

SENIOR MANAGEMENT CHANGES

- **Glenn Gilbert appointed Rhythm Chief Executive Officer**
- **Dr Trevor Lockett transitions to Technical Director**

28 November 2018, Melbourne: The board of medical diagnostics pioneer Rhythm Biosciences Limited (ASX: RHY) has appointed Mr Glenn Gilbert as its Chief Executive Officer, effective immediately.

Dr Trevor Lockett has transitioned to Technical Director from Managing Director and CEO, with his role now focussed primarily on the scientific and technical imperatives of the business. Trevor will also chair the company's Clinical Advisory Board. Trevor will remain on the RHY Board.

Rhythm Chairman Mr Shane Tanner said, "Rhythm is fortunate to have attracted a person of Glenn's calibre to lead the business in the next phase of its growth. Crucial next steps are completing clinical trials, regulatory approvals and commercial advancement into domestic and international markets. The company will benefit from Glenn's networks and experience in growing businesses such as ours."

Technical Director Trevor Lockett added: "Glenn is a highly motivated, competent and capable professional whose impact has already seen the business improve significantly and he is bringing strong disciplines and commercial acumen to the team at just the right time. With the company switching further to commercial priorities I endorse Glenn's appointment and look forward to working closely with him."

Mr Gilbert has over 15 years of leadership and senior management experience. Prior to joining Rhythm, Mr Gilbert held senior roles at the successful ASX listed pharmaceutical and device maker Medical Developments International, most recently as head of sales and marketing with oversight of global product commercialisation. He has strong business experience across the UK, Europe, Asia, North America and elsewhere and his experience includes mergers and acquisitions and managing intellectual property. Previously, Mr Gilbert held leadership roles at CSL's biotherapeutics arm, now known as Seqirus.

Key terms of Mr Gilbert's employment agreement are attached.

Incoming CEO Mr Gilbert said, "I am excited to be leading the business at a time when the growth opportunity is so strong. The progress made, not only in the past six months but over several years, has de-risked a large part of the science. This is attributable to Trevor's guidance and the entire Rhythm team's commitment and passion to bring our simple, lifesaving blood test to commercial realisation. It is a testament of Trevor's integrity and commitment to Rhythm and its shareholders that he is supportive of the transition and remains focussed on the company's growth. I am excited to be endorsed as incoming CEO and look forward to contributing further."

Mr Tanner went on to say, "On behalf of the Board I acknowledge the outstanding work by Dr Lockett for Rhythm over the past 18 months. This has included licensing the current technology from CSIRO, managing the IPO and driving the research and development program. The Board and I are delighted that Trevor, who was instrumental in the original development of ColoSTAT, will continue to drive the technical and scientific areas of our business. We look forward to reporting our progress over the coming months with total shareholder returns front of mind."

Ends

TREVOR LOCKETT
TECHNICAL DIRECTOR
0418 647 490

SHANE TANNER
CHAIRMAN
0411 107 099

About Rhythm Biosciences

ASX-listed Rhythm Biosciences is developing and commercialising a screening and diagnostic tool for the early detection of colorectal cancer, the third biggest cause of cancer-related deaths globally.

Rhythm's lead product, ColoSTAT®, is intended to be a simple, affordable, minimally invasive and effective blood test. It is expected to be comparable to, if not better than the current standard of care, the faecal immunochemical test (FIT), at a lower cost. ColoSTAT® also provides an alternative for those who choose not to or are unable to be assessed using standard screening programs.

ColoSTAT® is designed to be used easily by laboratories without the need for additional operator training or additional infrastructure.

ColoSTAT® has the potential to play an important role in reducing the morbidity and mortality rates and healthcare costs associated with colorectal cancer.

CHIEF EXECUTIVE OFFICER – SUMMARY EMPLOYMENT TERMS

Name:	Mr Glenn Gilbert
Position:	Chief Executive Officer
Start date:	27 November 2018
Term:	Indefinite unless terminated as set out below.
Services:	Direct involvement in the Company's business and the administration of the Company's business affairs.
Base salary:	\$260,000 (plus 9.5% superannuation) per annum. A review of Mr Gilbert's base salary will be undertaken on or before 30 June 2019 and then annually thereafter.
Short term incentives:	Mr Gilbert may receive up to an additional 30% of his base salary for the 12-month period commencing on the start date to be assessed by the board having regard to his performance against three milestones to be agreed between Mr Gilbert and the Board within 2 months of the start date.
Long term incentives:	The Company proposes annually issuing Mr Gilbert (or his nominee) performance rights under the Company's Employee Security Ownership Plan having a value equal to 30% of his base salary.

Performance rights shall lapse unless the market capitalisation of the Company at the end of the 12 month period after the issue (Relevant Period) is 20% more than the market capitalisation of the Company at the commencement of the Relevant Period. In addition, the performance rights will be subject to periodic vesting over a period of 2 years from the satisfaction of the performance milestone subject to Mr Gilbert's continued employment with the Company.

In the event that Mr Gilbert is terminated without cause by the Company or in the event of a change of control in the Company, all performance rights issued to Mr Gilbert shall immediately vest.

Other than as set out above, unvested performance rights shall lapse on the termination without notice (with cause) or other cessation of Mr Gilbert's engagement.

Termination: Either the Company or Mr Gilbert may terminate his engagement by giving three (3) months written notice to the other. The agreement also contains typical provisions providing for termination by the Company for cause.

Other: The employment agreement between Mr Gilbert and the Company otherwise contains terms typical of arrangements of this kind, including provisions in relation to confidentiality and intellectual property and a restraint of trade in favour of the Company in the event Mr Gilbert ceases to be engaged by the Company.

An Appendix 3B relating to the issue of performance rights is attached to this announcement.

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

Rhythm Biosciences Limited

ABN

59 619 459 335

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 | Performance Rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 504,200 |
| 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) | Pursuant to employment arrangement. Refer to announcement dated 28 November 2018 (attached) |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	No
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued pursuant to Long Term Incentive program pursuant to the Company's existing ESOP, as described in the announcement dated 28 November 2018 (attached)
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	N/a
6c	Number of +securities issued without security holder approval under rule 7.1	N/a
6d	Number of +securities issued with security holder approval under rule 7.1A	N/a

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/a	
6f	Number of +securities issued under an exception in rule 7.2	504,200	
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.	N/a	
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	
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	15,112,500 (LR7.1) 10,075,000 (LR7.1A)	
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.	28 November 2018	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 62,250,000	+Class Fully paid ordinary shares

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	38,500,000	Fully paid ordinary shares (escrowed)
	2,000,000	Unlisted options exercisable at 30 cents on or before 7 December 2020
	1,000,000	Unlisted options exercisable at 20 cents on or before 21 May 2021
	504,200	Performance shares (2018)
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)		

Part 2 - Pro rata issue

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17 Policy for deciding entitlements in relation to fractions	

+ See chapter 19 for defined terms.

- 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.

--

- 19 Closing date for receipt of acceptances or renunciations

--

Appendix 3B

New issue announcement

20	Names of any underwriters	<input type="text"/>
21	Amount of any underwriting fee or commission	<input type="text"/>
22	Names of any brokers to the issue	<input type="text"/>
23	Fee or commission payable to the broker to the issue	<input type="text"/>
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	<input type="text"/>
25	If the issue is contingent on security holders' approval, the date of the meeting	<input type="text"/>
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	<input type="text"/>
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	<input type="text"/>
28	Date rights trading will begin (if applicable)	<input type="text"/>
29	Date rights trading will end (if applicable)	<input type="text"/>
30	How do security holders sell their entitlements <i>in full</i> through a broker?	<input type="text"/>
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	<input type="text"/>

+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

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.

Appendix 3B

New issue announcement

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	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none">• 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	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></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: 28 November 2018

Print name: Adrien Wing

== == == == ==

+ 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	-
Add the following: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 	100,750,000 shares - IPO Public offer
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-
“A”	100,750,000

+ 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	15,112,500
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <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> 	-
“C”	-
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	15,112,500
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	-
Total [“A” x 0.15] – “C”	15,112,500 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ 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>	100,750,000
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	10,075,000
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: <ul style="list-style-type: none"> • <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> 	N/a
“E”	N/a

+ 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>	10,075,000
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	10,075,000 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.