

RHYTHM BIOSCIENCES LIMITED
ACN 619 459 335
NOTICE OF 2018 ANNUAL GENERAL MEETING

Notice is given that the 2018 Annual General Meeting ("**Meeting**") of Rhythm Biosciences Limited ("the **Company**" or "**Rhythm**") will be held at the Bio21 Institute Auditorium, 30 Flemington Road, Parkville VIC 3010 on 26 November 2018 at 10:00am AEDT.

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting ("**Notice**") are set out in the Explanatory Memorandum ("**Memorandum**") accompanying this Notice. Details of the resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

GENERAL BUSINESS

2018 Annual Financial Statements

To lay before the meeting and consider the Annual Financial Statements of the Company in respect of the year ended 30 June 2018 and comprising the Annual Financial Report, the Directors' Report and the Auditor's Report.

RESOLUTION 1: NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Company approve the adoption of the Remuneration Report, included in the Directors' Report, for the year ended 30 June 2018."

Voting Exclusion Statement:

A vote on Resolution 1 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 (referred to herein as "**Restricted Voters**").*

*However, a person ("**voter**") may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a Restricted Voter and the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on Resolution 1. The Chair may also exercise undirected proxies if the vote is cast on behalf of a person entitled to vote and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of members of the key management personnel of the Company.*

Voting Note:

Directors of the Company who are key management personnel whose remuneration details are included in the 2018 Remuneration Report, any other key management personnel whose remuneration details are included in the 2018 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1 unless they are the Chair and satisfy the requirements set out above.

RESOLUTION 2A: ELECTION OF MR SHANE TANNER AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Shane Tanner, a Director appointed to fill a casual vacancy on 1 June 2017, who retires in accordance with the Company's Constitution and, being eligible, offer himself for election, be elected as a Director of the Company."

RESOLUTION 2B: ELECTION OF MR DAVID WHITE AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr David White, a Director appointed to fill a casual vacancy on 1 June 2017, who retires in accordance with the Company's Constitution and, being eligible, offer himself for election, be elected as a Director of the Company."

RESOLUTION 2C: ELECTION OF MR LOUIS PANACCIO AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Louis (Lou) Panaccio, a Director appointed to fill a casual vacancy on 1 August 2017, who retires in accordance with the Company's Constitution and, being eligible, offer himself for election, be elected as a Director of the Company."

RESOLUTION 2D: ELECTION OF DR TREVOR LOCKETT AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Dr Trevor Lockett, a Director appointed to fill a casual vacancy on 1 June 2017, who retires in accordance with the Company's Constitution and, being eligible, offer himself for election, be elected as a Director of the Company."

RESOLUTION 3: APPOINTMENT OF AUDITOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, in accordance with section 327B(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, BDO East Coast Partnership having been nominated by a Shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of Rhythm Biosciences Limited."

RESOLUTION 4: APPROVAL OF PLACEMENT FACILITY

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

"That for the purposes of ASX Listing Rule 7.1A, shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under ASX Listing Rule 7.1A.2 at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company's ordinary shares calculated over the last fifteen (15) days on which trades of the Company's ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date the issue is made as described in the Memorandum which accompanied and formed part of this Notice."

Voting Note:

If, at the time of the Meeting, the Company:

- is included in the S&P/ASX 300 Index; and/or
- has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of greater than AU\$300 million,

this Resolution will be withdrawn.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by:

- *persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; and*
- *an associate of those persons.*

However, the Company need not disregard a vote on this Resolution if:

- *it is cast by a person as 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.*

Dated: 12 October 2018

By the order of the Board

A handwritten signature in black ink, appearing to read 'Ad. Wing', with a horizontal line drawn underneath it.

Adrien Wing
Company Secretary

The accompanying Memorandum and the Proxy and Voting Instructions formed part of this Notice.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00pm (Melbourne time) on 24 November 2018 are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

How the Chair Will Vote Undirected Proxies

Subject to the restrictions set out below and in the Notice, The Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

Voting Restrictions on Resolution 1 (Remuneration Report)

The Remuneration Report identifies key management personnel for the year ended 30 June 2018. Their closely related parties are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

Directors of the Company who are key management personnel whose remuneration details are included in the 2018 Remuneration Report, any other key management personnel whose remuneration details are included in the 2018 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1 provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Special Resolution

Resolution 4 is proposed as a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

RHYTHM BIOSCIENCES LIMITED
ACN 619 459 335
("the Company")

2018 ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum ("**Memorandum**") accompanies and forms part of the Company's Notice of Annual General Meeting ("**Notice**") for the 2018 Annual General Meeting ("**Meeting**") to be held at the Bio21 Institute Auditorium, 30 Flemington Road, Flemington VIC 3010 on 26 November 2018 at 10:00am AEDT.

The Notice incorporates, and should be read together, with this Memorandum.

BUSINESS

2018 Annual Financial Statements

The Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2018 will be laid before the meeting. Shareholders will have the opportunity to ask questions about, or make comments on, the 2018 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend, to answer questions about the audit of the Company's 2018 Annual Financial Statements.

The Company's 2018 Annual Financial Statements are set out in the Company's 2018 Annual Report which can be obtained from the Company's website, www.rhythmbio.com or upon request to Mr Adrien Wing, the Company Secretary, at the office of the Company, Level 17, 500 Collins Street, Melbourne VIC 3000 (telephone (03) 9614 0600).

There is no requirement for these reports to be formally approved by shareholders. No resolution is required to be moved in respect of this item.

Resolution 1: Non-binding Resolution - Remuneration Report

The Company is required pursuant to the Corporations Act 2001 (Cth) ("**the Corporations Act**"), to propose a non-binding resolution regarding the 2018 Remuneration Report, which forms part of the Director's Report in the 2018 Annual Financial Statements. The vote is advisory only and does not bind the Directors or the Company.

Shareholders attending the 2018 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report.

The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings ("**AGM**") (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a "**spill resolution**") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. As this is the first AGM of the Company, there has been no prior votes thus a spill resolution will not be required in the event 25% or more of votes cast are against adoption of the 2018 Remuneration Report. However, in the event that 25% or more of votes that are cast are against the adoption of the 2018 Remuneration Report, shareholders should be aware if there is a 'no' vote of 25% or more for the same resolution at the 2019 AGM it may result in the re-election of the Board.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice. In particular, Directors and other members of the key management personnel details of whose remuneration are included in the

Remuneration Report or a closely related party of those persons must not vote on Resolution 1 and must not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Resolution 2A: Election of Mr Shane Tanner as a Director

Resolution 2A is a resolution for the election of Mr Shane Tanner as a Director of the Company.

Shane Tanner was appointed to fill a casual vacancy on 1 June 2017.

Pursuant to the Constitution of the Company, a Director appointed to fill a casual vacancy holds office until the next annual general meeting and is then eligible for re-election by shareholders.

Shane is an experienced, accomplished and highly-respected professional in the Australian Healthcare sector. Shane has orchestrated and been responsible for numerous small and large scale acquisitions. Shane has also helped to establish and guide a number of significant businesses where he was deeply involved in growth and management upskilling.

Shane has considerable experience at both senior executive and board level, being Chairman of ASX listed Paragon Care Limited and Zenitas Healthcare Limited, two successful healthcare businesses of which he was also co-founder. Shane is also Chairman of ASX listed Funtastic Limited. Previously, Shane was CEO of Symbion Health (formerly Mayne Nickless Diagnostic Services), one of Australia's largest diagnostic business, CFO of Mayne Group and Chairman of Vision Eye Institute.

The Board (with Shane Tanner abstaining) unanimously support the re-election of Shane Tanner as a Director of the Company.

Resolution 2B: Election of Mr David White as a Director

Resolution 2B is a resolution for the election of Mr David White as a Director of the Company.

David White was appointed to fill a casual vacancy on 1 June 2017.

Pursuant to the Constitution of the Company, a Director appointed to fill a casual vacancy holds office until the next annual general meeting and is then eligible for re-election by shareholders.

Based in the United States, David is a current Senior Consultant with Planet Innovation where he leads the business development efforts of the Lumos Diagnostics Division. David has over 18 years of in-depth experience covering strategic and tactical marketing, medical device sales and the commercialisation of diagnostic products.

David has previously spent three years as the Group Marketing Manager of Advanced Staining for Leica Biosystems based in Chicago. David orchestrated the integration and strategic growth of newly acquired Vision BioSystems products with Leica's US business unit. This was followed by three years in molecular sales for GenMark Dx where he initially covered 11 states in the US Midwest and grew his start-up territory by over 100% year on year. David's network and contacts within the US diagnostics market can accelerate the path to commercialisation in this key geography.

The Board (with David White abstaining) unanimously support the re-election of David White as a Director of the Company.

Resolution 2C: Election of Mr Louis (Lou) Panaccio as a Director

Resolution 2C is a resolution for the election of Mr Louis (Lou) Panaccio as a Director of the Company.

Lou Panaccio was appointed to fill a casual vacancy on 1 August 2017.

Pursuant to the Constitution of the Company, a Director appointed to fill a casual vacancy holds office until the next annual general meeting and is then eligible for re-election by shareholders.

Lou is a chartered accountant with extensive management experience in business and healthcare services. He is currently on the board of ASX listed company Sonic Healthcare Limited, Genera Biosystems Limited and Avita Medical Limited. Lou is also on the board of Unison Housing Limited.

Lou has more than twenty years' experience as a board member of both public and private, for profit and not for profit companies. Previously, Lou was CEO of Melbourne Pathology and Monash IVF, and also executive Chairman of Health Networks Australia.

The Board (with Lou Panaccio abstaining) unanimously support the re-election of Lou Panaccio as a Director of the Company.

Resolution 2D: Election of Dr Trevor Lockett as a Director

Resolution 2C is a resolution for the election of Trevor Lockett as a Director of the Company.

Trevor Lockett was appointed to fill a casual vacancy on 1 June 2017.

Pursuant to the Constitution of the Company, a Director appointed to fill a casual vacancy holds office until the next annual general meeting and is then eligible for re-election by shareholders.

A molecular biologist by trade, Trevor Lockett received his PhD in biochemistry from the University of Adelaide and postdoctoral experience at the Rockefeller University in New York. With over 30 years of research experience, predominantly at the CSRO, Trevor has led large, multidisciplinary research efforts in the areas of prostate cancer gene therapy, colorectal cancer prevention and the promotion of gastrointestinal health. In his role as Them Leader, Colorectal Cancer and Gut Health, Trevor oversaw the research efforts leading to the technology that is to become ColoSTAT™.

Trevor is an inventor in seven active patent families, all of which have been licenced. Trevor has previously served on the leadership executive team of business units within CSOR and has a strong commitment to improving human health and wellbeing through the translation and commercialisation of scientific discovery into innovative products and services.

The Board (with Trevor Lockett abstaining) unanimously support the re-election of Trevor Lockett as a Director of the Company.

Resolution 3: Appointment of Auditor

Resolution 3 seeks shareholder approval for the appointment of BDO East Coast Partnership as the Auditor of the Company. BDO East Coast Partnership has been acting as Auditor of the Company however its appointment ceases at this Meeting, being the first AGM of the Company.

Section 327A(2) of the Corporations Act requires that the initial auditor of a public holds office only until the first AGM of the Company at which time the appointment will automatically lapse. Under section 327B(1) of the Corporations Act, the Company must appoint an auditor at its first AGM. BDO East Coast Partnership have been duly nominated as the Company's Auditor by a Shareholder as required by section 328B(1) of the Corporations Act. A copy of the nomination is annexed to this Memorandum. In accordance with section 328B(3) of the Corporations Act, all persons to whom notice of then nomination must be made have been notified.

BDO East Coast Partnership has acted as Auditor of the Company, including for the purposes of the annual report for the financial year ended 30 June 2018. BDO East Coast Partnership has given its consent to act as Auditor of the Company.

Resolution 4: Approval of placement facility

ASX has introduced fund raising rules to provide more flexibility for smaller companies to raise additional capital in an easier and potentially less costly manner. ASX Listing Rule 7.1A enables eligible entities to issue equity securities (as that term is defined in the ASX Listing Rules) up to 10% of their issued share capital through placements over a 12-month period after an annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to a company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is, at the date of the Notice, an eligible entity.

The Company is seeking shareholder approval by way of special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below). The Company may use funds raised from any 10% Placement Facility for funding of existing projects or new projects and/or general working capital. It may also use the 10% Placement Facility for non-cash consideration purposes such as in connection with joint venture agreements or arrangements, as payments to consultants or contractors or in connection with the acquisition of new projects (although the Company presently has no current proposal to do so).

The Company has not previously obtained shareholder approval to make issues under ASX Listing Rule 7.1A, and therefore no shares have previously been issued under ASX Listing Rules 7.1A.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this resolution.

DESCRIPTION OF LISTING RULE 7.1A

- Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

- Equity securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has one class of quoted equity securities, fully paid ordinary shares (**RHY**).

- Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may, during the 10% Placement Period (defined in section 2(f) below), issue a number of equity securities calculated in accordance with the following formula:

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

where:

A *is the number of shares on issue 12 months before the date of the issue or agreement to issue:*

(i) *plus the number of fully paid shares issued in the 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 12 months;*
- (iii) *plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;*
- (iv) *less the number of fully paid shares cancelled in the 12 months.*

Note: "A" has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

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 the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

- ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue equity securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

As at the date of this Memorandum, the Company has on issue 100,750,000 ordinary shares and therefore would have capacity to issue:

- (i) 15,112,500 ordinary shares under Listing Rule 7.1 (15% capacity); and
- (ii) Subject to shareholders approving this Resolution 4, 10,075,000 ordinary shares under Listing Rule 7.1A (10% capacity).

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer above).

- Minimum Issue Price

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days 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 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

- 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires (and ceases to be valid) on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) **(10% Placement Period).**

- ASX Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors of the Company to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

SPECIFIC INFORMATION REQUIRED BY ASX LISTING RULE 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- Any equity security issued will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 trading days 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 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.
- If Resolution 4 is approved by the Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:
 - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the quantum of funds raised by the issue of the equity securities.

The table below shows the dilution of existing shareholders on the basis of the current market price of the Company's ordinary shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of the Notice. The table also shows:

- Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting.
- Two examples of where the price of ordinary securities has decreased by 50% and increased by 50% as against the closing price of the Company's shares on 2 October 2018.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.075 50% Decrease in Deemed Price	\$0.15 Deemed Price	\$0.225 50% Increase in Deemed Price
Current Variable A 100,750,000 shares	10% Voting Dilution	10,750,000 shares	10,750,000 shares	10,750,000 shares
	Funds raised	\$806,250	\$1,612,500	\$2,418,750

50% increase in current Variable A 151,125,000 shares	10% Voting Dilution	15, 112,500 shares	15, 112,500 shares	15, 112,500 shares
	Funds raised	\$1,133,438	\$2,266,875	\$3,400,313
100% increase in current Variable A 201,500,000 shares	10% Voting Dilution	20,150,000 shares	20,150,000 shares	20,150,000 shares
	Funds raised	\$1,511,250	\$3,022,500	\$4,533,750

The table above has been prepared on the following assumptions:

- *The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting.*
- *No options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A.*
- *The table does not demonstrate an example of dilution that may be caused to a particular Shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting.*
- *The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule".*
- *The price of ordinary securities is deemed for the purposes of the table above to be \$0.15, being the closing price of the Company's listed securities on ASX on 2 October 2018 (**Deemed Price**). The Deemed Price is indicative only and does not consider the 25% discount to market that the securities may be placed at.*
- *The table does not demonstrate the effect of convertible securities being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.*

The Company may seek to issue the equity securities for the following purposes:

- Non-cash consideration including in connection with payment of contractors or consultants or in connection with the acquisition of new assets or businesses or other business development or licensing arrangements (although the Company presently has no proposal to do so). In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
- Cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing existing businesses, the acquisition of new assets or businesses or other business development or licensing arrangements and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;

- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

The Company has not previously obtained shareholder approval under ASX Listing Rule 7.1A and therefore no issues of securities have previously been made under ASX Listing Rule 7.1A.

A voting exclusion statement is included in the Notice to which this Memorandum relates. At the date of that Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The directors of the Company unanimously recommend shareholders vote in favour of Resolution 4.

Note: unless otherwise specified, all monetary amounts are in Australia dollars.

RHYTHM BIOSCIENCES LIMITED

ACN 619 459 335

("the Company")

PROXY FORM

Full name of securityholder(s):

Address:

I/We being a member/s of Rhythm Biosciences Limited ("**Company**") and entitled to attend and vote at the meeting of the Company to be held at the at the Bio21 Institute Auditorium, 30 Flemington Road, Parkville VIC 3010 on 26 November 2018 at 10.00am (AEDT) appoint:

☐ the Chair of the meeting
(mark box)

OR

☐
(mark box)

(Full name of proxy or the office of the proxy)

or if the person or body corporate named above fails to attend the meeting, or if no person/body corporate is named, the Chair of the meeting as my/our proxy to attend that meeting and vote on my/our behalf at that meeting and any adjournment or postponement of that meeting in accordance with the following directions (or if no directions have been given, as the proxy sees fit). If two proxies are appointed, the proportion of voting rights this proxy represents is%.

IMPORTANT: Directing the Chair how to vote on Resolution 1 Only

☐

If you do not mark this box, and you have not directed your proxy how to vote on Resolution 1, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair of the meeting as your proxy you can direct the Chair how to vote on Resolution 1 by either marking the relevant boxes below (for example if you wish to vote "against" or "abstain" from voting) or by marking this box (in which case the Chair will vote in favour of Resolution 1). The Chair intends to vote all available proxies in favour of Resolution 1.

I/We (except where I/we have indicated a different voting intention below):

- a) direct the Chair of the meeting to vote in accordance with the Chair's voting intentions on Resolution 1 to vote in favour of these Resolutions.
- b) authorise, in respect of Resolution 1, the Chair of the meeting to vote as described even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel for the Company group; and
- c) acknowledge that the Chair of the meeting may exercise your proxy in respect of Resolutions 1 even though the Chair has an interest in the outcome of that Resolution and that votes cast by the Chair of the meeting for that Resolution, other than as proxy holder, will be disregarded because of that interest.

VOTING DIRECTIONS FOR YOUR PROXY

To instruct your proxy how to vote, insert 'X' in the appropriate column against each resolution set out below. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting.

The Chair intends to vote undirected proxies in favour of all resolutions in which the Chair is entitled to vote.

I/We direct my/our proxy to vote as indicated below:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2A	Election of Mr Shane Tanner as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2B	Election of Mr David White as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2C	Election of Mr Louis (Lou) Panaccio as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2D	Election of Dr Trevor Lockett as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a person:</p> <p>_____</p> <p>Name (print)</p> <p>_____</p> <p>(Signature)</p> <p>Date: ____/____/____</p>	<p>If a company:</p> <p>EXECUTED by: _____</p> <p style="text-align: center;">Name of company (print)</p> <p>in accordance with the Corporations Act</p> <p>_____</p> <p>(Signature) (Signature)</p> <p>Date: ____/____/____</p>
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This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:

- Level 17, 500 Collins Street, Melbourne VIC 3000; or
- by facsimile on 03 9614 0550 by 10.00am (AEDT) on 24 November 2018, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.

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