

EXOPHARM LIMITED

[ABN 78 163 765 991]
("the Company" or "EX1")

RIGHTS ISSUE PROSPECTUS

A non-renounceable pro-rata rights issue offer of one (1) new share (**New Shares**) for every one (1) share held by shareholders with a registered address in Australia or New Zealand as at the Record Date (**Eligible Shareholders**) at an issue price of \$0.01 (1 cent) per New Share to raise up to approximately \$1.57 million before costs (**Rights Issue**). The Rights Issue closes at 5:00pm Melbourne time on 13 April 2023 (which date may change without notice) (**Rights Issue Closing Date**).

This Prospectus also contains an offer of New Shares that are not taken up by Eligible Shareholders under the Rights Issue (including by applying for New Shares from the Shortfall) prior to the Rights Issue Closing Date at an issue price of \$0.01 (1 cent) per New Share (**Shortfall Offer**). The New Shares offered under the Shortfall Offer may be issued on or before the date that is three months after the Rights Issue Closing Date (including as changed, if applicable, and unless closed earlier) (**Shortfall Closing Date**).

This Prospectus also contains a conditional offer of 3,000,000 options (each with an exercise price of \$0.01 (1 cent) and expiring 36 months from issue) (**Broker Options**) to ACNS Capital Markets Pty Ltd T/A Alto Capital (**Alto Capital**) and Canary Capital Pty Ltd (**Canary Capital**) and/or their respective nominee(s) (Alto Capital and Canary Capital being collectively the **JLMs**) as part fees for services to be provided by the JLMs in connection with the Rights Issue and the Shortfall Offer (**Broker Options Offer**). The offer and issue of the Broker Options are conditional upon the full subscription amount under the Rights Issue being received (including following the allocation of any New Shares under the Shortfall Offer) by the Shortfall Closing Date.

The Rights Issue, Shortfall Offer and Broker Options Offer are collectively referred to as **the Offers**.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

It is important that you read this Prospectus carefully before deciding whether to accept the Rights Issue described in this Prospectus. If you do not understand its contents you should consult your stockbroker, accountant or other professional adviser.

The securities offered under this Prospectus are considered speculative.

CORPORATE DIRECTORY

Exopharm Limited
[ABN 78 163 765 991]

Directors

Mr Jason Watson – Non-Executive Chairman
Dr Ian Dixon – Managing Director
Mr Clarke Barlow – Non-Executive Director

Company Secretary

David Franks

Registered Office

C/o Bio101 Financial Advisory Pty Ltd
Suite 201, 697 Burke Road
Camberwell VIC 3124

Share Registrar

Automic Pty Ltd
Phone: 1300 288 664
Email: hello@automic.com.au
Level 5, 126 Phillip Street
Sydney NSW 2000

(Address for information only. Do not return application forms or cheques – make payment by BPAY[®] or EFT)

ASX Code

EX1

Web Site

www.exopharm.com

To view annual reports, shareholder and company information, news announcements, background information on the Company's business and historical information, visit www.asx.com.au and search code "EX1".

IMPORTANT NOTICES

This prospectus (**Prospectus**) is dated 23 March 2023. A copy of this Prospectus was lodged with the Australian Securities & Investments Commission (**ASIC**) on the same date. Neither ASIC nor ASX Limited (**ASX**) nor their respective officers take any responsibility as to the contents of this Prospectus.

Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Company reserves the right to, by announcement to ASX, close the Offers (or any of them) early, to extend the respective closing dates of the Offers (or any of them) and/or any other dates or not to proceed with the Offers (or any of them) as described in this Prospectus. The early closure of the Shortfall Offer and/or the Broker Offer will not prevent subsequent issue of Shortfall shares or Broker Options provided that all regulatory requirements in respect of the applicable issue(s) are satisfied, which may but will not necessarily include issue of further or subsequent prospectuses.

This Prospectus is for an offer of continuously quoted securities (the New Shares) and convertible securities to acquire continuously quoted securities (the Broker Options) and accordingly is not required by the Corporations Act to contain all the information normally required to be set out in a document of this type.

This Prospectus contains and applies to the offer of New Shares under the Rights Issue and the Shortfall Offer and the offer of Broker Options under the Broker Options Offer.

This Prospectus incorporates by reference certain information contained in documents lodged with ASIC. A document incorporated by reference in this Prospectus in this manner may be obtained free of charge from the Company during the application period.

The Company has adopted a target market determination (**TMD**) for the offer of Broker Options under the Broker Options Offer. The TMD is available at the website of the Company, www.exopharm.com. By making an application for Broker Options under the Broker Options Offer, an investor warrants that they have read and understood the TMD and that they fall within the target markets set out in the TMD.

No person is authorised to give any information or make any representation in connection with this Prospectus that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the offer of securities.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia (and, with respect to the Rights Issue and Shortfall Offer, New Zealand) should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to enable them to acquire securities and observe such restrictions and requirements. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Return of a duly completed personalised Application Form will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No action has been taken to register or qualify the offer of securities made under this Prospectus, or the securities themselves, or otherwise to permit a public offering of the securities offered under this prospectus, in any jurisdiction outside Australia. The securities offered under this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 and should not be offered or sold within the USA.

No account has been taken of particular objectives, financial situation or needs of recipients of this Prospectus. Recipients of this Prospectus should have regard to their own objectives, financial situation and needs. Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and risks associated with investing. Independent expert advice should be sought before any decision is made to apply for securities under this Prospectus.

All monetary amounts in this Prospectus are in Australian dollars unless otherwise stated. All dates and times are dates and times in Melbourne, Victoria, Australia unless otherwise stated. The securities offered under this Prospectus are considered highly speculative.

TIMETABLE

Lodgement of Prospectus	23 March 2023
“Ex” date (existing shares quoted on an ex rights basis)	27 March 2023
Record date to identify shareholders entitled to participate in the Rights Issue (Record Date) at 7:00pm (Melbourne time)	28 March 2023
Prospectus dispatched to holders eligible to participate in the Rights Issue	31 March 2023
Rights Issue Closing Date	5.00pm (Melbourne time) on 13 April 2023
Announcement of results of Rights Issue to ASX	20 April 2023
Proposed issue date of New Shares under the Rights Issue	20 April 2023
Shortfall Closing Date	13 July 2023 (three months after the Rights Issue Closing Date)

*The above dates should be regarded as **indicative only and may change without notice**. All dates and times are Melbourne, Victoria, Australia time. Subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws, the Company reserves the right to change the above dates, close the Rights Issue (and consequently the Shortfall Offer and the Broker Options Offer) before the date stated above, extend the Closing Date and consequently the Shortfall Closing Date and subsequent dates, close the Shortfall Offer early, or not proceed with any of the Offers. The Company reserves the right to close any of the Offers, extend the closing date and Shortfall Closing Date or make any other changes to dates by announcement of the extension to ASX.*

No securities will be issued on the basis of this Prospectus after 23 April 2024, being the expiry date of this Prospectus.

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KEY INVESTMENT RISKS – SUMMARY

Please read and consider this Prospectus in full and in conjunction with any matters which have or may be referred to in the Company's ASX announcements before applying for securities under the Rights Issue.

Section 5 of this Prospectus contains an overview of some of the key risks associated with investment in the Company, including risks associated with the Rights Issue as set out below:

- Value of securities and share market conditions.
- Liquidity risks.
- Acquisition of New Shares may have taxation consequences.
- Shareholders who do not take up their full entitlement to New Shares will be diluted.
- There being no guarantee that the share price of the Company will be greater than the exercise price of Broker Options prior to the expiry date of Broker Options.

Section 5 also includes specific business risks of the Company, a selection of which are set out below:

- Future capital requirements and additional funding.
- Risks associated with joint ventures, contracts and agreements.
- Operating and regulatory risks.
- Technology adoption risk.
- Competition risk.
- Intellectual Property risk.
- Reliance on key personnel.
- Dependence upon service providers.
- Insurance and uninsured risks.
- Potential acquisitions.

In addition, there are risks of a more general nature, such as economic and market conditions.

A more detailed overview of some of the key risks associated with the Company and its operations are set out in section 5 of this Prospectus.

ABOUT THE OFFERS – SUMMARY

The following summary provides only a limited overview of the Offers being made by the Company. Further detail is set out in this Prospectus. Please read and consider this Prospectus in full before making any decision regarding applying for New Shares and/or Broker Options or investing in the Company.

Topic	Summary	For more information see:
What is the Rights Issue offer?	The Rights Issue offer is a pro-rata non-renounceable offer of New Shares made to Eligible Shareholders. Under the Rights Issue, Eligible Shareholders are offered the opportunity to subscribe for one (1) New Share for every one (1) existing share held at the Record Date.	1.1
What is the issue price of New Shares?	Each New Share has an issue price of \$0.01 (1 cent).	1.1
What are the terms of the New Shares?	All New Shares issued will be fully paid ordinary shares that rank equally in all respects with the Company's shares already on issue.	9.1
Am I an Eligible Shareholder?	Eligible Shareholders are shareholders of the Company whose registered address in the share register of the Company is in Australia or New Zealand at 7:00pm (Melbourne time) on the Record Date (Eligible Shareholders).	1.4
Record Date	The Record Date is 7:00pm (Melbourne time) on 28 March 2023.	Page 4
Why is the Company only making the Rights Issue in Australia and New Zealand?	The Company has decided it is unreasonable to make the Rights Issue offer outside Australia and New Zealand having regard for: - the number of shareholders in places where the Rights Issue would be made; - the number and value of securities those shareholders would be offered; and - the cost of complying with the legal and regulatory requirements in those jurisdictions.	1.4
What if I am not an eligible shareholder?	If you are not an Eligible Shareholder, no offer is made to you and you will not be provided with the opportunity to participate in the Rights Issue.	1.4
How much will be raised by the Rights Issue and what is the use of funds?	The maximum subscription under the Rights Issue is approximately \$1.57 million before costs. Funds raised from the Rights Issue will be applied as set out in section 3.	1.1
Are the Offers underwritten?	No, the Rights Issue and other Offers are not underwritten.	1.3
What can I do with my entitlement?	You can do any of the following with your entitlement under the Rights Issue: - take up all of your entitlement (by accepting the Rights Issue off in full); - take up all of your entitlement (by accepting the Rights Issue offer in full) and apply for additional New Shares from the Shortfall (if any); - take up part of your entitlement (by accepting part of your Rights Issue Entitlement) and allow the balance to lapse (with the balance to form part of the Shortfall); or - do nothing, in which case all your entitlement will lapse and form part of the Shortfall.	6.1
Can I trade my entitlement?	No, you cannot trade your entitlement to subscribe for New Shares under the Rights Issue.	1.2

Topic	Summary	For more information see:
What happens if I do not take up my entitlement, or take up only part of my entitlement?	Not taking up your entitlement in full may result in your interest in the Company being diluted. If you do not take up all of your entitlement by the Rights Issue Closing Date, New Shares to which you were entitled will form part of the Shortfall.	4.2
How do I take my entitlement (accept the Rights Issue offer)?	If you wish to take up all or part of your entitlement (or make an application for New Shares under the Shortfall) you must either: • if you are an Eligible Shareholder with a registered address in Australia, pay by BPAY using the BPAY details in your personalised Entitlement and Acceptance Form, so payment is received by no later than 5:00pm (Melbourne time) on the Rights Issue Closing Date; or • if you are an Eligible Shareholder with a registered address in New Zealand, pay by electronic funds transfer (EFT) using the EFT details as set out in your personalised Entitlement and Acceptance Form so payment is received by no later than 5:00pm (Melbourne time) on the Rights Issue Closing Date. The amount payable if you are taking up your full entitlement is set out in the personalised Entitlement and Acceptance Form. If taking up less than your full entitlement under the Rights Issue, the amount payable is calculated by multiplying the number of New Shares you wish to take up by \$0.01 (1 cent). Eligible Shareholders who take up their entitlement in full may also apply for additional New Shares from the Shortfall which will be allocated in the manner described in Section 1.5.	6.2
Is there a minimum subscription amount under the Rights Issue?	There is no minimum subscription amount. New Shares will be issued in response to valid acceptances of entitlements received. Entitlements not accepted will form part of the Shortfall.	1.1
How and when will I know if my application under the Rights Issue was successful?	Holding statements confirming the issue of New Shares under the Rights Issue are anticipated to be dispatched on or about 21 April 2023.	6.5
What is the Shortfall Offer?	The Shortfall Offer is an offer of New Shares that are not taken up by Eligible Shareholders under the Rights Issue (including applications for New Shares from the Shortfall) at an issue price of \$0.01 (1 cent) per New Share. The Shortfall Offer is open for up to three (3) months after the Rights Issue Closing Date. The number of New Shares to be offered under the Shortfall Offer will be equal to the number of New Shares offered under the Rights Issue, less the number of New Shares issued under the Rights Issue (including from the Shortfall) to Eligible Shareholders. Details of how the Company will allocate the Shortfall is set out in Section 1.5. In particular, the New Shares under the Shortfall Offer are to be placed at the direction of the JLMs (subject to compliance with applicable law).	1.5
How do I participate in the Shortfall Offer?	The Shortfall Offer is only made to and capable of acceptance by invitees who receive a personalised application form to subscribe for New Shares under the Shortfall Offer. The participants in the Shortfall Offer shall be determined by the JLMs, subject to applicable law.	6.3

Topic	Summary	For more information see:
How and when will I know if my application under the Shortfall Offer was successful?	Holding statements confirming the issue of New Shares under the Shortfall Offer are anticipated to be dispatched shortly after the Company closes the Shortfall Offer.	6.5
Who are the Joint Lead Managers (JLMs)?	ACNS Capital Markets Pty Ltd T/A Alto Capital (Alto Capital) and Canary Capital Pty Ltd (Canary Capital) (Alto Capital and Canary Capital being collectively the JLMs) have been engaged by the Company as joint lead managers of the Rights Issue and the placement of the Shortfall.	1.1
What is the Broker Options Offer?	A conditional offer of 3,000,000 options (Broker Options) to the JLMs (and/or their respective nominee(s)) as part fees for services provided by the JLMs in connection with the Rights Issue and the Shortfall Offer. The offer and issue of the Broker Options are conditional upon the full subscription amount under the Rights Issue being received under the Rights Issue, including following the issue of New Shares under the Shortfall Offer prior to the Shortfall Closing Date.	1.6
What are the terms of Broker Options?	Broker Options each with an exercise price of \$0.01 (1 cent) and expiring 36 months from issue. The full terms of the Broker Options are set out in Section 9.2.	9.2
Who can participate in the Broker Options Offer?	The Broker Options Offer is only made to and capable of acceptance by the JLMs (and/or their nominee(s)) who receive a personalised application form from the Company to participate in the Broker Options Offer.	6.4
Are there risks associated with investment in the Company?	There are risks associated with investment in the Company. These include risks relating to the Offers including the New Shares and Broker Options, risks relating to the Company (and risks associated with financial investment generally). Please carefully consider the risks and the information contained in this Prospectus in conjunction with any specific matters which have or may be referred to in the Company's ASX announcements before deciding to apply for or acquire New Shares and/or Broker Options or otherwise making an investment in the Company.	5
What are the taxation implications of receiving securities?	Taxation implications will vary depending upon the specific circumstances of the investor. You should obtain professional advice as to the taxation treatment applicable to you.	12
Where can I find more information about the Company?	For more information on the Company please see the Company's website (www.exopharm.com) or refer to the Company's ASX announcements (available on the ASX's website www2.asx.com.au , search code "EX1").	7 & 8
What if I have questions about the Rights Issue or how to apply?	You should consult your stockbroker, accountant, solicitor or other professional adviser before making any decision regarding applying for securities under this Prospectus. If you have any questions regarding how to complete and return the acceptance form for the Rights Issue contact details will be included in the personalised Application Form. Questions concerning the Offers can be directed to the Company by email to Company Secretary, David Franks, at david.franks@automicgroup.com.au	18

1. Details of the Offers

1.1 The Rights Issue

Exopharm Limited [ABN 78 163 765 991] (**EX1** or **the Company**) offers to its shareholders, as recorded on the share register at 7:00pm (Melbourne time) on the Record Date and who have a registered address in Australia or New Zealand (each an **Eligible Shareholder**), the right to participate in a non-renounceable rights issue of one (1) new fully paid ordinary share (**New Share**) for every one (1) existing share (**Share**) held at the Record Date (maximum aggregate of 157,211,533 New Shares, subject to rounding) at an issue price of 0.01 (1 cent) per New Share to raise up to approximately \$1.57 million before costs (**the Rights Issue**).

There is no minimum subscription amount for Eligible Shareholders. New Shares will be issued in response to valid acceptances of entitlements received. Fractional entitlements to New Shares will be rounded up.

Any New Share not taken up by Eligible Shareholders will form part of the shortfall (**Shortfall**). Eligible Shareholders may also apply for New Shares from the Shortfall. Further details are set out in section 1.5.

ACNS Capital Markets Pty Ltd T/A Alto Capital (**Alto Capital**) and Canary Capital Pty Ltd (**Canary Capital**) (Alto Capital and Canary Capital being collectively the **JLMs**) have been engaged by the Company as joint lead managers of the Rights Issue and the placement of the Shortfall. The Broker Options Offer is only made to and capable of acceptance by the JLMs (and/or their nominee(s)). Further details are set out in Section 1.6.

1.2 No Entitlement Trading

Entitlements to apply for and receive New Shares pursuant to the Rights Issue are not renounceable and, accordingly, there is no ability to trade rights on ASX or elsewhere.

1.3 Offers not underwritten

The Rights Issue and other Offers are not underwritten.

1.4 Non-eligible Foreign Shareholders

Only Eligible Shareholders, being those shareholders with addresses in Australia or New Zealand in the register of members of the Company as at the Record Date, are eligible to participate in the Rights Issue.

The Company has decided that it is unreasonable to make the Rights Issue outside Australia and New Zealand having regard for the:

- the number of holders in places where the Rights Issue would be made;
- the number and value of securities those holders would be offered; and
- the cost of complying with the legal and regulatory requirements of regulatory authorities in those jurisdictions.

The Company will be notifying each of the non-qualifying foreign shareholders of the Rights Issue and advise them that the Rights Issue will not be made to them.

At 22 March 2023 (the day before the date of this Prospectus), a total of 862,926 Shares (0.55% of existing issued shares) are held by 15 non-qualifying foreign shareholders in 6 different countries. The shares of non-qualifying foreign shareholders are equivalent to entitlements to apply for and receive a maximum of 862,926 New Shares (subject to rounding), being an aggregate amount of approximately \$8,629 at the \$0.01 (1 cent) issue price per New Share. The equivalent entitlements of non-qualifying foreign shareholders to New Shares will form part of the Shortfall further details of which are set out in section 1.5.

1.5 Shortfall

Allocation to Eligible Shareholders subscribing for Shortfall under the Rights Issue

Any part of your entitlement to New Shares under the Rights Issue not taken up will form part of the Shortfall.

If you are an Eligible Shareholder and you apply for your full entitlement to New Shares under the Rights Issue, you may also apply for more New Shares than the number shown on your Entitlement and Acceptance Form.

To apply for more New Shares than your entitlement (being an application for New Shares from the Shortfall) make your payment via BPay® or EFT as described in Section 6.2 for the number of New Shares you wish to subscribe for (being the Rights Issue offer price of \$0.01 (1 cent) per New Share multiplied by the number of New Shares for which you are accepting your entitlement plus any New Shares from the Shortfall) so that your payment is received no later than 5pm (Melbourne time) on the Rights Issue Closing Date, or such later date as the Company may specify. .

The issue of additional New Shares from the Shortfall in response to applications from Eligible Shareholders will depend on there being sufficient New Shares forming the Shortfall available after all valid acceptances of entitlements under the Rights Issue are fulfilled. Subject to scale back in the case of oversubscriptions as described below and compliance with applicable law, the Company will accept all valid applications for New Shares from the Shortfall that are received from unrelated Eligible Shareholders.

If the Rights Issue is oversubscribed due to the Company receiving subscriptions from Eligible Shareholders under the Rights for more additional New Shares than the number available under the Shortfall, the Company will scale back applications for New Shares from the Shortfall on the basis of giving priority to applications which increase holdings to more than a marketable parcel, then having regard to the applicant's holding as at the Record Date pro-rata to the holdings as at the Record Date of other applicants for additional New Shares.

Shortfall Offer

New Shares forming the Shortfall following the allocation to Eligible Shareholders under the Rights Issue will be offered under the Shortfall Offer on the same terms as New Shares under the Rights Issue (including at \$0.01 (1 cent) per New Share). The Directors reserve the right to issue Shortfall shares in consultation with the JLMs. The total number of New Shares to be offered under the Shortfall Offer will be equal to the number of New Shares offered under the Rights Issue, less the number of New Shares issued under the Rights Issue (including from the Shortfall) to Eligible Shareholders. The Company will release details of the number of New Shares offered under the Shortfall Offer as part of announcing the results of the Rights Issue.

The participants under the Shortfall Offer will be determined by the JLMs, who have been engaged by the Company to act as joint lead managers of the Rights Issue and the Shortfall Offer, subject to compliance with applicable law (including as described below). Details of the fees payable to the JLMs are set out in Section 1.6.

The Shortfall Offer is proposed to be open until the Shortfall Closing Date, which is the date that is three months after the Rights Issue Closing Date, unless closed earlier.

If the Rights Issue is fully subscribed then the Shortfall Offer will be withdrawn.

The Shortfall Offer is not underwritten.

General

Related parties including Directors and others to whom ASX listing rule 10.11 applies (and their associates) will not be eligible to subscribe for New Shares from the Shortfall without shareholder approval.

No shareholder or investor will be allocated New Shares from the Shortfall if that would result in the relevant interest of the shareholder (and its associates) exceeding 20% of the issued capital of the Company. Additional

New Shares will also not be issued to shareholders or others from under the Shortfall Offer where to do so would involve a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

1.6 JLMs and Broker Options Offer

The Company has engaged the JLMs to act as joint lead managers of the Rights Issue and the Shortfall Offer. For providing these services, the JLMs (and/or their nominee(s)) are to receive:

- 5% of the funds raised under the Rights Issue as a facilitation fee;
- 5% of the funds placed under the Shortfall Offer; and
- 3,000,000 options (each with an exercise price of \$0.01 (1 cent) and expiring 36 months from issue) (**Broker Options**), being the options which are the subject of the Broker Options Offer. The Broker Options are proposed to be issued to the JLMs and/or their nominee(s). The offer and issue of the Broker Options are conditional upon the full subscription amount under the Rights Issue being received, including following the allocation of any New Shares under the Shortfall Offer.

A summary of the terms upon which the JLMs have been appointed by the Company is set out in Section 11.

The Broker Options Offer is not underwritten.

1.7 ASX Listing

The Company will apply to ASX for admission of the New Shares to official quotation within 7 days of the date of this Prospectus. The fact that ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or those securities.

If ASX does not grant permission for the official quotation of New Shares within 3 months after the date of issue of this Prospectus (or such period as is permitted by the Corporations Act), the Company, in its absolute discretion, will either repay the application monies to applicants without interest or (subject to any necessary ASIC or ASX waivers or consents being obtained) issue a supplementary or replacement Prospectus and allow applicants one month to withdraw their application and be repaid their application monies without interest.

The Broker Options will be unlisted and quotation of the Broker Options will not be sought. Official quotation of the Broker Options is not being applied for and is not a condition of the Offers. It is expressly not stated or implied that permission will be sought for the official quotation of the Broker Options or that official quotation of the Broker Options will be granted within three months or any other period after the date of this Prospectus.

2. Purpose of the Offers

The purpose of each of the Offers is set out below:

- The purpose of the Rights Issue is to raise up to approximately \$1.57 million (before costs). A lower amount will be raised if the Rights Issue and Shortfall Offer are not fully subscribed.
- The purpose of the Shortfall Offer is to make provision for issuing Shortfall shares prior to the Shortfall Closing Date, being that date that is three (3) months after the Rights Issue Closing Date unless closed early. If the Rights Issue is fully subscribed then the Shortfall Offer will be withdrawn.
- The purpose of the Broker Options Offer is to facilitate the issue of the Broker Options. As noted in Section 1.6, the offer and issue of the Broker Options are conditional.

3. Use of proceeds and financial effect of the Offers

Approximately \$1.57 million before costs will be raised if the Rights Issue is fully subscribed (including following the issue of New Shares under the Shortfall Offer). A lower amount will be raised if the Rights Issue is not fully subscribed.

Funds from the Rights Issue/Shortfall Offer will be used for working capital and to fund Exopharm's ongoing strategy which is to derive financial value from its investment into exosome manufacturing technologies and products.

This strategy is implemented through presentation of data and test results to support partnering activities, maintaining the Company's intellectual property portfolio and making its proprietary technologies available to pharmaceutical, biomanufacturing and biotechnology companies that want to harness exosome-delivery for their own products.

Exopharm is actively exploring potential transactions with third parties, and which could unlock the potential financial value of the Company's assets. These activities include, but not limited to, licensing or partnering its intellectual property, know-how and other intangible assets.

Seeking to maximise shareholder-value, Exopharm is also actively evaluating other programs and acquisition opportunities including, but not limited to, those that may complement its intellectual property.

The Board and Management continue to advance these goals whilst implementing further reductions in spend-rate following the Company's strategic review of the business late CY2022. Assuming the full subscription amount under the Rights Issue is received (including following the issue of New Shares under the Shortfall Offer), funds raised will be applied as set out in the table below:

Technical work to support partnering activities	\$200,000
Maintenance and enhancement of the Company's intellectual portfolio	\$100,000
Business development and commercial activities	\$280,000
General operating and compliance costs	\$231,500
Working capital	\$639,300
Costs of the Offers (see below)	\$119,200
TOTAL	\$1,570,000

The above table is a statement of current intentions as at the date of this Prospectus only. Accordingly, the above use of funds is indicative only and intervening events and new circumstances may affect how the funds raised are ultimately applied. The Board reserves the right to alter the allocation of funds. The allocations in the above table assume the Rights Offer raises approximately \$1,570,000 (the full subscription amount). Changes to the actual amount raised will be reflected in how the funds are applied.

The anticipated approximate costs of the Rights Issue will be approximately \$108,500 (excluding GST) as set out in the table below, based on the 5% fee payable to the JLMs assuming the Rights Issue is fully subscribed (including issuing any Shortfall shares) and estimates for other costs:

Particulars	Amount (\$) (ex GST)
JLM fees (maximum) *	\$78,600
Legal, printing and postage	\$15,000
Registry Fees	\$10,600

Particulars	Amount (\$) (ex GST)
ASIC and ASX Fees **	\$15,000
TOTAL	\$119,200

* Represents the maximum cash fee that may be payable to the JLMs, being 5% of the total amount under the Rights Issue (including any issue of Shortfall shares). Further details of the fees payable to the JLMs and options which may be issued to the JLMs and/or their nominees are set out in Section 1.6.

** Assumes full subscription of the Rights Issue and issue and quotation of 157,211,533 New Shares. The ASX fees will be lower if the Rights Issue is not fully subscribed.

If the Rights Issue is fully subscribed then the cash reserves of the Company are anticipated to increase by approximately \$1.45 million, being approximately \$1.57 million less the anticipated approximate costs of the Rights Issue of \$119,200 excluding GST (above). Cash reserves of the Company will be increased by a lower amount if the Rights Issue is not fully subscribed.

As at the date of this Prospectus, the Company has approximately \$2,123,000 cash on hand plus anticipated cash inflows of approximately \$61,000, making approximately \$3,635,000 (including the above anticipated approximate amount of \$1.45 million after costs) available for the operations of the Company going forward if the Rights Issue (including the Shortfall Offer) is fully subscribed.

4. Effect on the Capital Structure of the Company

4.1 Shares and Convertible Securities

Capital Structure

The tables below set out the existing capital structure of the Company and the effect on the Company's capital structure of the Rights Issue if fully subscribed (including following the issue of New Shares under the Shortfall Offer) and the Broker Options are issued under the Broker Options Offer. These tables assume that no further securities are issued by the Company other than New Shares under the Rights Issue (including the Shortfall Offer).

SHARES

	Number	%
Existing ordinary shares	157,211,533	50%
New Shares under Rights Issue (maximum)*	157,211,533	50%
Total fully paid ordinary shares post Rights Issue*	314,423,066	100%

* Subject to rounding. The number of New Shares to be offered under the Shortfall Offer will be equal to the number of New Shares offered under the Rights Issue, less the number of New Shares issued under the Rights Issue (including from the Shortfall) to Eligible Shareholders. The percentage represented by New Shares will be less if not all Shares offered under the Rights Issue or if applicable the Shortfall Offer are issued.

OPTIONS

The existing and proposed options of the Company are set out in the tables below:

Listed/Unlisted	Number of options	Expiry Date	Exercise price
Unlisted	1,500,000	9 November 2025	\$0.40

Listed/Unlisted	Number of options	Expiry Date	Exercise price
Unlisted	1,500,000	9 November 2025	\$0.60
Unlisted	1,500,000	9 November 2025	\$0.90
Unlisted (Broker Options)*	3,000,000	36 months from issue	\$0.01

* The offer and issue of the Broker Options are conditional. Refer to Section 1.6 for further information.

CONVERTIBLE NOTES

On 9 March 2023 the Company issued 1 million convertible notes. Subject to the Company obtaining necessary legal, regulatory and shareholder approvals, the notes are to convert automatically upon completion of the Rights Issue (that is, the issue of all New Shares offered under the Rights Issue including Shortfall shares) or (if not already automatically converted) may be converted by the holders between 1 May and 9 December 2023. The conversion price is \$0.008 (0.8 cents). If all the notes were to be converted, the number of shares on issue would increase by approximately 125 million shares. The maturity date of the notes is 9 March 2024 (the anniversary of the issue date). The notes are unsecured, and do not bear interest. The notes do not entitle the holder to participate in the Rights Issue. Further details of the notes, including a copy of the subscription deed containing the full terms of the notes, are contained in the Company's announcement to ASX regarding the issue of the notes of 9 March 2023 and the cleansing notice and Appendix 3G released to ASX in conjunction with the announcement.

4.2 Dilution and control

Shareholders who take up their full entitlement in the Rights Issue will not be diluted and will maintain (or, in the event of undersubscriptions, increase) their existing proportional (percentage) interest in the Company.

The percentage shareholding in the Company of shareholders who do not take up their rights pursuant to the Rights Issue will be diluted by the issue of New Shares under the Rights Issue and the Shortfall Offer. Examples of the impact of dilution on existing shareholders where a shareholder does not take up its entitlement and the Rights Issue is 50% subscribed or 100% subscribed are set out below:

Shareholder (example)	Holding at the Record Date	% at Record Date	One for one entitlement under Rights Issue	Holding if entitlement not taken up	As % of total shares if Rights Issue 50% subscribed	As % of total shares if Rights Issue 100% subscribed
A	1,000,000	0.64%	1,000,000	1,000,000	0.42%	0.32%
B	2,000,000	1.27%	2,000,000	2,000,000	0.85%	0.64%
C	5,000,000	3.18%	5,000,000	5,000,000	2.12%	1.59%
D	10,000,000	6.36%	10,000,000	10,000,000	4.24%	3.18%
E	20,000,000	12.72%	20,000,000	20,000,000	8.48%	6.36%

Notes to Table:

- All percentages are rounded to two decimal places.
- It is assumed the notional Shareholders in the example above do not acquire or dispose of shares.
- The above does not take into account the issue of any additional shares other than New Shares as provided for under the Rights Issue (including the Shortfall Offer).

As at the date of this Prospectus according to substantial holding notices given to ASX the Company has only one substantial holder (a holder of a relevant interest in more than 5% of the issued voting shares of the Company), being Altnia Holdings Pty Ltd (Dixon Family A/C), a related party of Dr Ian Dixon. Dr Dixon has confirmed he and his associates will not participate in the Rights Issue, and therefore the substantial holder's relevant interest will not increase. Further details including the potential effect on the substantial holder's relevant interests are set out in Section 10.1.

5. Risks

The New Shares and Broker Options offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in the Prospectus.

This section identifies circumstances the Directors regard as risks associated with investment in the Company and which may have a material adverse impact on the financial performance of the Company if they were to arise.

Specifically:

- the New Shares and Broker Options are subject to specific risks (refer to section 5.1); and
- the business, assets and operations of the Company are subject to specific risk factors that could potentially influence the performance of the Company in the future (refer Section 5.2); and
- there are general investment and market risks (refer Section 5.3).

Where possible, the Directors aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified are highly unpredictable or are out of the control of the Company and the Company is therefore limited to the extent it can effectively manage them.

These risk factors are not intended to be an exhaustive list of risks to which the Company is, or will be, exposed.

5.1 Risks associated with the Offers

(a) Value of securities and share market conditions

The market price of the Company's securities is subject to varied and unpredictable influences on the market for equities. Market conditions and lack of liquidity may affect the value of the Company's securities regardless of the performance of the Company. The trading price of the New Shares and shares (including the underlying shares issued upon exercise of Broker Options (if any), may fall as well as rise.

(b) Taxation consequences

The issue of New Shares, and the exercise of Broker Options, may have taxation consequences depending on the particular circumstances of the recipient. You should seek your own professional advice before investing in the Company.

(c) Dilution

The issue of New Shares will result in holders who do not take up their entitlement under the Rights Issue being diluted. Any such dilution may be material. The number of New Shares to be subscribed for by an Eligible Shareholder to not have their holding diluted in the Company is dependent upon the current shareholding of the Eligible Shareholder and the total number of New Shares issued.

The issue of Broker Options will not dilute shareholders until shares (if any) are issued on exercise of Broker Options. The exercise of Broker Options into shares will result in the dilution of shareholders who either do not hold, or do not exercise, Broker Options.

(d) Liquidity

No assurance is given that there will be, or continue to be, an active market for the New Shares.

(e) Exercise price of Broker Options

There is no guarantee that the share price will be greater than the exercise price of Broker Options (\$0.01 (1 cent)) up to the expiry date of Broker Options (36 months from issue). Accordingly, there is a risk that Broker Options will be out of the money during the exercise period, which will affect the value of the Broker Options. The offer and issue of the Broker Options are conditional as set out in Section 1.6.

5.2 Company Specific Risks

(a) Future capital requirements and additional funding

The Company is yet to generate material income or profit from its operations. The Company's implementation of its business strategy will depend on its ability to continue to raise additional funds. The Company's ability to raise additional funds, if required, will be subject to factors outside of the control of the Company and its Directors, including cyclical factors affecting share markets, the equity capital market for biotechnology stocks and the economy generally. Any equity financing may be dilutive to Shareholders and any debt financing (if available) may involve restrictive covenants, which may limit the Company's operations and business strategy. If, for any reason, the Company is not able to raise future funds, its ability to achieve milestones or continue future development/commercialisation /product would be significantly adversely affected.

(b) Joint ventures, contracts and agreements

The Company seeks to derive income from its activities, including deriving technology licensing income and other commercialisation activities.

Generation of income requires joint ventures, contracts or agreements, each of which involves third parties. The Company has no control over the actions or timing of third parties in relation to potential joint ventures, contracts or agreements, and there is significant risk that the amounts or timing of such arrangements could be smaller or longer respectively than anticipated or planned for by the Company.

(c) Operating and Regulatory Risk

The research, development and commercialisation of biotechnology and medical products is complex and time-consuming. In some instances, experimental or innovative activities will fail to achieve the desired outcomes. In other cases, further work may be required, necessitating additional expenditure and extended timelines.

The research, development and commercialisation of biotechnology and medical products is subject to a number of regulations prescribed by government authorities in Australia and overseas. Generally, these requirements are rigorous and complex. In some cases, data might be interpreted by another party differently than the Company. In other cases, further data may be required, necessitating additional expenditure and extended timelines. The deployment of the Company's technology or products may be seen as unsafe, non-efficacious, difficult or uncommercial.

(d) Technology adoption risk

To date there have been no approved exosome medicines approved for sale. The use of exosomes in medicines is an emerging field with associated technology adoption risks. Such risks include slower than expected adoption, replacement with alternative technologies, adverse cost-benefit analysis and adverse regulatory oversight and determinations. There is no guarantee that the Company will be commercially successful with its technologies or products.

(e) Competition risk

The biotechnology and biomanufacturing sectors are highly competitive and subject to rapid changes that can be unforeseen or difficult to respond to. Many other companies in this sector may have access to much larger resources which could impact negatively on the Company's ability to achieve its longer term objectives. Other companies may be developing technologies and/or products that compete with the Company, potentially negatively impacting on the potential financial value of the Company's results.

There already exist alternative drug-delivery technologies, and the Company must compete with such alternatives, some of which are established.

(f) Intellectual Property

The Company's success depends, in part, on its ability to obtain patents, protect trade secrets and operate without infringing third parties' property rights.

The Company's ability to protect its intellectual property is a process which is complex and outcomes which can be highly uncertain. If a third party infringes the Company's patent(s), there can be considerable cost to pursue redress, and the outcomes of that process can be uncertain. The Company's commercialisation activities and outcomes also depend upon its freedom to operate in its field, a situation which can be complex and outcomes which can be highly uncertain.

(g) Reliance on key personnel

The conduct of activities and achievement of outcomes relies upon the core competencies of a small number of key personnel. Given the small size of the Company's team, there can be no assurance that there will be no detrimental impact on activities and outcomes if one or more of these employees cease their employment for any reason. Sickness or incapacity in key staff could also have a detrimental impact on activities and outcomes.

(h) Dependence upon service providers

The Company relies upon independent third party service providers and third-party collaborators to complete the development and commercialisation of its technologies and products. The Company is therefore exposed to risks over which it has little or no control. These risks could in turn negatively impact the progress, success or timing of activities and outcomes.

(i) Insurance and uninsured risks

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(j) Potential acquisitions

As part of its business strategy, the Company may make acquisitions complementary to its business activities. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions, as well as any risks which may be associated with what is acquired by the Company.

5.3 General Risks

(a) *Pandemic Risk*

The Company's operations may be adversely affected in the short to medium term by the economic uncertainty caused by a pandemic, including as a result of the COVID-19 pandemic which remains ongoing. Although the impacts of COVID-19 appear to have stabilised in most countries including Australia, no guarantee can be given governmental or industry measures taken in response to COVID-19, or any potential future pandemic (if any), will not adversely impact the operations, and are likely to be beyond the control, of the Company.

(b) *Economic Risks*

General economic conditions, movements in interest and inflation rates and currency exchange rates may adversely affect the Company's activities, as well as its ability to fund those activities. Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(c) *Regulatory Risks*

Changes in government, financial policy, taxation and other laws in any local and/or international markets or regions cannot be predicted and may affect the Company's ability to carry on its proposed activities, restrict the Company in achieving its objectives or may result in increased compliance costs or complexities in managing the Company's proposed operations and activities.

The Company is also subject to various regulatory requirements, including technology and accounting requirements. Changes to standards, policies, guidelines, interpretations or principles may affect the Company's ability to carry out its activities and/or achieve its objectives. The Company cannot control or predict changes to regulatory requirements, which may adversely affect the Company.

(d) *Litigation Risks*

The Company is exposed to possible litigation risks including contractual disputes, disputes arising from the sale or disposal of Company assets, shareholder actions, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(e) *Unforeseen risks*

There may be other risks which the Directors and/or management of the Company are unaware of at the time of issuing this Prospectus which may impact upon the Company, its operations and/or the value and performance of the securities of the Company, including the New Shares.

(f) Inability to pay dividends or make other distributions

The Company has never declared or paid dividends on its share capital, and the Company does not expect to do so in the short to medium term. There is no guarantee that dividends will be paid on shares in the future. Any distribution is a matter to be determined by the Board in its discretion having regard to the financial performance and position of the Company and applicable laws.

5.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or in connection with an investment in the Company. The above risk factors, and other risk factors not specifically referred to above, may materially affect the future financial performance of the Company and the value of the securities offered under this Prospectus.

New Shares carry no guarantee with respect to the payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends for the foreseeable future.

Potential investors should consider that the investment in the Company is highly speculative.

6. Application process

6.1 Choices available under the Rights Issue

Eligible Shareholders may:

- exercise their rights to participate in the Rights Issue (and take up their entitlement) in full; or
- exercise their rights to participate in the Rights Issue (and take up their entitlement) in full and apply for additional New Shares from the Shortfall (if any); or
- exercise their rights to participate in the Rights Issue (and take up their Rights Issue entitlement) in part; or
- take no action under the Rights Issue offer in this Prospectus and allow their Rights Issue entitlement to lapse.

New Shares represented by Rights Issue entitlements not taken up will become part of the Shortfall. The Company may reject an acceptance where payment of the acceptance amount is not received, or without prejudice to its rights, issue New Shares in response to the acceptance and recover outstanding acceptance amount from the recipient. The Company accepts no responsibility for failure by your stockbroker or other third parties to carry out your instructions.

6.2 Completing a Rights Issue Entitlement and Acceptance Form

You do not need to return a completed personalised acceptance form if paying by BPAY® or EFT.

For payments BPAY or Electronic Funds Transfer (EFT):

Your acceptance of entitlements to New Shares or payment may not be effective if received after 5:00pm (Melbourne time) on the Rights Issue Closing Date or such later date as the Company may specify, in which case no New Shares would be issued to you in respect of your acceptance or payment, and any payment received will be refunded to you after the date of allotment in accordance with the Corporations Act, without interest.

The amount payable on acceptance will be deemed not to have been received until the Company is in receipt of cleared funds. Payments in cash will not be accepted.

If the amount of payment received is insufficient to pay in full for the number of New Shares you have accepted or is more than required for the number of New Shares you have accepted, you will be taken to have accepted the lesser of your entitlement or such whole number of New Shares which is covered in full by your payment.

If paying by BPAY – available to Australian registered Eligible Shareholders:

To accept your entitlement and pay via BPAY, you should:

- read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- make your payment via BPAY for the number of New Shares you wish to subscribe for (being the Rights Issue offer price of \$0.01 (1 cent) per New Share multiplied by the number of New Shares for which you are accepting your entitlement plus any New Shares from the Shortfall) so that it is received no later than 5pm (Melbourne time) on the Rights Issue Closing Date, or such later date as the Company may specify.

You can only make a payment via BPAY if you hold an account with an Australian financial institution.

If you choose to pay via BPAY you are not required to submit the Entitlement and Acceptance Form.

If your BPAY payment is received by 5:00pm (Melbourne time) on the Rights Issue Closing Date or such later date as the Company may specify, New Shares accepted are anticipated to be issued to you on or before the date set out in the timetable on page 4 of this Prospectus (which date may change without notice).

You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit. The Company and the Share Registry accept no responsibility for unsuccessful, delayed, or incomplete BPAY payments.

If you have multiple holdings you will have multiple BPAY reference numbers. To ensure that you receive your entitlement in respect of each holding, you must use the customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares you wish to accept your entitlement for in respect of that holding. Payments in excess of the amount payable for one holding will not be treated as payment for another holding, and the excess will be refunded to the applicant without interest.

If paying by Electronic Funds Transfer (EFT) – available to New Zealand registered Eligible Shareholders:

To accept your entitlement and pay by EFT, you should:

- read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- make your payment via EFT for the number of New Shares you wish to subscribe for (being the Rights Issue offer price of \$0.01 (1 cent) per New Share multiplied by the number of New Shares for which you are accepting your entitlement plus any New Shares from the Shortfall) so that it is received no later than 5pm (Melbourne time) on the Rights Issue Closing Date, or such later date as the Company may specify. Your payment via EFT must include your unique reference in order to reconcile the payment to your holding.

If you choose to pay via EFT you are not required to submit the Entitlement and Acceptance Form.

6.3 Shortfall Offer

The offer of New Shares under the Shortfall Offer is only made to and capable of acceptance by investors identified by the JLMs to participate. Accordingly, applications for New Shares under the Shortfall Offer must only be made by recipients of a personalised application form from the Company (who will provide such forms as directed by the JLMs) to participate in the Shortfall Offer and be accompanied by the full subscription amount

for the New Shares being applied for under the Shortfall Offer (being the number of New Shares applied for multiplied by \$0.01 (1 cents)). Further details of the Shortfall Offer are set out in Section 1.5. The Shortfall Offer is open for acceptance until the Shortfall Closing Date, being three months after the Rights Issue Closing Date unless closed earlier.

6.4 Broker Options Offer

The offer of Broker Options under the Broker Options Offer is only made to and capable of acceptance by the JLMs (and/or their nominee(s)). Accordingly, applications for Broker Options under the Broker Options Offer must only be made by recipients of a personalised application form from the Company to participate in the Broker Options Offer. Further details of the Broker Options Offer are set out in Section 1.6. The Broker Options Offer is open for acceptance until the Shortfall Closing Date, being three months after the Rights Issue Closing Date unless closed earlier.

6.5 Further Information

If you have any questions, please contact the Company by email to Company Secretary, David Franks, at david.franks@automicgroup.com.au. Alternatively, contact your stockbroker or other professional adviser.

The issues of New Shares and Broker Options are expected to occur in accordance with the timetable on page 4 of this Prospectus (which dates may change without notice). Thereafter holding statements will be despatched. It is the responsibility of recipients to determine their allocation prior to trading in New Shares. Recipients trading New Shares before they receive their statements will do so at their own risk.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia and New Zealand should consult their professional advisers as to whether any governmental or other consent is required or whether formalities need to be observed to enable them to acquire New Shares and/or Broker Options.

Return of a personalised application form, Entitlement and Acceptance Form or payment will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No account has been taken of the objectives, financial situation or needs of recipients of this Prospectus. Because of this, recipients of this Prospectus should have regard to their own objectives, financial situation and needs.

Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and the risks associated with investing in the Company. Independent expert advice should be sought before any decision is made to accept the Offers (or any of them), or to acquire New Shares, Broker Options or other securities of the Company.

7. Continuous Disclosure Obligations

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities or securities convertible into continuously quoted securities.

Section 713 of the Corporations Act enables a company to issue a special prospectus where the securities under that prospectus are continuously quoted securities within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of this Prospectus and other requirements relating to the Company not being subject to various exemptions and orders under the Corporations Act within the last 12 months are met.

In summary, special prospectuses are required to contain information in relation to the effect of the offer of securities on the company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or

prospects of the issuing company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the date of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

For the purpose of satisfying section 713(5) of the Corporations Act a prospectus must incorporate information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profit and losses and prospects of the Company; and
 - the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus. The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus.

The Company operates an ongoing business and reports regularly on its activities. The Company from time to time seeks to engage in discussions on an ongoing basis in respect of potential opportunities. Funds may be used to fund the costs associated with identifying, investigating and pursuing such opportunities. While the Company may seek to negotiate such opportunities there is no certain any such arrangement(s) will be finalised on particular terms, at a specific time, or at all. The Company will make further announcements in respect of any such opportunities (if any) in accordance with its continuous disclosure obligations as developments, if any, occur (however no guarantee can be given that such developments, if any, will occur).

As a disclosing entity under the Corporations Act, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASX and ASIC in relation to the Company may be obtained from or inspected by accessing the respective web sites.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the acceptance period of this Prospectus:

- (a) The annual financial report of the Company for the financial year ended 30 June 2022 (released to ASX on 31 August 2022), being the most recent annual financial report of the Company before the lodgement of this Prospectus with ASIC;
- (b) the Financial Report of the Company for the half-year ended 31 December 2022 (released to ASX on 27 February 2023); and
- (c) Any continuous disclosure notices given by the Company since the lodgement of the Annual Financial Report referred to in (b) above before lodgement of this Prospectus. Continuous disclosure notices given by the Company since the lodgement of the Annual Financial Report to the date of this Prospectus are listed in Section 8 of this Prospectus.

Such documents are also available online from the ASX website at www2.asx.com.au, search code "EX1".

8. ASX Announcements

The following announcements (continuous disclosure notices) have been made by the Company to ASX since lodging its annual financial report for the year ended 30 June 2022 with ASIC:

Date	Announcement
9 March 2023	Notification regarding unquoted securities - EX1
9 March 2023	Notice under s708A(12C)(e) of the Corporations Act 2001(Cth)
9 March 2023	EX1 to Receive \$1m from the Issue of Convertible Notes
9 March 2023	Trading Halt
9 March 2023	EX1 to Receive \$0.431m in Prepayment of R&D Tax Incentive
27 February 2023	Appendix 4D and Half Year Report for period 31 December 2022
22 February 2023	Initial Director's Interest Notice - CB
22 February 2023	Final Director's Interest Notice - JK
22 February 2023	Board changes adds Australian capital markets expertise
15 February 2023	Ceasing to be a substantial holder
13 February 2023	Added Funding for 2023
09 February 2023	Trading Halt
31 January 2023	Quarterly Activities Report and Appendix 4C
20 December 2022	Notification of cessation of securities – EX1
20 December 2022	Final Director's Interest Notice
20 December 2022	Operations review, Board and other changes
25 November 2022	EX1 to Receive \$0.96m in Prepayment of R&D Tax Incentive
24 November 2022	Constitution
24 November 2022	Results of Meeting
17 November 2022	Exosome manufacture taken to the next level
14 November 2022	EX1 will commence LEAP technology transfer to AIRM under MSA
8 November 2022	Upcoming Conference Presentation ANZSEV2022
31 October 2022	Quarterly Activities Report and Appendix 4C
27 October 2022	Upcoming Webinar
27 October 2022	Exopharm Received R&D Tax Incentive Refund
25 October 2022	2022 AGM Notice of Meeting and Proxy
25 October 2022	2022 AGM Letter to Shareholders and Proxy
24 October 2022	Change in substantial holding
20 October 2022	Upcoming Webinar
14 October 2022	Notification regarding unquoted securities – EX1
13 October 2022	Upcoming Webinar
12 October 2022	EX1 Building Momentum with in-house Products
7 October 2022	Investor Presentation
28 September 2022	Study results indicate exosomes safe for clinical pursuit
9 September 2022	Date of Annual General Meeting 2022
31 August 2022	FY2022 Appendix 4E and Annual Report
31 August 2022	Appendix 4G and Corporate Governance Statement

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements during the application period of this Prospectus.

The Company may make further announcements to ASX from time to time. Announcements are released by ASX on its website, www2.asx.com.au under the Company's ASX code "EX1" and copies of announcements can be obtained from the Company upon request and are available on the Company's website www.exopharm.com. Prospective investors are advised to refer to ASX's website for updated releases about events or matters affecting the Company.

In making statements in this Prospectus, it is noted that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

9. Terms of securities offered

9.1 New Shares

New Shares will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and will have the same voting and other rights as existing issued shares of the Company. The rights attaching to the Company's shares are set out in the Company's constitution, the Listing Rules of ASX and the Corporations Act. The Company's constitution has been lodged with ASIC. The constitution contains provisions of the kind common for public companies in Australia and are taken to be included in this Prospectus by operation of Section 712 of the Corporations Act. Any person may request a copy of the constitution during the application period of the Prospectus, which the Company will provide free of charge.

9.2 Broker Options

The full terms of the Broker Options are set out below. As noted in Section 1.6, the offer and issue of the Broker Options are conditional upon the full subscription amount under the Rights Issue being raised (including following the issue of New Shares under the Shortfall Offer).

- (a) Each Broker Option entitles the holder to acquire one fully paid ordinary share (**Share**) in the capital of the Company.
- (b) The exercise price is \$0.01 (1 cent) (**Exercise Price**) per Broker Option.
- (c) Each Broker Option is exercisable at any time prior to 5:00pm Melbourne time on the date that is 36 months after the issue of the Broker Options (**Expiry Date**).
- (d) Broker Options may be exercised by providing written notice together with payment for the number of Shares in respect of which Broker Options are exercised to the registered office of the Company.
- (e) Any Broker Option that has not been exercised prior to the Expiry Date or cancelled in accordance with these terms shall automatically lapse.
- (f) A Broker Option shall not be able to be exercised (and the Company will not be required to issue Shares upon such exercise) if it would be unlawful to do so.
- (g) Subject to compliance with applicable laws, Broker Options are freely transferable.
- (h) The Exercise Price is payable in full upon exercise of a Broker Option.
- (i) Where a Broker Option holder determines to exercise some, but not all, of their held Broker Options, the total aggregate amount payable to exercise the Broker Options must be a minimum of \$1,000.
- (h) All Shares issued upon exercise of Broker Options will rank pari passu in all respect with, and have the same terms as, the Company's then issued fully paid ordinary shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of Broker Options, subject to any restriction obligations imposed by ASX and the Company being listed on ASX at the relevant time. The Broker

Options will not give any right to participate in dividends until shares are issued pursuant to the terms of the relevant Broker Options.

- (i) There are no participation rights or entitlements inherent in the Broker Options. Broker Option holders are not entitled to participate in new issues of securities offers to shareholders without first exercising the broker Option. Prior to the Expiry Date and if required by the ASX Listing Rules, the Company will send notices to option holders in accordance with the time limits required by the ASX Listing Rules in respect of offers of securities made to shareholders.
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Broker Options or the exercise price of the Broker Options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (k) Broker Options will otherwise have the terms as required by ASX and the ASX Listing Rules.

9.3 General

The Offers and any application concerning the issue of New Shares and/or Broker Options under this Prospectus, shall be governed and construed in accordance with the laws of Victoria, Australia.

10. Director's interests

10.1 Securities

The Directors' direct and indirect interests in securities of the Company as at the date of this Prospectus and the effect of the Rights Issue on the direct and indirect share holdings of Directors are set out in the following table. The table assumes that the Directors do participate in the Rights Issue:

SHARES & OPTIONS

Director/Shareholder (and/or associate(s))	Existing Shares		Entitlement	Holding if entitlement taken up	% if Rights Issue 50% subscribed	% if Rights Issue fully subscribed
	Number	%	Number	Number	%	%
Mr Jason Watson	380,000	0.24%	380,000	760,000	0.32%	0.24%
Dr Ian Dixon	28,258,627	17.97%	28,258,627	56,517,254	23.97%	17.97%
Mr Clarke Barlow	0	0%	0	0	0%	0%
TOTAL:	28,638,627	18.22%	28,638,627	57,277,254	24.29%	18.22%

A Director and/or his associates does not take up their entitlements, the effect on their percentage holdings at 50% and 100% subscription levels would be:

Director/Shareholder (and/or associate(s))	Existing Shares		% of total shares if Rights Issue 50% subscribed	% of total shares if Rights Issue fully subscribed
	Number	%	Number	%
Mr Jason Watson	380,000	0.24%	0.16%	0.12%
Dr Ian Dixon	28,258,627	17.97%	11.98%	8.99%

Director/Shareholder (and/or associate(s))	Existing Shares		% of total shares if Rights Issue 50% subscribed Number	% of total shares if Rights Issue fully subscribed %
	Number	%		
Mr Clarke Barlow	0	0%	0%	0%
TOTAL (if none of the above take up their entitlements):	28,638,627	18.22%	12.14%	9.11%

Notes to the above tables:

- (1) The Directors do not have a direct or indirect interest in any convertible securities of the Company. In addition, the Directors and their associates are not eligible to participate in the Broker Options Offer.
- (2) The above does not take into account the issue of any additional shares other than New Shares as provided for under the Rights Issue (including the Shortfall Offer).
- (3) All percentages are rounded to two decimal places.

Mr Watson, Chair of Exopharm Ltd, who hold shares in the Company, either directly or indirectly, has advised the Company he intends to take up his full entitlement under the Rights Issue. Dr Dixon has advised he and his associates do not intend taking up their entitlements under the Rights Issue. As set out above, Mr Barlow has no direct or indirect interests in shares so will not have or be able to take up any entitlements under the Rights Issue.

10.2 Remuneration & Payments to Directors

Fees and other remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company. Details of the cash remuneration or agreed to be paid to Directors in the two years prior to the lodgement of this Prospectus (excluding GST if applicable) are as follows:

Director	March 2021 – February 2022	March 2022 – March 2023 ¹
Mr Jason Watson	\$103,073	\$92,846
Dr Ian Dixon ²	\$41,833	\$42,174
Mr Clarke Barlow ³	Not applicable	\$2,604

Notes to table:

- (1) The remuneration set out above reflects cash paid to Directors only up to and including the date of this Prospectus. It includes base salaries paid in connection with director engagements, allowances for travel and compulsory contributions toward director nominated superannuation funds as required by Australian employment law.
- (2) Dr Ian Dixon received salary as Chief Executive Officer amounting to \$357,300 and \$362,417 inclusive of superannuation for the period March 2021 – February 2022 and March 2022 – March 2023 respectively. The salary received was in addition to the Director fees noted above.
- (3) Mr Clarke Barlow was appointed on 22 February 2023 and accordingly this figure is from the time of his appointment as a Director until the end of the noted period.

Other

Except as disclosed in this Prospectus:

- (a) no person has paid or agreed to pay any amount to any Director or has given or agreed to give any benefit to any Director, to induce the Director to become, or to qualify as, a Director of the Company

or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Offers.

- (b) no Director or proposed Director has, or has had within two years of lodgement of this Prospectus, any interest in:
- the formation or promotion of the Company; or
 - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
 - the Offers.

11. JLM Mandate

ACNS Capital Markets Pty Ltd T/A Alto Capital [ABN 93 088 503 208 AFSL 279099] (Alto Capital) and Canary Capital Pty Ltd (Canary Capital) (the Joint Lead Manager) have been engaged by the Company to act as the Joint Lead Managers of the Rights Issue and the recent convertible notes issue pursuant to the terms of a mandate letter (Mandate).

Under the Mandate, the Joint Lead Managers have agreed, amongst other matters, to provide advice as to the appropriate timing and structure of the Rights Issue, assist with introduction of the Rights Issue to existing shareholders and the preparation of marketing documentation in connection with the Rights Issue, and the provision of other services in connection with the Rights Issue that are typical for arrangements similar to the Mandate. The Company commits to the JLMs to enter into a phase of cost cutting and restructuring initiatives in consultation with the Joint Lead Manager to preserve cash.

The Joint Lead Manager (and/or their nominee(s)) will receive (subject to and conditional upon successful completion of the Rights Issue) the following consideration for acting as Joint Lead Managers and providing the services under the Mandate:

- A cash fee of 5% of the total amount raised under the Rights Issue as a facilitation fee; and
- A cash fee of 5% of the total amount placed in the convertible notes issue (being \$50,000 as the convertible notes issue raised \$1 million before costs) and any Shortfall from the rights issue as a placement fee; and
- The issue of an aggregate of 3 million unlisted options, subject to raising the full target amount in the convertible note, the rights issue and any shortfall (with no options being issued unless issuing the full Shortfall is completed) (being the Broker Options) as a performance fee. The Broker Options have an exercise price of \$0.01 (1 cent) and expire 36 months from the date of issue.

The Joint Lead Managers are entitled to appoint a member to the Board following signing of the Mandate, and a further member on completion of the rights issue.

The Joint Lead Managers are also entitled to be reimbursed for reasonable out-of-pocket expenses incurred in connection with their role under the Mandate, including travel, accommodation, printing, legal and other professional fees or communication expenses, with prior approval being required for such expenses that exceed \$1,000.

If until 24 February 2025 (being the period of 24 months from the signing of the Mandate) the Company undertakes any form of fundraising event, the Company agrees to offer the Joint Lead Managers the opportunity to participate (up to 25%) in such event.

The Mandate may be terminated by the Company or a Joint Lead Manager providing 1 months' written notice to the other parties. If, within 12 months of the termination of the Mandate, the Company or the shareholders of the Company enter into a transaction similar to the Rights Issue and the recent convertible note issue with a third party purchaser introduced by the Joint Lead Managers (or any third party assisting the Joint Lead

Managers during the course of the Mandate), the Company must pay the Joint Lead Managers the fees under the Mandate described above in respect of such transaction.

The Mandate otherwise contains terms consistent with similar arrangements, including but not limited to the provision of warranties and indemnities from the Company for the benefit of the Joint Lead Managers and provisions with respect to confidentiality.

12. Taxation

Recipients of the Offers should seek and obtain their own taxation advice.

13. Overseas Investors

13.1 New Zealand – Rights Issue

The New Shares under the Rights Issue are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain. The offer of New Shares under the Rights Issue to Eligible Shareholders in New Zealand is made in compliance with the relevant Australian laws.

13.2 Other

This Prospectus and any application form do not constitute an offer in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer.

This Prospectus does not constitute an offer for securities in any place where, or to any person whom, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons outside Australia who comes into possession of this Prospectus should seek advice on, and observe any, such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares, Broker Options and/or the Offers (or any of them) or otherwise to permit a public offering of the securities in any jurisdiction outside Australia. The Company does, however, reserve the right (at its absolute discretion) to accept an application from a shareholder if it is satisfied that the making and acceptance of the application complies with the requirements of the relevant jurisdiction.

The Offers (or any of them) have not been, and will not be, registered under the US Securities Act and has not been made in the United States of America or to persons resident in the United States of America.

14. Privacy

Personal information is collected on application forms by the Company and the Share Registry for processing applications, maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Acceptances might not be processed efficiently, or at all, if the information requested is not provided. Personal information about recipients may be disclosed to external service providers such as print or mail service providers as required or permitted by law. A recipient who would like details of their personal information held by the Company or its Share Registry, or who would like to correct information that is incorrect or out of date, should contact the Company by email, by telephone or at the address shown in the Corporate Directory. In accordance with the Corporations Act, recipients may be sent material (including marketing material) in addition to general corporate communications. Recipients may elect not to receive

marketing material by contacting the Share Registry's Privacy Officer. Recipients can also request access to, or corrections of, personal information held by the Company by writing to the Company.

15. Electronic Prospectus

This Prospectus is available in electronic format via the ASX website, www2.asx.com.au (search code "EX1") and via the Company's website at www.exopharm.com.

Persons having received this Prospectus in electronic form may, during the offer period, obtain a paper copy of this Prospectus (free of charge) by contacting the Company by email to Company Secretary, David Franks, at david.franks@automicgroup.com.au.

Applications for New Shares under the Rights Issue may only be made on the personalised Application Form which will be provided to Invitees and which will form part of or will be accompanied by the complete and unaltered electronic version of this Prospectus. The Corporations Act prohibits any person from passing on to another person a personalised Application Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the complete and unaltered electronic version of this Prospectus.

16. Investment Decisions

The information in this Prospectus does not constitute financial product advice. This Prospectus does not take into account the investment objectives, financial situation, tax position and particular needs of individual investors. Investors should obtain their own independent advice and consider the appropriateness of the Offers having regard to their own objectives, financial situation, tax position and needs.

17. Future Performance

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company, or any return on any investment made pursuant to this Prospectus. An investment through applying for and receiving securities under this Prospectus should be considered speculative.

18. Enquiries

If you have any questions regarding the content of this Prospectus or how to complete the personalised Application Form, you should contact your stockbroker, accountant or independent professional financial adviser prior to accepting the Rights Issue. If you have any questions regarding the Rights Issue please contact the Company by email to Company Secretary, David Franks, at david.franks@automicgroup.com.au.

No person is authorised to give information or make any representation in connection with this Prospectus which is not contained in this Prospectus. Any such information not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.



Jason Watson
Chairman