



RECCE LIMITED

ACN 124 849 065

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.00 am AEDST

DATE: Tuesday 21 November 2017

PLACE: The offices of K&L Gates
Level 31, 1 O'Connell Street
SYDNEY NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in the Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9253 9800

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10.00am AEDST on Tuesday 21 November 2017 at:

The offices of K&L Gates
Level 31, 1 O'Connell Street
SYDNEY NSW 2000

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm AEDST on Friday, 17 November 2017.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by no later than 10.00am AEDST on Sunday, 19 November 2017.

Proxies should be returned as follows

Online:

At www.investorvote.com.au

By Mobile:

Scan the QR Code on your Proxy form and follow the prompts

By Mail to:

Computershare Investor Services
Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia

By Facsimile Transmission to:

1800 783 447 (within Australia)
or +61 3 9473 2555 (outside
Australia)

By Hand to:

Computershare Investor Services
Pty Limited
Level 11
172 St George's Terrace
Perth, Western Australia 6000

Custodian Voting:

For Intermediary Online
Subscribers only (custodians)
please visit
www.intermediaryonline.com to
submit your voting intentions

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- Each Shareholder has a right to appoint a proxy;
- The proxy need not be a Shareholder of the Company; and
- A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- If proxy holders vote, they must cast all directed proxies as directed; and
- Any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- If the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- If the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- An appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- The appointed proxy is not the chair of the meeting; and
- At the meeting, a poll is duly demanded on the resolution; and
- Either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. EXECUTIVE CHAIRMAN'S ADDRESS

The Executive Chairman will provide Shareholders with an overview of the Company's performance for the period ending 30 June 2017 and some insights into what lies ahead for the Company.

2. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report of the Company for the financial period ended 30 June 2017 together with the declaration of the Directors, the Directors' Report and the Auditor's Report.

3. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial period ended 30 June 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) A member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) A Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) The voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) The voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy as the Chair sees fit even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

4. RESOLUTION 2 – CONTINGENT SPILL MEETING RESOLUTION

This Resolution 2 will only be considered at the Meeting if at least 25% of the votes are cast against Resolution 1. The Explanatory Memorandum further explains the circumstances in which this Resolution 2 will be put to the Meeting.

If the condition described above is satisfied, to consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, as required by the Corporations Act:

- (a) an extraordinary general meeting of the Company (**Spill Meeting**) be held within 90 days of the passing of this resolution;*
- (b) all of the Directors (excluding Dr Graham Melrose, Executive Chairman) who were in office when the resolution to approve the Directors' Report (as included in the Company's Annual Financial Report for the financial year ended 30 June 2017) was approved and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to office that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

Voting exclusion statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) A member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) A Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) The voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) The voter is the Chair and the appointment of the Chair as proxy:
 - (iii) does not specify the way the proxy is to vote on this Resolution; and
 - (iv) expressly authorises the Chair to exercise the proxy as the Chair sees fit even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MICHELE DILIZIA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Michele Dilizia, a Director, who retires by rotation, and being eligible, is re-elected as a Director."

6. RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO EMPLOYEES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 103,913 Shares to two employees on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 5 – RATIFICATION OF ISSUE OF SHARES TO THE AUSTRALIAN SPECIAL OPPORTUNITY FUND, LP

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 2,753,254 Shares to The Australian Special Opportunity Fund, LP on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 7 – CHANGE OF COMPANY NAME

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to 'Recce Pharmaceuticals Ltd'."

Dated 20 October 2017

By order of the Board

A handwritten signature in black ink, appearing to read 'Peter Williams', with a stylized flourish at the end.

Peter Williams
CFO & Company Secretary

EXPLANATORY STATEMENT

This explanatory statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

Section 317 of the Corporations Act requires the Company's Annual Financial Report for the financial period ended 30 June 2017, the Directors' Report and the Auditor's Report to be laid before the Meeting.

There is no requirement either in the Corporations Act or in the Constitution for Shareholders to approve the Annual Financial Report, the Directors' Report or the Auditor's report. Shareholders will be given the opportunity at the Meeting to ask questions and comment on these reports and on the Company's business and operations.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on its website at www.recce.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders and voted on. The vote on the Remuneration Report is advisory only and does not bind the directors or the Company. However the Company will take the outcome of the vote into account in formulating its remuneration policy.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Financial Report of the Company for the financial year ending 30 June 2017.

Shareholders will be given a reasonable opportunity to ask questions about, and make or comment on, the Remuneration Report at the Meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

The Company's 2016 Remuneration Report received more than 25% of the available votes cast against it at the 2016 Annual General Meeting.

As such, under section 250V of the Corporations Act, if more than 25% of eligible votes are cast against Resolution 1, the Shareholders must then vote on the Spill Resolution (i.e. Resolution 2) at this Meeting.

2.3 Proxy voting restrictions

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a Closely Related Party of that member as your proxy, and you do not direct that person on how to vote on Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to Resolution 1.

The Chairman intends to vote all undirected proxies **in favour of** Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2017. Their Closely Related Parties are defined in the Corporations Act, and include certain family members, dependents and companies they control.

3. RESOLUTION 2 – CONTINGENT SPILL MEETING RESOLUTION

3.1 General

In 2011 the Corporations Act was amended to include a "two strikes" rule. Where a company's remuneration report receives more than 25% of eligible votes cast against the advisory resolutions at two consecutive meetings, a further resolution must be put to the Meeting to spill the Board (i.e. Resolution 2) at a further general meeting to be held within 90 days (**Spill Meeting**).

3.2 Voting consequences

The Company received its "first strike" last year when the Company's 2016 Remuneration Report received more than 25% of the available votes cast against it at the 2016 Annual General Meeting.

As such, under section 250V of the Corporations Act, if more than 25% of eligible votes are cast against Resolution 1, the Shareholders must then vote on Resolution 2 at this Meeting. Shareholders should be aware that this may result in the spill of the Board.

At the Spill Meeting, if required, all Directors (other than Dr Graham Melrose, Executive Chairman) who are in office at the end of this Annual General Meeting will automatically cease to hold office immediately before the end of the Spill Meeting, and so must stand for re-election at the Spill Meeting. This would include automatic cessation of the following directors (unless re-elected at the Spill Meeting):

- (a) James Graham and Michele Dilizia

If less than 25% of the available votes on Resolution 1 are cast against the adoption of the Remuneration Report at this Annual General Meeting, then there will be no requirement for the Meeting to vote on a Spill Resolution and so this contingent Resolution 2 will not be put to the Meeting.

3.3 Proxy voting restrictions

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 2 (Contingent Spill Meeting Resolution) by marking either “For”, “Against” or “Abstain” on the Proxy Form for Resolution 2.

If you appoint a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a Closely Related Party of that member as your proxy, and you do not direct that person on how to vote on Resolution 2, the proxy cannot exercise your vote and your vote will not be counted in relation to Resolution 2.

The Chairman intends to vote all undirected proxies **against** Resolution 2. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 2, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman’s intention.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company’s Key Management Personnel for the financial year to 30 June 2017. Their Closely Related Parties are defined in the Corporations Act, and include certain family members, dependents and companies they control.

3.4 Recommendation

If Resolution 2 is put to the Meeting, Directors unanimously recommend that Shareholders vote **against** Resolution 2 on the basis that it would be extremely disruptive to the Company and in the Board’s view, it would be inappropriate to remove all the Directors (other than Dr Graham Melrose, Executive Chairman) in the circumstances.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MICHELE DILIZIA

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director’s appointment or 3 years, whichever is the longer.

Clause 14.2 of the Constitution requires that at the Company’s annual general meeting in every year, one-third of the directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A director who retires by rotation under clause 14.2 of the Constitution is eligible for re-election.

In determining the number of directors to retire, no account is to be taken of a director who has been appointed as an additional director and only holds office until the next annual general meeting and/or the Managing Director.

The Company currently has 2 Directors (not including the Managing Director, Dr Graham Melrose) and accordingly one must retire. Ms Michele Dilizia, the Director longest in office since her last election, retires by rotation and being eligible, seeks re-election from Shareholders.

In accordance with Recommendation 1.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (3rd edition)*, the Company provides the following information in respect to Ms Dilizia:

- (a) *Position:* Ms Dilizia holds the position of Executive Director of the Company.
- (b) *Independence:* Having considered the independence of Ms Dilizia in accordance with the guidelines of the ASX Corporate Governance Council, the Company considers Ms Dilizia not to be an independent Director of the Company.
- (c) *Length of Service:* Ms Dilizia was appointed a Director of the Company on 23 June 2015.
- (d) *Formal Qualifications:* Ms Dilizia holds: BSC (Med Sci), Grad Dip Bus (Mkting), BA (Journ), is a graduate of the Australian Institute of Company Directors (GAICD) and is a member of the Australian Society for Microbiology (MASM).
- (e) *Skills and Experience:* Qualified Medical Scientist with a specialisation in medical microbiology.
Earlier a successful executive career in public relations and marketing for a leading retail chain.
Began with journalism and then post-graduate qualifications in business.
Market research consultant, which included marketing development of health-care and pharmaceutical products.
- (f) *Other Listed Company Directorships:* Ms Dilizia currently holds no directorships with other listed companies.
- (g) *Board Recommendation:* The Board supports the re-election of Ms Dilizia as a Director of the Company.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO EMPLOYEES

5.1 General

In October 2016, the Company employed two new employees, Dr Justin Ward and Mr Arthur Kollaras. Dr Justin Ward was employed as a Senior Chemist, Quality Manager and Mr Arthur Kollaras as Principal Engineer.

As an enticement to work for the Company each employee was offered \$10,000 of fully paid shares in the Company as a sign on bonus (**Sign-on Shares**).

On 25 November 2016, the Company issued 103,913 Shares.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Sign-on Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue of Shares, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Sign-on Shares:

- (a) 103,913 Shares were issued on 25 November 2016;
- (b) The Shares were issued at a deemed issue price of \$0.1925 per Share;
- (c) The Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) The Shares were issued to two employees of the Company, Dr Justin Ward and Mr Arthur Kollaras, none of whom are related parties of the Company; and
- (e) No funds were raised from the issue of the Sign-on Shares as they were issued in lieu of cash consideration for agreeing to work for the Company.

6. RESOLUTION 5 – RATIFICATION OF THE ISSUE OF SHARES TO THE AUSTRALIAN SPECIAL OPPORTUNITY FUND, LP

6.1 General

On 16 June 2017, the Company entered into a Share Purchase and Convertible Security Agreement (**Funding Agreement**) which secured an investment of up to a total of \$6.05 million over a twenty-four month period from The Australian Special Opportunity Fund, LP (**ASOF**) managed by New York-based institutional asset manager The Lind Partners. Subsequent investments will, subject to certain conditions, be made in monthly equity tranches of \$50,000 that can be increased up to \$250,000 by mutual consent between Recce and ASOF. A summary of the key terms of the Funding Agreement are set out in the Appendix.

ASOF made an initial upfront investment of \$300,000 by way of a A\$250,000 24-month interest-free unsecured convertible security (with face value of \$300,000) and a \$50,000 equity investment which was satisfied through the issue of ordinary shares. At the time of the initial upfront investment the Company was obligated to issue equity to provide collateral to ASOF and demonstrate the Company's commitment to the deal. Since the initial upfront investment ASOF have invested a further \$150,000 which has also been satisfied through the issue of ordinary shares.

To date the company has issued the following fully paid shares to ASOF (**Funding Agreement Shares**):

	Issue Price/Share	Shares	Date issued
• Commitment fee	\$0.1958	178,715	21 June 2017
• Collateral	\$0.0000	476,000	21 June 2017
• Tranche 1	\$0.1670	299,401	19 July 2017
• Tranche 2	\$0.1440	520,833	25 August 2017
• Conversion of \$100,00 of the convertible security	\$0.1369	730,460	22 September 2017
• Tranche 3	\$0.1369	547,845	29 September 2017
		<u>2,753,254</u>	

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Funding Agreement Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue of Shares, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided:

- (a) 2,753,254 Shares were issued in the period from 21 June 2017 to 29 September 2017;
- (b) The Shares were issued at various prices, for details of the prices refer to section 6.1 General;
- (c) The Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) The Shares were issued to ASOF, who is not a related party of the Company; and
- (e) \$450,000 was raised through the issue of these shares with the funds to support Recce's synthetic antibiotic through its Investigative New Drug (IND) Application to the Food and Drug Administration in the USA and Phase 1 clinical trials.

7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 7.2 below).

The effect of Resolution 6 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

7.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides for an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) Is not included in the S&P/ASX 300 Index; and
- (b) Has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation below the relevant threshold.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: RCE).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** Is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) Plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) Plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) Plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without Shareholder approval; and
 - (iv) Less the number of Shares cancelled in the previous 12 months.
- D** Is 10%
- E** Is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

7.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 6.

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) The date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) If the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.0925 50% decrease in Issue Price	\$0.1850 Issue Price	\$0.3700 100% increase in Issue Price
80,103,039 (Current)	Shares issued	8,010,304 Shares	8,010,304 Shares	8,010,304 Shares
	Funds raised	\$740,953	\$1,481,906	\$2,963,812
120,154,559 (50% increase)	Shares issued	12,015,456 Shares	12,015,456 Shares	12,015,456 Shares
	Funds raised	\$1,111,430	\$2,222,859	\$4,445,719
160,206,078 (100% increase)	Shares issued	16,020,608 Shares	16,020,608 Shares	16,020,608 Shares
	Funds raised	\$1,481,906	\$2,963,812	\$5,927,625

* The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1

The table above uses the following assumptions:

1. There are currently 80,103,039 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 10 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

- (i) The market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) The Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(c) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) The date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

(d) Purpose of Issue under 10% Placement Capacity

The Board intends that the purposes for which any Equity Securities may be issued under the 10% Placement Capacity are as follows:

- (i) If for cash consideration, to use funds raised towards:
 - Acquisition of new resources, assets and investments (including expenses associated with such an acquisition); and
 - General working capital.
- (ii) If for non-cash consideration, for the acquisition of complementary new assets and *investments*, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) The purpose of the issue;
- (ii) Alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) The effect of the issue of the Equity Securities on the control of the Company;
- (iv) The circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) Prevailing market conditions; and
- (vi) Advice from corporate, financial and broking advisers (if applicable).

As noted in section 7.3(d), the Company may issue Equity Securities under the 10% Placement Capacity as non-cash consideration for the acquisition of complementary new assets and investments. In the event that the Company is successful in acquiring complementary new assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the complementary new assets or investments.

(f) Previous Approval under ASX Listing rule 7.1A

The Company obtained approval under ASX Listing Rule 7.1A at its Annual General Meeting held on 22 November 2016.

In the 12 months preceding the date of the Meeting, the Company issued a total of 2,857,167 fully paid ordinary shares; 914,616 options; and a convertible security with a face value of \$300,000 (currently only \$200,000 yet to convert) being 6.6% of the total issued share capital of the Company. Details of each issue are set out in the table below.

Shares/ options/ convertible security issued	Class of security	Issued to	Value of Shares	Cash/ Non- cash	Issue Price	Closing price on day of issue	Discount/ (Premium)	Use of funds/intended use of funds	% spent	Non cash consideration paid / current value
52,631	Fully paid ordinary shares*	Justin Ward	\$10,000	Non-cash	\$0.1900	\$0.1600	-18.8%	N/A	N/A	Remuneration/ \$9,736
51,282	Fully paid ordinary shares*	Arthur Kollaras	\$10,000	Non-cash	\$0.1950	\$0.1600	-21.9%	N/A	N/A	Remuneration/ \$9,487
178,715	Fully paid ordinary shares*	ASOF	\$35,000	Non-cash	\$0.1958	\$0.2300	14.9%	N/A	N/A	Commitment fee / \$33,062 ¹
476,000	Fully paid ordinary shares*	ASOF	-	Non-cash	-	\$0.2300	100%	N/A	N/A	Collateral payment / \$88,060 ¹
1 [^]	Convertible security	ASOF	\$200,000	Cash	N/A	\$0.2300	N/A	Working capital	100%	N/A
641,000	Options	ASOF		²	Refer to footnote 2	N/A	N/A	N/A	N/A	N/A / \$88,843 #

Shares/ options/ convertible security issued	Class of security	Issued to	Value of Shares	Cash/ Non- cash	Issue Price	Closing price on day of issue	Discount/ (Premium)	Use of funds/intended use of funds	% spent	Non cash consideration paid / current value
299,401	Fully paid ordinary shares*	ASOF	\$50,000	Cash	\$0.1670	\$0.1800	7.2%	Working capital	100%	N/A
59,880	Tranche 1 Options	ASOF	N/A	³	Refer to footnote 3	N/A	N/A	N/A	N/A	N/A / \$6,352 #
520,833	Fully paid ordinary shares*	ASOF	\$75,000	Cash	\$0.1440	\$0.1650	12.7%	Working capital	100%	N/A
104,167	Tranche 2 Options	ASOF		⁴	Refer to footnote 4	N/A	N/A	N/A		N/A / \$10,336 #
730,460	Fully paid ordinary shares*	ASOF	\$100,000	Cash	\$0.1369	\$0.2150	36.3%	Working capital	0%	N/A
547,845	Fully paid ordinary shares*	ASOF	\$75,000	Cash	\$0.1369	\$0.1950	29.8%	Working capital	0%	N/A
109,569	Tranche 3 Options	ASOF		⁵	Refer to footnote 5	N/A	N/A	N/A	N/A	N/A / \$13,739 #

* Same terms as all other fully paid ordinary shares of the Company

¹ For further details refer to Appendix - Summary of Funding Agreement.

² These options were issued in relation to the 178,715 commitment fee shares and the 476,000 collateral shares (Exercise price of \$0.2593 and an expiry date of 21 June 2020).

³ These options were issued in relation to the 299,401 shares on the previous line (Exercise price of \$0.2171 and an expiry date of 19 July 2020).

⁴ These options were issued in relation to the 520,833 shares on the previous line (Exercise price of \$0.1872 and an expiry date of 25 August 2020).

⁵ These options were issued in relation to the 547,845 shares on the previous line (Exercise price of \$0.1780 and an expiry date of 29 September 2020).

Valuation based on Black Scholes valuation model.

^ Based on the Floor Price (see Appendix 1 for details) Recce may have to issue a further 1,333,333 shares in relation to this convertible security.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) A list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) The information required by Listing Rule 3.10.5A for release to the market.

7.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

8. RESOLUTION 7 – CHANGE OF COMPANY NAME

8.1 General

It is proposed that the Company's name be changed to "Recce Pharmaceuticals Ltd". The Directors believe that this change will better reflect the Company's future direction.

The Company intends to retain its ASX code of "RCE".

8.2 Corporations Act, section 157(1)

Section 157(1) of the Corporations Act states that if a Company wishes to change its name, it must pass a special resolution adopting that name. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

9. FURTHER INFORMATION

The Directors are not aware of any other information which is relevant to the consideration by Shareholders of the proposed Resolutions set out in the Notice of Meeting.

The Directors recommend Shareholders read this explanatory statement in full and, if desired, seek advice from their own independent financial or legal adviser before making any decision in relation to the proposed Resolutions.

GLOSSARY

\$ means Australian dollars unless otherwise noted.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

AEDST means Australian Eastern Daylight Savings Time in Sydney, New South Wales.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current Board of Directors of the Company.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Recce** means Recce Limited (ACN 124 849 065).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's Annual Financial Report for the year ended 30 June 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Appendix – Summary of Funding Agreement

1. **Certainty of access to funding.** The funding agreement provides Recce with certainty of access to funding over the next 24 months as it progresses towards human clinical studies. The investment will be made as follows:
 - A. Minimum A\$50,000 per month in share purchases for up to 24 months.
 - B. At Recce's sole option, tranche amounts can be reduced to A\$25,000 per month, or tranches can be increased up to A\$250,000 by mutual consent.

The regularity and size of the tranches provide certainty of funding to Recce, subject to certain conditions for subsequent tranches of funding (including Recce's capacity for the purposes of Listing Rules 7.1 and 7.1A to issue future tranches of equity securities or otherwise having obtained requisite shareholder approval), and allow management to focus on delivering its clinical and corporate development milestones.

ASOF also has the right to pause the monthly tranche schedule for up to 60 days where the volume weighted average price of Recce's shares is equal to or less than the base price of 10 cents for any 2 consecutive trading days. ASOF can also elect to terminate the agreement if during any continuous period of 180 days the VWAP per Recce share has been equal to or less than the base price of 10 cents.

2. **Lock Up:** Convertible security with face value of A\$300,000 is 'locked up' for 90 days - the convertible security cannot be converted into shares for 90 days following the date of execution of the agreement. The conversion price is the lesser of 90% of the average 5 consecutive daily VWAP per share during the 20 consecutive trading days prior to the conversion notice date selected by ASOF, and \$0.25935, being the amount equal to 130% of the average of each of the 20 daily VWAPs during the 20 trading days before execution. Recce can elect to buy-back the convertible security at any time. If Recce buys back the convertible security after the 90 day lock up period, it must pay a 5% premium to the amount outstanding in respect of the convertible security at that time.
3. **Floor-price Protection.** If the purchase price is less than 15 cents/share Recce may elect to not issue that month's shares provided that Recce then repays the prepaid tranche amount that ASOF paid for that month's shares, with a 5% premium. ASOF however, may elect to receive the tranche shares at the floor price and/or use collateral shares to satisfy the issue of shares under the tranche.
4. **Minimising shareholder dilution.** Recce has secured funding and avoided dilution at current levels of its share price while retaining significant flexibility. ASOF will acquire ordinary shares in Recce in its monthly equity investments at a purchase price at the election of ASOF, equal to 90 per cent of the average of five consecutive daily volume-weighted average prices of Recce's shares during the 20 trading days before the issue of the shares (**Purchase Price A**), or \$0.25935, being the amount equal to 130 per cent of the average daily volume weighted average price for the 20 trading days prior to the date of the execution of the agreement (**Purchase Price B**), provided that ASOF may not elect Purchase Price B for more than 2 tranche issuances during the term of the agreement.
5. **Additional safeguards for Recce.** Recce has a number of additional safeguards against dilution. These include the fact that ASOF will not hold more than 19.99 per cent of Recce's shares at any one time. No tranche will exceed 0.5 per cent of Recce's market capitalisation (based on number of shares at execution multiplied by VWAP prior to the relevant tranche closing), except where the tranche has been increased by mutual agreement or as agreed between the two parties. The terms of the agreement also allow Recce to carry out issues under the Recce director and executive performance rights plan and additional private placements of equity, rights issues, and shareholder purchase plans at a fixed price.

The agreement contains provisions requiring approval of shareholders for subsequent tranche issues if required under Listing Rules 7.1 and 7.1A. Shareholder approval is not required for the funding to proceed and issue of shares, convertible securities and grant of options on the first closing.

ASOF is a passive investor with no Board participation rights. Recce has the right to pause the monthly payment schedule (provided at least 3 tranches have been advanced) and Recce can cancel the need for additional tranches if there is no longer a need. If Recce cancels the agreement before 3 tranche issuances it is required to pay ASOF a cancellation fee of \$50,000.

Recce can terminate the agreement at no cost at any time after three tranches have been funded or at no cost at any time if the purchase price of shares to be issued under a tranche is less than the agreed floor price of 15 cents.

ASOF has agreed to certain limitations on the sale of its investment (including that on any trading day it may only sell a maximum of 20% of the number of most recently issued tranche shares or 20% of the trading volume of shares traded, whichever is the greater), a safeguard not normally available when undertaking a placement among several different investors.

- 6. Interest-free investment and focus on capital appreciation.** ASOF's return on its investment depends on Recce's share price appreciation and the convertible security (a face value of A\$300,000 for a funded amount of A\$250,000) accrues no interest except in the case of an event of default by Recce.

ASOF will receive a fee of \$35,000 in shares at the time of the advance of the convertible security/first tranche of ordinary shares. ASOF or its nominee will also receive 476,000 collateral shares as consideration for entry into the agreement and as collateral which shares can be used to satisfy a tranche or conversion issue, returning capital to Recce according to either **Purchase Price A** or **Purchase Price B** (where the collateral shares are used to satisfy a tranche issue) or reducing the amount outstanding under the convertible security (where the collateral shares are used to satisfy a conversion notice). During the term ASOF may sell or encumber the collateral shares at its discretion. However, at the end of the term ASOF is required to pay Recce a collateralisation pricing amount for the unused number of collateral shares. The collateralisation pricing amount is the lower of 90% of the average of five consecutive daily VWAPs per share selected by ASOF during the 20 day period prior to date when payment is due and \$0.2593.

ASOF or its nominee will also receive on initial funding 641,000 unlisted options with an exercise price of \$0.25935 per share, (being an amount equal to 130% of average daily VWAPs during 20 trading days before execution) and a 36 month expiry from the date of grant. Options (equal to 20% of the number of tranche shares) are also issuable to ASOF or its nominee on each share tranche issue at an exercise price of 130% of the relevant tranche purchase price and with a 36 month expiry from the date of grant.

RCE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (AEDST) Sunday, 19 November 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Recce Ltd hereby appoint



the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Recce Ltd to be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney, New South Wales, on Tuesday, 21 November 2017 at 10:00am (AEDST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 2 as the chairman sees fit (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 2 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 2 where the Chairman of the Meeting intends to vote against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 2 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Contingent Spill Meeting Resolution	☐	☐	☐
Resolution 3	Re-election of Director – Michele Dilizia	☐	☐	☐
Resolution 4	Ratification of Issue of Shares to Employees	☐	☐	☐
Resolution 5	Ratification of Issue of Shares to the Australian Special Opportunity Fund, LP	☐	☐	☐
Resolution 6	Approval of 10% Placement Capacity	☐	☐	☐
Resolution 7	Change of Company Name	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Resolution 2 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

RCE

999999A

Computershare +