

Issue of Securities and Appendix 3B

Recce Pharmaceuticals Ltd (**ASX:RCE**) (**Company**) the company developing a New Class of Broad Spectrum antibiotics, advises that the Company has today completed the issue of the Placement shares and unlisted options as detailed in the announcement released on the ASX on 8 February 2019.

In addition to the securities noted above, the Company wishes to advise that it has also completed the issue of fully paid ordinary shares to:

- Dr John Prendergast, as approved by shareholders at the Annual General Meeting of the Company on 28 November 2018 (**2018 AGM**);
- Certain employees of the Company under the Company's newly adopted Employee Incentive Plan, which was approved by shareholders at the 2018 AGM; and
- Acuity Capital Pty Ltd (**Acuity**) pursuant to the Controlled Placement Deed as previously announced and detailed below.

Please find attached the Appendix 3B relating to issue of the aforementioned securities, which includes the Placement shares.

As announced to the ASX on 1 November 2018, the Company entered into a Controlled Placement Deed (**CPD**) with Acuity. The CPD provides the Company with up to \$3 million of standby equity capital until 31 December 2020. Importantly, the Company retains full control of all aspects of the placement process: having sole discretion as to whether or not to utilise the CPD, the quantum of issued shares, the minimum price of shares and the timing of each placement tranche (if any).

There are no requirements on the Company to utilise the CPD and the Company may terminate the CPD at any time, without cost or penalty. Acuity and the CPD do not place any restrictions at any time on the Company raising capital through other methods. If the Company does decide to utilise the CPD, the Company is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by the Company, and a 10% discount to the Volume Weighted Average Price (VWAP) over a period of the Company's choosing (again, at the sole discretion of the Company).

As collateral for the CPD, the Company has agreed to place 4.5 million shares from its ASX Listing Rule 7.1 capacity, at nil consideration to Acuity (**Collateral Shares**), but may, at any time, cancel the CPD and buy back the Collateral Shares for no consideration (subject to shareholder approval).

For further information please visit www.recce.com.au or contact:

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Recce Pharmaceuticals Ltd (Company)

ABN

73 124 849 065

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Ordinary Shares)

Unlisted options (Options) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 17,787,501 Ordinary Shares

1,800,000 Options |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 17,787,501 Ordinary Shares, which rank equally with existing fully paid ordinary shares.

1,800,000 Options with an exercise price of 16.8 cents per Option (\$0.168) and which expire on 15 February 2023. |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	The Ordinary Shares rank equally with existing Ordinary Shares. The Options do not rank equally with existing Ordinary Shares. However, upon exercise of an Option, the resultant Ordinary Share will rank equally with the existing Ordinary Shares on issue.
5 Issue price or consideration	4,930,358 Ordinary Shares and 1,800,000 Options were issued for nil cash consideration. 12,857,143 Ordinary Shares were issued at \$0.14 per Ordinary Share.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	12,857,143 Ordinary Shares were issued to sophisticated and institutional investors under the Placement, as announced to the ASX on 8 February 2019, which raised \$1.8m (before costs). Funds raised will be used to strengthen the Company's balance sheet, to further pre-clinical programs, for general working capital and repayment of director loans. 1,800,000 Options were issued to DJ Carmichael as part of the fees for acting as Lead Manager for the Placement, as announced to the ASX on 8 February 2019. 180,358 Ordinary Shares were issued to certain employees under the Company's Employee Incentive Plan. 250,000 Ordinary Shares were issued to Dr John Prendergast, non-executive director of the Company, following receipt of shareholder approval at the Company Annual General Meeting on 29 November 2018. 4,500,000 Ordinary Shares were issued to Acuity Capital as collateral shares pursuant to the Controlled Placement Deed.

+ See chapter 19 for defined terms.

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	29 November 2018
6c	Number of +securities issued without security holder approval under rule 7.1	4,500,000 Ordinary Shares were issued as collateral shares pursuant to the Controlled Placement Deed 7,114,553 Ordinary Shares were issued under the Placement 1,800,000 Options
6d	Number of +securities issued with security holder approval under rule 7.1A	5,742,590 Ordinary Shares were issued under the Placement
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	250,000 Ordinary Shares (approval under Listing Rule 10.11, Resolution 6, AGM on 29 November 2018)
6f	Number of +securities issued under an exception in rule 7.2	180,358 Ordinary Shares (exception 9)
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes, the securities were issued on 15 February 2019, which had a 15 trading day VWAP (up to 14 February 2019) of \$0.1624. 75% of this VWAP is \$0.1218, which is less than the issue price (of the shares under the Placement) of \$0.14 (source: IRESS).
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1
7	⁺Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	15 February 2019

⁺ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		107,129,919	Fully Paid Ordinary Shares

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		641,000	Options
		59,880	Tranche 1 Options
		104,167	Tranche 2 Options
		109,569	Tranche 3 Options
		127,470	Tranche 4 Options
		124,069	Tranche 5 Options
		130,804	Tranche 6 Options
		65,617	Tranche 7 Options
		1,800,000	Options, with an exercise price of \$0.168 per option, and an expiry date of 15 February 2023.
		8,754,423	Class B Performance Shares
		8,754,423	Class C Performance Shares
		8,754,423	Class D Performance Shares

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	N/A

⁺ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

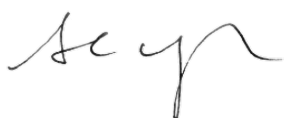
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Company secretary

Date: 15 February 2019

Print name: Alistair McKeough

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	87,423,244
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	328,084 shares issued on 16 February 2018 1,591,090 shares issued on 1 May 2018 430,358 shares issued on 15 February 2019
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	89,772,776

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	13,465,916 (rounded down)
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	11,614,553 fully paid ordinary shares issued on 15 February 2019. 1,800,000 unlisted options issued on 15 February 2019.
“C”	13,414,553
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	13,465,916
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	13,414,553
Total [“A” x 0.15] – “C”	51,363

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	89,772,776
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	8,977,277 (rounded down)
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <i>This applies to equity securities – not just ordinary securities</i> <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	5,742,590 fully paid ordinary shares issued on 15 February 2019.
“E”	5,742,590

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	8,977,277
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	5,742,590
Total [“A” x 0.10] – “E”	3,234,687

+ See chapter 19 for defined terms.