

7 November 2019

Dear Shareholder

Phylogica Limited Entitlement Offer - Notification to Ineligible Retail Shareholders

On 31 October 2019, Phylogica Limited (**Company**) announced a 1 for 5 accelerated non-renounceable entitlement offer of new fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.055 per New Share (**Entitlement Offer**).

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

Details of the Entitlement Offer

The Entitlement Offer comprises an institutional component (ie. Institutional Entitlement Offer) and an offer to Eligible Retail Shareholders (as defined below) (**Retail Entitlement Offer**).

The Retail Entitlement Offer is being made to Eligible Retail Shareholders on the basis of 1 New Share for every 5 existing shares in the capital of the Company (**Existing Shares**), held at 5.00pm (WST) on 4 November 2019 (**Record Date**), at an issue price of \$0.055 per New Share, to raise up to approximately \$26.8 million (before costs). The Entitlement Offer is fully underwritten by Australian Land Pty Ltd, an entity controlled by the Company's Non-Executive Chairman, Alan Tribe.

A retail offer document relating to the Retail Entitlement Offer was lodged with the ASX on 4 November 2019 (**Retail Offer Document**) and is expected to be dispatched to Eligible Retail Shareholders on 7 November 2019.

Eligibility to participate in the Retail Entitlement Offer

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the *Corporations Act 2001* (Cth) (**Corporations Act**), that it would be unreasonable to make offers to shareholders in countries other than Australia or New Zealand in connection with the Retail Entitlement Offer, having regard to:

- (a) the relatively small number of shareholders in the other jurisdictions where the Retail Entitlement Offer would be made;
- (b) the number and value of New Shares for which such shareholders would otherwise have been entitled; and
- (c) the costs of complying with the legal and regulatory requirements in each other jurisdiction where the Retail Entitlement Offer would be made.

An Eligible Retail Shareholder is a holder of Existing Shares who:

For personal use only

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- (a) was a registered holder of Existing Shares as at 5.00pm (WST) on the Record Date;
 - (b) has a registered address in Australia or New Zealand;
 - (c) is not an Institutional Shareholder (as defined in the Retail Offer Document); and
 - (d) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

If you are not an Eligible Retail Shareholder you are an **Ineligible Retail Shareholder**.

According to our records you do not satisfy the criteria for an Eligible Retail Shareholder, and therefore the Company is unable to extend to you the opportunity to participate in the Retail Entitlement Offer. If our records are incorrect on this matter, please call the Company on the number set out below.

Treatment of Ineligible Retail Shareholders

The Company has appointed Euroz Securities Limited ACN 089 314 983 (AFSL 243302) (**Nominee**) as a nominee approved by ASIC under section 615 of the Corporations Act in respect of Ineligible Retail Shareholders. The following process will be followed in respect to Ineligible Retail Shareholders:

- (a) the Company will issue to the Nominee the New Shares that Ineligible Retail Shareholders would otherwise have been entitled to apply for had they been entitled to participate in the Retail Entitlement Offer;
- (b) the Nominee is permitted to sell the Ineligible Retail Shareholders' New Shares in such manner and at such time as it sees fit, with the objective of achieving the best price for those New Shares that is reasonably obtainable on market at the time of the relevant sale, however the Nominee is not responsible for achieving any particular price for the New Shares or achieving the sale in any particular timeframe; and
- (c) the Nominee will remit the net proceeds (ie. sale proceeds less brokerage and applicable GST) to either the Company or the Company's share registry for ultimate pro rata distribution to the Ineligible Retail Shareholders.

You do not need to respond to this letter. If you have questions in relation to any of the matters described above, please call the Company on +61 8 6151 0992 between 8:30am and 5:00pm (WST), Monday to Friday.

Yours faithfully

Dr Rohan Hockings
Chief Executive Officer
Phylogica Limited

Phylogica Limited trading as PYC Therapeutics
ACN 098 391 961

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6 Verdun St, Nedlands Western Australia 6009
Tel: +61 8 6151 0992| pyctx.com