

Capital Raising to fund transformational acquisition and progress product development

- Firm commitments secured for a Placement to raise \$1.5m at an offer price of \$0.08 per share (“Offer Price”) – includes director participation (subject to shareholder approval)
- Additional 4 for 17 pro rata non-renounceable entitlement offer to raise up to \$2m at the Offer Price
- Part of funds raised intended to fund the acquisition of Aqua Phase, a process technology which increases the bioavailability of cannabis compounds
- Aqua Phase technology has the potential to deliver a cannabis complex (API) for consumers which is soluble, tasteless, colourless and odourless
- On completion (which is subject to satisfaction of conditions precedent, including successful further testing) the acquisition is expected to expand the Company’s value proposition as a leading science driven drug development company and product innovator offering novel delivery formats

Sydney, Australia – 1 September 2022: Cannabis focused drug development and product innovation company Bod Australia Limited (“Bod” or “the Company”) (ASX: BOD) is pleased to advise it has received firm commitments from new and existing sophisticated and professional investors to raise \$1.5m (before costs) through the issue of 18.75m new fully paid ordinary shares (“Shares”) at a price of \$0.08 per share (“Offer Price”). The Company will also conduct a non-renounceable entitlement offer (“Entitlement Offer”) to existing shareholders on a 4:17 basis, which will raise up to \$2m and result in the issue of up to 24.9m Shares at the Offer Price.

The funds raised are intended to be used to partly fund the acquisition of ‘Aqua Phase’ which comprises a process technology which (subject to further upcoming testing) increases the bioavailability of cannabis compounds, together with all intellectual property (including a patent application), confidential information, records, goodwill and the right to use the name ‘Aqua Phase’ (refer ASX announcement: Monday, 29 August 2022).

Bod plans to utilise Aqua Phase through its two existing commercial divisions and to enter significant new markets including the US and Europe. On completion, and subject to the conditions precedent and successful further testing, the acquisition is expected to provide Bod with a world-class invention that has the potential to increase the bioavailability of cannabis compounds. This is expected to provide opportunities for new delivery formats for cannabis products which are superior to the existing oral formats that are currently available.

There are certain conditions precedent to completion of the acquisition, which must be satisfied or waived. Refer to the Company’s ASX announcement of 29 August 2022, and the investor presentation of 1 September 2022 (available at www.asx.com.au) for further details.

About Aqua Phase:

Aqua Phase is a unique process technology developed by two UK-based scientists.

The technology has the potential to deliver an Active Pharmaceutical Ingredient (API) for cannabis products, which provides more rapid onset, better efficacy and lower dosage rates. This is expected to result in raw material cost savings and fewer side effects for consumers.

If commercialised, the finished product is expected to be able to be presented in multiple formats including bulk powders, capsules, tablets, fast dissolves and concentrates. The Company anticipates that these will have multiple applications in the rapidly growing beverage, supplement and pharmaceutical sectors.

The soluble, odourless, colourless and tasteless complex may also unlock a number of new market segments for Bod, including entry into the rapidly growing functional beverage and supplement sectors.

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Synergies with existing operations and opportunities:

Bod expects that – subject to completion – the acquisition will substantially expand the Company’s value proposition as a science driven drug development company and product innovator offering novel delivery formats.

The Company intends to implement the Aqua Phase technology across both of its commercial divisions to create a range of new products and delivery formats for sale into new and existing channels. Bod has established relationships in the medical and consumer healthcare industry and intends to leverage these relationships upon commercialisation to drive growth.

Management has identified a number of near-term opportunities, including Australia’s Schedule 3 (pharmacist only) market. Bod is currently progressing a clinical trial to introduce a new CBD product as a Schedule 3 (pharmacist only) solution and intends to include Aqua Phase APIs in its product offering. This is also expected to lead to margin accretion within Bod’s existing portfolio, as well as additional revenue opportunities through in-licence and distribution agreements in both the pharmaceutical and food channels due to the improved bioavailability of the Aqua Phase API.

The Company also intends to seek to introduce a new product utilising Aqua Phase technology into the US in due course. Bod will complete a pharmacokinetic study in the coming months, which will be followed by a pre-IND meeting with the US Food and Drug Administration (FDA) to progress product registration. The Company intends to submit and fast track the product via a new drug application pathway, which can lead to a new medicinal cannabis product with higher bioavailability.

Management commentary:

CEO Ms Jo Patterson said: *“The Aqua Phase acquisition represents an exciting opportunity for Bod and has potential applications across a number of different verticals. Improved bioavailability promotes faster onset, better efficacy, lower dosing and fewer side effects.*

“Bod intends to leverage its strong track record of commercialisation to introduce a number of new products which should offer superior quality and better onset for patients and consumers. While the Company will initially focus on cannabis, the technology potentially also unlocks opportunities with other lipophilic compounds.

“Highlighting the Company’s initial focus on cannabis, there has been a considerable amount of work undertaken to commence a pharmacokinetic study. We expect this to commence shortly, and subject to completion of this study and the acquisition, it will allow Bod to begin working with the FDA for a pre-IND meeting on product registration in the US, prior to a proposed launch. Work in the US will be complemented by other initiatives in Australia and Europe to enter new verticals and markets. Management have identified a number of opportunities in the food and beverage sectors amongst others and we intend to direct our attention to these as soon as possible.”

Placement and Entitlement Offer details:

The Company is undertaking a Placement to raise \$1.5m (before costs) through the issue of 18,750,000 Shares at the Offer Price of \$0.08 per Share.

The Placement includes the conditional placement to the following Directors (“Director Placement”):

- \$100,000 worth of Shares at the Offer Price (1,250,000 Shares) to Chairman David Baker; and
- \$50,000 worth of Shares at the Offer Price (625,000 Shares) to Managing Director Joanne Patterson.

The Director Placement component of the Placement is subject to Bod shareholder approval for the purposes of ASX Listing Rule 10.11.

Of the 18,750,000 Shares to be issued under the Placement, 6,283,508 Shares will be issued utilising the Company’s available capacity under Listing Rule 7.1, 10,591,492 Shares will be issued utilising the Company’s available capacity under Listing Rule 7.1A and the 1,875,000 Shares to be issued under the Director Placement will be subject to shareholder approval.

In conjunction with the Placement, the Company has announced a pro rata non-renounceable entitlement offer of four (4) new Shares for every 17 shares currently held by eligible shareholders to raise up to \$2m (before costs) at the Offer Price (“Entitlement Offer”).

The new shares to be issued under the Entitlement Offer will be issued at the same Offer Price as the Placement shares.

The Entitlement Offer is open to eligible shareholders, which are Bod shareholders as at 7.00 pm (AEST time) on Tuesday, 6 September 2022 (“Record Date”) who have a registered address in Australia or New Zealand (or any other jurisdiction determined by the Board).

The Offer Price of \$0.08 under the Placement and Entitlement Offer represents a:

- 17.8% discount to last traded price on 29 August 2022 (\$0.097);
- 18.3% discount to the 5-day VWAP (\$0.098); and
- 21.2% discount to the 15-day VWAP (\$0.0101).

A Shareholder Offer Booklet is expected to be sent to Eligible Shareholders on Friday, 9 September 2022 (“Offer Booklet”). The Offer Booklet will include details as to whether shareholders are eligible to participate in the Entitlement Offer and a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Offer.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their entitlements will not receive any value in respect of the entitlements that they do not take up.

The Entitlement Offer will include a shortfall facility under which eligible shareholders who take up their full entitlement will have the opportunity to apply for additional Shares from a pool of those not taken up by other eligible shareholders (“Shortfall Facility”). Taylor Collison Limited (Lead Manager to the capital raising) may place any shortfall Shares to non-eligible shareholders within three (3) months from the closing date of the Entitlement Offer (at the Offer Price).

The Shares issued under the Placement and Entitlement Offer will rank pari passu with existing Bod shares on issue.

Director participation in the Placement and Entitlement Offer:

Chairman Mr David Baker (or a controlled entity) has committed to subscribe for \$100,000 worth of Shares under the Placement (1,250,000 Shares). Managing Director Ms Jo Patterson (or a controlled entity) has committed to subscribe for \$50,000 worth of Shares (625,000 Shares) in the Placement. Both of these commitments are subject to shareholder approval for the purposes of ASX Listing Rule 10.11.

Additionally, Mr David Baker has committed to take up \$18.8k worth of Shares in the Entitlement Offer, representing 100% his entitlement and Director George Livery has committed to take up 100% of the entitlements of himself and his related parties, representing \$6.0k worth of Shares.

Director underwriting of the Entitlement Offer:

Chairman Mr David Baker has committed to underwrite \$100,000 worth of shortfall Shares under the Entitlement Offer. This commitment is in addition to Mr Baker’s commitment in respect of the Placement and his commitment to take up 100% of his entitlement under the Entitlement Offer.

No fees will be payable to Mr Baker in connection with his partial underwriting of the Entitlement Offer.

Further details of the underwriting arrangements are set out in Appendix 5 of Bod’s investor presentation dated 1 September 2022 (available at www.asx.com.au).

Capital Structure

The pro forma capital structure of Bod is set out in the table below.

| Pro Forma capital structure | |
|--|---------|
| Ordinary shares on issue prior to the Capital Raising | 105.5m |
| Undiluted market capitalisation pre Capital Raising ¹ | \$10.3m |
| Target gross proceeds to be raised from Capital Raising ² | \$3.5m |

| Pro Forma capital structure | |
|---|----------------|
| Target New Shares to be issued (Placement + Entitlement Offer) ² | 43.7m |
| Total target shares on issue post Capital Raising² | 149.5m |
| Offer Price | 0.08c |
| Implied market capitalisation (at Offer Price)² | \$12.0m |
| Pro-forma cash ^{2, 3} | \$5.25m |
| Performance Rights | 0.49m |
| Options | 15.7m |

1. As at last close of 0.097c per share on Monday, 29 August 2022
2. Assumes 100% take up of the Entitlement Offer
3. Includes existing cash of \$3.67m at 30 June 2022 plus assumes \$3.29m capital raise net of fees (excluding legal costs) and \$1.7m initial cash consideration for Aqua Phase Acquisition

Further details are provided in the Company's investor presentation dated 1 September 2022.

Intended use of funds

Bod intends to use the funds raised under the Placement and Entitlement Offer as follows:

| Intended use of funds | |
|--|----------------|
| Sources | A\$(m) |
| Placement proceeds | \$1.5m |
| Targeted Entitlement Offer Proceeds (assumes fully subscribed) | \$2.00m |
| Total: | \$3.5m |
| Uses | A\$(m) |
| Initial cash consideration for Aqua Phase acquisition | \$1.70m |
| R&D and working capital | \$1.59m |
| Offer costs (assumes maximum fee is payable) | \$0.21m |
| Total | \$3.50m |

Capital Raising Key Dates

| Event | Date |
|---|------------------------------|
| Trading halt lifted | Thursday, 1 September 2022 |
| Settlement of the Placement | Tuesday, 6 September 2022 |
| Record Date of the Entitlement offer (7:00pm AEST) | Tuesday, 6 September 2022 |
| Issue of New Shares under the Placement | Wednesday, 7 September 2022 |
| Offer Booklet lodged with ASX and dispatched to eligible shareholders | Friday, 9 September 2022 |
| Entitlement Offer opens | Friday, 9 September 2022 |
| Entitlement Offer closes | Friday, 23 September 2022 |
| Announcement of results of Entitlement Offer | Wednesday, 28 September 2022 |
| Settlement of the Entitlement Offer | Thursday, 29 September 2022 |
| Issue of New Shares under the Entitlement Offer | Friday, 30 September 2022 |
| Trading of New Shares under the Entitlement Offer | Monday, 3 October 2022 |

All dates are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time. BOD reserves the right to amend any or all of these dates and times, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws and regulations. In particular, BOD reserves the right to extend the closing date of the Entitlement Offer, to accept late applications (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date may have a consequential impact on the date that new shares are issued. Applicants are encouraged to submit their acceptance forms as soon as possible after the Entitlement Offer opens. The information in this announcement does not constitute financial product advice and does not take into account the financial objectives, personal situation or circumstances of any shareholder. If you are in any doubt as to how to proceed, please contact your financial, tax or other professional adviser.

Eligible shareholders should read the Offer Booklet carefully before making any investment decision regarding the Entitlement Offer. If you are in any doubt about the Entitlement Offer, you should consult your financial or other professional adviser. The key risks associated with an investment in Bod are set out in the investor presentation.

Taylor Collison Limited is acting as Lead Manager to the Placement and Entitlement Offer. Becketts Lawyers is acting as legal adviser to BOD.

The Company's shares will resume trading on ASX today, 1 September 2022.

This announcement has been approved by the Board of Bod Australia Limited.

-ENDS-

About Bod Australia:

Bod Australia Limited (ASX:BOD) Bod is a cannabis focused drug development and product innovation company.

Bod is focused on progressing R&D and a defined clinical trial pathway to commercialise and deliver premium, scientifically proven and trusted products for the consumer and medical markets.

The company has a number of existing partnerships with large corporate groups and collaborations with leading research partners to advance the use of CBD.

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FORWARD LOOKING STATEMENTS

All dollar amounts are in Australian dollars unless otherwise indicated.

This announcement may contain certain statements and projections provided by or on behalf of Bod Australia Limited with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of Bod.

Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with the mining industry which may be beyond the control of Bod which could cause actual results or trends to differ materially, including but not limited to price and currency fluctuations, geotechnical factors, drilling and production results, development progress, operating results, reserve estimates, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries, approvals and cost estimates, environmental risks, ability to meet funding requirements, share price volatility. Accordingly, there can be no assurance that such statements and projections will be realised. Bod makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.

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