

ASX Announcement

10 February 2021

AVE RECEIVES FIRM COMMITMENT OF \$5.06M BY PLACEMENT TO ADVANCE PHARMACEUTICAL CANNABINOID PROGRAM

Key highlights

- Avecho has received firm **commitment to raise \$5.06m via placement**
- **Horizon 3 Biotech welcomed to the register** with a \$1m commitment – a show of confidence for Avecho's pharmaceutical cannabinoid program
- Placement **strongly supported** by existing shareholders, together with new sophisticated investors and professional funds
- The additional funds will advance the company's pharmaceutical cannabinoid product through a **Phase II/III** trial to be used for product registration

Melbourne, Australia, 10 February 2021 - Avecho Biotechnology Limited (ASX: AVE) ("Avecho" or the "Company"), is pleased to announce it has a firm commitment to raise \$5.06m via placement.

The Company received firm commitments through the issue of 230m fully paid ordinary shares ("New Shares") at an issue price of \$0.022 per share ("Placement Price") to raise proceeds of \$5.06m ("Placement"). Each New Share will have attaching Listed Options ("New Options") on a 1:2 basis, exercisable at \$0.035 each, expiring on 31 December 2023. The rights and liabilities of the New Options can be found under Appendix A. The Placement Price represents a 9.67% discount to the five-day volume weighted average price (VWAP) on the ASX of \$0.02432 per share up to 4 February 2021.

Avecho Chief Executive Officer, Dr Paul Gavin, said: *"We are immensely grateful for the strong support we have received for this Placement from our existing shareholders, together with new sophisticated investors and professional funds too. We have been observing, for some time, growing interest in pharmaceutical cannabinoids and the response we have received to this Placement is indicative of the strong commercial momentum building in this space."*

The Placement was led by a commitment of \$1m by Horizon 3 Biotech. Peak Asset Management ("Peak" / "Brokers"), Lead Manager for the Placement, underwrote the remaining \$4m of the \$5m to be raised. Peak Asset received over \$23m bids by close of business on 9 February 2021, signalling strong support. Settlement of the New Shares is expected to occur on or about 12 February 2021.

The New Shares will be issued under the Company's existing capacity under the ASX Listing Rule 7.1A (157,889,468 New Shares) and ASX Listing Rule 7.1 (72,110,532 New Shares). The New Options and Brokers Options will be issued under the Company's existing capacity under the ASX Listing Rule 7.1, and quotation for these securities will be sought on or about 15 February 2021.

As far as the Company is aware, no securities were issued or agreed to be issued in the Placement to a related party or otherwise to any person referred to in Listing Rule 10.11.

These funds will provide critical support for the Company's ambitions to develop and register new pharmaceutical grade cannabinoid (CBD) products.

Avecho Chief Executive Officer, Dr Paul Gavin, said: *"These funds will be used to advance Avecho's cannabinoid program, beyond the trials currently in development, which consist of our ongoing Observational study and Phase I PK study currently in the final stages of planning. It will support the finalisation of a pharmaceutical CBD TPM® dosage form, the conduct of a potentially pivotal Phase II/III clinical trial, and the development of the registration dossier for submission. Planning for this work will begin in parallel with the ongoing studies. Thank you to all those who have participated in this Placement."*



For enquiries, please contact

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This announcement has been authorised by the Board of Directors of Avecho Biotechnology Limited.

About Avecho

Avecho Biotechnology Limited develops and commercialises innovative Human and Animal Health products using its proprietary drug delivery system called Tocopheryl Phosphate Mixture (**TPM®**). TPM® is derived from Vitamin E using unique, proprietary and patented processes and is proven to enhance the solubility and oral, dermal and transdermal absorption of drugs and nutrients.

Avecho's major projects include delivering TPM® enhanced injectable, oral and topical products for the human health market and is also developing TPM® to enhance the feed efficiency and health of livestock.

See more here - avecho.com.au

Appendix A – Rights and Liabilities attached to the New Options and Brokers Options

Entitlement	Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
Exercise Price	Subject to any reconstruction of capital, the amount payable upon exercise of each Option will be \$0.035 (3.5 cents).
Expiry Date	Each Option will expire at 5:00 pm (Melbourne time) on 31 December 2023. An Option not exercised before the Option Expiry Date will automatically lapse on the Option Expiry Date.
Exercise Period	The Options are exercisable at any time on or prior to the Option Expiry Date.
Notice of Exercise	The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised during the Exercise Period by providing to the Company the Notice of Exercise accompanied by payment in full of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
Exercise Date	A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds.
Timing of issue of Shares on exercise	<p>Within 15 Business Days after the Exercise Date, the Company will:</p> <ul style="list-style-type: none"> (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and (c) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options. <p>If a notice delivered under clause (b) is not effective for any reason to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, within 20 Business Days after becoming aware that the notice is ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.</p>
Shares issued on exercise	Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
Quotation of shares issued on exercise	If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed, all rights of a Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
Change in exercise price	An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
Transferability	The Options are transferable subject to the terms of the Corporations Act and the ASX Listing Rules and to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.