

Rhythm Biosciences welcomes leading biotechnology fund as new major shareholder



12 June 2018, Melbourne: Medical diagnostics pioneer Rhythm Biosciences Limited (ASX: RHY) is delighted to welcome leading biotechnology investor Merchant Group as a substantial shareholder.

The Merchant Opportunities Fund, which now holds 5.02 per cent of Rhythm Biosciences, has long been recognised as a successful, long term investor in biotechnology companies that are close to commercialisation.

“We are particularly happy to have Merchant as a substantial shareholder, given their enviable record of combining thorough research with exceptional returns,” said Rhythm chief executive Trevor Lockett.

“That has been shown with many of their previous substantial shareholder investments in the biotechnology industry such as PolyNovo (ASX: PNV) where after almost 5 years, Merchant Group and the Merchant Opportunities Fund still maintains a substantial stake,” said Mr Lockett.

“We are confident that Merchant will be a supportive equity partner as we work diligently on commercialising the company’s simple and effective ColoSTAT™ blood test for colorectal cancer.”

Dr Lockett said Rhythm was in the process of preparing reagents for the ColoSTAT™ blood test, which is the result of more than a decade of research and development by Rhythm and the CSIRO.

“Given that colorectal cancer is the second biggest cause of cancer death in the world, we are working as fast as we can to progress ColoSTAT™ so that it becomes an important tool in the early diagnosis and treatment of colorectal cancer, along with other existing tools such as the faecal immunochemical test (FIT) and colonoscopy,” said Dr Lockett.

Ends

For further information please contact:

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About Rhythm Biosciences

ASX-listed Rhythm Biosciences is developing and commercialising a diagnosis 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 of faecal immunochemical tests (FITs) or colonoscopies.

ColoSTAT is especially relevant for at-risk patients, or those unwilling or unable to be assessed using the standard screening programs. In development phase, ColoSTAT has the potential to act as a first-step screening test, or a prioritisation (triage) tool for colonoscopy follow-up in the event of positive FIT test results.

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.

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Rhythm Biosciences Limited

ACN/ARSN ACN 619 459 335

1. Details of substantial holder (1)

Name Merchant Funds Management Pty Ltd (ACN 154 493 277) as manager of the Merchant Opportunities Fund (ARSN 111 456 387) (**Merchant**) and CIP Licensing Limited (ABN 63 603 558 658) as the responsible entity of the Merchant Opportunities Fund (ARSN 111 456 387) (the **Merchant Opportunities Fund**)

ACN / ARSN (if applicable) See above

The holder became a substantial holder on 07/06/2018

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares	5,060,000	5,060,000	5.02%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Merchant Opportunities Fund	Relevant interest under s608(1)(b) and (c) of the Corporations Act 2001 as the beneficial holder of securities	5,060,000 fully paid ordinary shares
Merchant	Relevant interest under s608(1)(b) and (c) Corporations Act 2001 (Cth) as the manager of the Merchant Opportunities Fund	5,060,000 fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Merchant Opportunities Fund	The Trust Company (Australia) Ltd (ABN 33 106 768 012) (TrustCo) as custodian for Merchant Opportunities Fund	Trust Co as custodian for Merchant Opportunities Fund	5,060,000 fully paid ordinary shares
Merchant	Trust Co as custodian for Merchant Opportunities Fund	Trust Co as custodian for Merchant Opportunities Fund	5,060,000 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Merchant Opportunities Fund	See Annexure A		N/A	5,060,000 fully paid ordinary shares
Merchant	See Annexure A		N/A	5,060,000 fully paid ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Merchant Funds Management Pty Ltd	Level 3, 101 St Georges Tce, Perth WA 6000
CIP Licensing Limited	Suite 4, 103 Bolsover Street, Rockhampton QLD 4700
Merchant Opportunities Fund	Level 3, 101 St Georges Tce, Perth WA 6000
The Trust Company (Australia) Ltd	Level 15, 20 Bond Street, Sydney NSW 2001

Signature

print name ANDREW CHAPMAN capacity MANAGING DIRECTOR

sign here



date 07 / 06 / 2018

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations A.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

Holder of relevant Interest	Date	Nature of Trade	Number of shares	Consideration
Merchant Opportunities Fund	14/05/2018	Buy	2,100,000	\$378,832
Merchant Opportunities Fund	14/05/2018	Buy	400,000	\$76,251
Merchant Opportunities Fund	06/06/2018	Buy	2,481,567	\$497,405
Merchant Opportunities Fund	07/06/2018	Buy	78,433	\$16,581