals Ltd (**ASX:RCE**) (**Recce** or **Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Company today announced:

- (a) a placement to sophisticated, professional and institutional investors of fully paid ordinary shares to raise \$8 million (before costs) (**Placement**); and
- (b) the launch of a pro-rata non-renounceable entitlement offer to shareholders who have a registered address in Australia and New Zealand (**Eligible Shareholders**), of 1 New Share for every 26 fully paid ordinary shares held as at the record date, being 7.00pm Sydney time on Thursday, 14 September 2023 (**Record Date**), to raise up to approximately \$3 million (before costs) (**Entitlement Offer**).

The Placement and Entitlement Offer will be conducted at an issue price of \$0.44 per new share (**Offer Price**). The Entitlement Offer is not underwritten.

Further details regarding the Entitlement Offer are set out in the ASX announcement relating to the Entitlement Offer lodged with the ASX earlier today. An Offer Booklet for the Entitlement Offer is expected to be dispatched to Eligible Shareholders on Friday, 15 September 2023.

The Company confirms the following with respect to the Entitlement Offer:

- (a) the Shares to be issued under the Entitlement Offer will be issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) as at the date of this notice, the Company has complied with:
 - i. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - ii. section 674 of the Corporations Act;
- (c) as at the date of this notice, there is no information that is 'excluded information' (within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act); and
- (d) the potential effect the Entitlement Offer will have on the control of the Company and the consequences of that effect will depend on a number of factors, including the interest of Eligible Shareholders in taking up their entitlements or in taking up New Shares in



ASX: RCE, FSE: R9Q

Head Office: Level 25, 88 Phillip Street, Aurora Place, SYDNEY NSW 2000 **T** +61 (02) 9256 2571

R&D Centre - Perth: Suite 10, 3 Brodie Hall Drive, Technology Park, BENTLEY WA 6102 **T** +61 (8) 9362 9860

Washington Office: 1717 Pennsylvania Avenue NW, Suite 1025, WASHINGTON DC 20006 USA

addition to their entitlements, and investor demand in participating in any shortfall. The potential effect on control is summarised below:

- i. given the structure of the Entitlement Offer as a pro rata offer, if all Eligible Shareholders take up their entitlement, each Eligible Shareholder's ownership interest (and voting power) in Recce will remain largely unchanged insofar as the Entitlement Offer is concerned. However as set out above, in addition to the Entitlement Offer, the Company will undertake the Placement. The Placement will involve the issue of an additional 18,181,819 fully paid ordinary shares (**Placement Shares**). The Placement Shares will represent approximately 9.2% of the fully paid ordinary shares on issue in the Company following completion of the Placement. Accordingly, existing Recce shareholders will be diluted as a result of the Placement;
- ii. if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer then the interests of those Eligible Shareholders in the Company will be further diluted by those other Eligible Shareholders who take up some or all of their entitlement, and as a result of the Placement. The voting power of ineligible foreign shareholders will be diluted;
- iii. Eligible Shareholders that apply for Additional Shares under the shortfall facility (under which any shortfall between applications received and the number of Shares proposed to be issued under the Entitlement Offer may be applied for by those Eligible Shareholders who have accepted their entitlements in full) (**Shortfall Offer**) may increase their interests beyond their entitlement for shares in excess of an Eligible Shareholder's entitlement. Any offer of Shares not subscribed for under the Entitlement Offer and the Shortfall Offer may be placed to new investors by the Board of the Company in accordance with the ASX Listing Rules, leading to new shareholders in the Company which would result in the further dilution; and
- iv. currently there is one shareholder with voting power of 20.7%, being Mr Graham Melrose and Ms Olga Melrose (**Melrose**). Following the issue of the Placement Shares, Melrose's voting power will be diluted to 18.8%. If Melrose is the only participant in the Entitlement Offer and take up their full Entitlement while all other Eligible Shareholders do not participate in the Entitlement Offer, Melrose's maximum voting power is projected to be 19.4% and accordingly at completion of the Entitlement Offer Melrose's maximum voting power would not be above 20%. However, Melrose's voting power will decrease if other Eligible Shareholders participate in the Entitlement Offer. No other Recce shareholder currently has or is expected to have after the Entitlement Offer voting power exceeding 20% in Recce.

This announcement has been approved for release by the Board.

For more information, please contact:

James Graham
Chief Executive Officer
+61 2 9256 2571



Chief Executive Officer

James Graham
Recce Pharmaceuticals Ltd
+61 (02) 9256 2571
james.graham@recce.com.au

Media and Investor Relations (AU)

Andrew Geddes
CityPR
+61 (02) 9267 4511
ageddes@citypublicrelations.com.au

Media and Investor Relations (USA)

Jordyn Temperato
LifeSci Communications
jtemperato@lifescicomms.com

recce.com.au
ACN 124 849 065