

Section 1: Issuer information	
Name of issuer	Rua Bioscience Limited
NZX ticker code	RUA
Class of financial product	Equity Securities (performance shares)
ISIN (If unknown, check on NZX website)	
Currency	NZD
Section 2: Capital change details	
Number issued/ <del>acquired</del> / <del>redeemed</del>	16,280,000
Nominal value (if any)	NIL
Issue/acquisition/redemption price per security	N/A
Nature of the payment (for example, cash or other consideration)	Other consideration
Amount paid up (if not in full)	Paid in full
Percentage of total class of Financial Products issued/ <del>acquired</del> / <del>redeemed</del> / (calculated on the number of Financial Products of the Class, excluding any Treasury Stock, in existence) <sup>1</sup>	100%
For an issue of Convertible Financial Products or Options, the principal terms of Conversion (for example the Conversion price and Conversion date and the ranking of the Financial Product in relation to other Classes of Financial Product) or the Option (for example, the exercise price and exercise date)	See attached Conversion Terms
Reason for issue/acquisition/redemption and specific authority for issue/acquisition/redemption/ (the reason for change must be identified here)	Acquisition of Zalm Therapeutics Limited
Total number of Financial Products of the Class after the issue/ <del>acquisition</del> / <del>redemption</del> /Conversion (excluding Treasury Stock) and the total number of Financial Products of the Class held as Treasury Stock after the issue/ <del>acquisition</del> / <del>redemption</del> .	16,280,000
In the case of an acquisition of shares, whether those shares are to be held as treasury stock	N/A
Specific authority for the issue, acquisition, or redemption, including a reference to the rule pursuant to which the issue, acquisition, or redemption is made	Shareholder Resolution dated 19 January 2022 and Directors' resolution and Directors' certificate dated on our about the date of issue Listing Rules 4.6.1 and 5.2.2(e)

<sup>1</sup> The percentage is to be calculated immediately before the issue, acquisition, redemption or Conversion.

Terms or details of the issue, acquisition, or redemption (for example: restrictions, escrow arrangements)	N/A
Date of issue/acquisition/redemption <sup>2</sup>	04/02/2022
<b>Section 3: Authority for this announcement and contact person</b>	
Name of person authorised to make this announcement	Hamish White
Contact person for this announcement	Kerry Donovan
Contact phone number	
Contact email address	Kerry.donovan@ruabio.com
Date of release through MAP	02/02/2022

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<sup>2</sup> Continuous issuers using this form in reliance on Rule 3.13.2, please indicate the period during which the relevant issue/acquisition/redemptions were made (for example, 1 January 2019 to 31 January 2019).

## CONVERSION TERMS

Conversion of the Convertible Shares into Rua shares is contingent on the completion of two critical milestones. The milestones are as follows:

- **Milestone 1:** Cann Group Limited (**Cann Group**) obtaining regulatory approval by the relevant German regulatory authorities for the sale of Cann Group extracted oils (CBD100, THC26 and THC10/CBD15) as medicinal cannabis products and Cann Group confirming to Rua production capacity of 10,000 units for each oil product per annum at specified preferential pricing terms prior to 30 December 2022 (although the expectation is that this will be achieved by July 2022).
- **Milestone 2:** Cann Group obtaining regulatory approval by the relevant German regulatory authorities for the sale of dried flower grown at its Mildura facility, Cann Group accepting Rua cultivar (provided Rua is able to supply its cultivar within a reasonable timeframe) and Cann Group confirming to Rua production capacity of 150kg per month at specified preferential pricing terms prior to 31 March 2024 (although the expectation is that this will be achieved by July 2023).

Subject to the adjustment mechanism outlined below:

- If Milestone 1 is achieved 8,140,000 Convertible Shares may be converted into an equivalent number of new ordinary Rua shares; and
- If Milestone 2 is achieved, 8,140,000 Convertible Shares may be converted into an equivalent number of new ordinary Rua shares.

Achievement of Milestone 1 and Milestone 2 is not interdependent and either Milestone could be achieved but not the other.

The total number of ordinary Rua shares which Convertible Shares may be converted into may be adjusted if the following circumstances arise:

- if:
  - Rua raises additional capital prior to achievement of Milestone 2 at an issue price below \$0.4095; and
  - the prevailing share price at satisfaction of Milestone 2 is lower than \$0.4095,
  - the total number of ordinary Rua shares into which the Convertible Shares may convert into will be equal to \$10,000,000 divided by the higher of the market price and \$0.348 (implying an effective cap of 4,315,623 additional shares and a total of 28,735,632 ordinary Rua shares received by the vendor shareholder of Zalm Therapeutics Limited as consideration under the Share Sale and Purchase Agreement); and
- if the future contracted purchase price for oil and dried flower from Cann Group is above the levels specified in the Share Sale and Purchase Agreement, the number of new ordinary Rua shares into which Convertible Shares may convert under the relevant milestone will be reduced or could result in the milestone not being achieved.