ARGENICA SUCCESSFULLY COMPLETES $5.5M PLACEMENT

Highlights:

- *Argenica has received binding commitments to successfully raise $5.5m (before costs), to expand the Company's research into additional applications of ARG-007 beyond stroke.*
- *The capital raise was strongly supported by many existing shareholders and a number of new family office, institutional and sophisticated high-net-worth investors.*
- *The funding will enable the Company to accelerate preclinical activities in additional applications including traumatic brain injury ("TBI"), hypoxic ischaemic encephalopathy ("HIE") and advance preliminary work required for a Phase 2 trial in stroke patients.*
- *The Company is well funded to complete its upcoming Phase 1 clinical trial in healthy volunteers, whilst also continuing preclinical research for additional indications using ARG-007.*

Perth, Australia; 3 JUNE 2022 – Argenica Therapeutics Limited (ASX: AGN) ("Argenica" or the "Company"), a biotechnology company developing novel therapeutics to reduce brain tissue death after stroke, is pleased to announce it has received binding commitments from institutional and sophisticated investors to raise A$5.5M (before costs) ("Placement"). The Placement attracted significant interest from a number of new and existing family offices, institutions and high net worth investors.

Following a number of successful preclinical studies in indications other than stroke (i.e. Hypoxic-Ischaemic Encephalopathy ("**HIE"**), Traumatic Brain Injury ("**TBI"**) and global cerebral ischaemia, the Company now looks forward to progressing these indications further with the funds raised.

Managing Director, Dr Liz Dallimore commented: "ARG-007 has shown very promising neuroprotective effects on brain cells following different types of brain injuries in animal models. Having additional funds to accelerate our research program across HIE, TBI and global ischaemia will allow the Company to establish a comprehensive preclinical data set for these indications. By advancing this preclinical research for these indications now, we will have the required data to commence Phase 2 trials more quickly for these indications following successful completion of the upcoming Phase 1 trial. We are extremely excited about this opportunity to advance our program of preclinical work on these additional indications."

Both TBI and HIE, as well as ischaemia following cardiac arrest and certain cardiac surgeries, are major brain injuries with limited neuroprotective solutions available to patients.

TBI usually results from a violent blow or jolt to the head or body and can be completely debilitating for patients, often exhibiting long-term neurological deficits. It can place a significant financial burden on society and the economy, and is a situation further compounded by its rising incidence. Previous preclinical studies have shown ARG-007 reduces neuronal injury after severe TBI, and funding will be directed towards expanding the Company's preclinical research and development in moderate to mild TBI, including concussion.

HIE is a serious birth complication affecting pre-term and term infants. It is a type of brain dysfunction that occurs when the brain doesn't receive enough oxygen or blood flow for a period of time, either prior to, during or post labour, and is the leading cause of mortality and morbidity in newborn children. Previous preclinical studies have shown ARG-007 provides neuroprotection in an animal model of HIE, and the Company will move forward with further preclinical work in this area.

Argenica has further preclinical evidence of the neuroprotective potential of ARG-007 in the new indication of cerebral ischaemia following cardiac arrest and cardiac surgery, as described in the Company's ASX announcement of 30 March, 2022. Despite the risks and impact of cerebral ischaemia following cardiac arrest and in certain cardiac surgeries, there is no established neuroprotective standard of care for the treatment and management of global cerebral ischaemia. The Company will look to expand its program of preclinical research to confirm the efficacy of ARG-007 in this indication.

With an improved balance sheet, Argenica will also conduct further preclinical research into brain injury following cardiac arrest, manufacturing scale-up activities to optimise manufacture of the peptide at commercial scale, and commence preliminary work required for its Phase 2 trial in stroke patients.

Dr Liz Dallimore, Managing Director, commented further: "We are delighted to have secured the support of new institutional and sophisticated investors, as well as the ongoing support of existing shareholders who recognise the importance of advancing our preclinical research in other brain injury applications. We look forward to commencing our Phase 1 trial shortly, and further providing updates on the results of our preclinical work."

Placement Details

The Placement will result in the issue of 13,750,000 new fully paid ordinary shares ("Shares") at an issue price of $0.40 to raise $5,500,000 (before costs). The issue price represents a discount of 17.5% to the last traded price of $0.485 and a discount of 12% to the volume weighted average market price of the Company's Shares on the ASX during the last 15 trading days.

Settlement of the Placement is expected to occur on Thursday, 9 June 2022, with issue and trading of Placement shares expected to commence on Friday, 10 June 2022. The Placement will be made utilising Argenica's available placement capacities under ASX Listing Rule 7.1 (9,575,837 Shares) and 7.1A (4,174,163 Shares) and will not require shareholder approval.

Euroz Hartleys Limited acted as Sole Lead Manager to the Placement. The Company has agreed to issue the Lead Manager (or its nominees) 600,000 unlisted options to acquire Shares ("Options"). Each Option will be exercisable at $0.65 and will have an expiry date of 2 years from their issue date. The Options will be issued pursuant to the Company's ASX Listing Rule 7.1 capacity and will be issued at the same time as the Placement shares. The terms and conditions applying to the Options are set out in Appendix 1.

Managing Director Options

On 4 April 2022, the Company advised Dr Liz Dallimore had been appointed Managing Director. In accordance with ASX listing rule 3.16.4 the Company advises of the following material variation to the terms of engagement of Dr Liz Dallimore following the appointment. Subject to shareholder approval at the next shareholder meeting, the Company has agreed to issue Dr Liz Dallimore 2,000,000 options to acquire Shares with an exercise price of $0.65 and an expiry date of 3 June 2025, with the following vesting conditions: 50% vest 9 months from the grant date and 50% vest 18 months from the grant date, with the grant date being today.

This announcement has been approved for release by the Board of Argenica.

For more information please contact: info@argenica.com.au

ABOUT ARGENICA

Argenica (ASX: AGN) is developing novel therapeutics to reduce brain tissue death after stroke and improve patient outcomes. Our lead neuroprotective peptide candidate, ARG-007 has been successfully demonstrated to improve outcomes in pre-clinical stroke models and is in the process of being verified for its safety and toxicity before commencing Phase 1 clinical trials in humans. The aim is for our therapeutic to be administered by first responders to protect brain tissue against damage during a stroke with further potential to enhance recovery once a stroke has taken place.

APPENDIX 1: LEAD MANAGER OPTION TERMS & CONDITIONS

The following terms and conditions apply to the Options:

(a) (**Entitlement**): Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) (**Issue Price**): $0.00001 per Option plus GST is payable for the issue of the Options.

(c) (**Exercise Price**): The Options have an exercise price of $0.65 per Option (**Exercise Price)**

(d) (**Expiry Date**): The Options expire on 5.00pm (WST) 2 years from their issue date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) (**Exercise Period**): The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(f) (**Quotation of the Options**): The Company will not apply for quotation of the Options on ASX.

(g) (**Transferability of the Options**): The Options are only transferable within the Euroz Hartleys Group (which includes Euroz Hartleys and its related entities, directors and employees), unless approved otherwise by the Company.

(h) (**Notice of Exercise**): The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment 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.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at 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 (**Exercise Date**).

(i) (**Timing of issue of Shares on exercise**): Within 5 Business Days the Company will:

(i) 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;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

(iii) 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.

(j) (**Restrictions on transfer of Shares**): If the Company is required but unable to give ASX a notice under paragraph 8.2(j)(ii), or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(k) (**Shares issued on exercise**): Shares issued on exercise of the Options will rank equally with the then Shares of the Company.

(l) (**Quotation of Shares 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 in accordance with the Listing Rules.

(m) (**Reconstruction of capital**): If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(n) (**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.

(o) (**Adjustment for bonus issues of Shares**): If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.