

THE COMMON SHARES, AND THE DEPOSITARY INTERESTS ISSUED IN RESPECT OF THE COMMON SHARES, HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, OR TO OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS, UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY SUCH SECURITIES LAWS IS AVAILABLE. HEDGING TRANSACTIONS INVOLVING THE COMMON SHARES, OR THE DEPOSITARY INTERESTS ISSUED IN RESPECT OF THE COMMON SHARES, MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take, you should consult your stockbroker, bank manager, solicitor or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Common Shares in LungLife AI, Inc. (the "Company"), please send this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents should not be forwarded or sent in, into or from any jurisdiction in which release, publication or distribution would be unlawful and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any applicable requirements. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Common Shares, you should retain this document and the accompanying Form of Proxy; however, please also contact your bank, stockbroker or other agent through whom the sale or transfer was effected immediately.

**This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, New Shares or DIs nor an invitation to buy, acquire or subscribe for New Shares or DIs in any jurisdiction. This document has not been filed with, examined or approved by the Financial Conduct Authority or the London Stock Exchange or any other regulatory authority.**

Application will be made to the London Stock Exchange for the New Shares and the DIs to be issued and admitted to trading on AIM, as set out below. On the assumption that the resolutions are passed, it is expected that Admission will become effective and that dealings in the New Shares will commence on 22 March 2024.

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# LUNGLIFE AI, INC.

*(incorporated in the state of Delaware, USA under the Delaware General Corporation Law with registered file number 4771503)*

## Notice of Special Meeting

**Nominated Adviser, Joint Broker and  
Joint Bookrunner**

**Joint Broker and Joint Bookrunner**



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Investec Bank plc ("Investec"), which is authorised by the Prudential Regulatory Authority (the "PRA") and regulated in the United Kingdom by the PRA and the Financial Conduct Authority (the "FCA"), is acting as nominated adviser, joint broker and joint bookrunner to the Company in connection with the Placing and Admission only and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to its clients or for advising any other person on the contents of this document or otherwise in respect of the Placing and Admission or any transaction, matter or arrangement referred to in this document. The responsibilities of Investec, as nominated adviser under the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to the Company, any Director, or any other person in respect of their decision to acquire Common Shares in reliance on any part of this document.

Goodbody Stockbrokers UC, trading as Goodbody ("Goodbody"), which is authorised and regulated in Ireland by the Central Bank of Ireland and authorised and regulated in the United Kingdom by the FCA, is acting as joint broker and joint bookrunner to the Company in connection with the Placing only and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to its clients or for advising any other person on the contents of this document or otherwise in respect of the Placing or any transaction, matter or arrangement referred to in this document.

You are recommended to read the whole of this document but your attention is drawn to the letter from the Chair of the Company which is set out on pages 9 to 16 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the Special Meeting referred to below. A Special Meeting to consider the proposals described in this document will be held at Mayer Brown International LLP at 201 Bishopsgate, London, EC2M 3AF. Shareholders who would like to dial into the meeting, please register by emailing LungLifeAI@walbrookpr.com or calling +44 (0)20 7933 8780 and the dial in link will be sent by email. Shareholders are requested to complete, sign and return the enclosed Form of Proxy to the Company's registrars, Link Group, at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible but in any event, in order to be valid, to arrive not later than 11.00 a.m on 19 March 2024. Please note that completion and return of the Form of Proxy will not preclude you from attending the Special Meeting and voting in person should you wish to do so.

By completing and returning the enclosed Form of Direction, holders of Depositary Interests can instruct Link Market Services Trustees Limited (the "Depositary") to vote on their behalf at the Special Meeting, either in person or by proxy. If the Form of Direction is completed without any indication as to how the Depositary should vote, the Depositary Interest holder will be deemed as instructing the Depositary to withhold from voting. If the Depositary Interest holder wishes to instruct the Depositary (other than electronically using CREST), they must lodge the completed Form of Direction with Link Group at the address stated on the Form of Direction during normal business hours and in any case no later than 11.00 a.m on 18 March 2024.

The distribution of this document and/or any accompanying documents outside the United Kingdom may be restricted by law and therefore any persons outside the United Kingdom into whose possession these documents come should inform themselves about and observe any such restrictions. No action has been taken by any person that would permit possession or distribution of this document and/or any accompanying documents outside the United Kingdom where action for that purpose is required. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside of the United Kingdom. This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, shares or DIs in any jurisdiction in which such an offer or solicitation is unlawful. Except for the Subscription, no offering of Common Shares, DIs or any other securities of the Company, is being made in the United States. This document, and the information contained herein, does not constitute an offer to sell or a solicitation of an offer to buy any Common Shares, DIs or any other securities of the Company in the United States.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the Placing and Subscription and if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, either Joint Bookrunner or any of their respective affiliates or its or their respective directors, employees or officers.

This document has been issued by, and is the sole responsibility of, the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by either Joint Bookrunner or any of their affiliates or its or their respective directors, officers, employees, agents or advisers as to or in relation to, the accuracy, completeness or verification of the information set forth in this document or any other written or oral information made available to or publicly available to any party or its advisers, and any liability therefore is expressly disclaimed.

**Restrictions under the Securities Act**

**The Placing Shares, and the DIs to be issued in respect of the Placing Shares, are not being offered or sold in the United States or to or for the account or benefit of a US person.**

The Common Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any US state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing, the Subscription or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

THE COMMON SHARES AND THE DIs HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, NOR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OR RULE 144A UNDER THE SECURITIES ACT FOR THE RESALE OF COMMON SHARES OR DIS.

The Placing Shares and the DIs are being offered and sold outside the United States to non-US Persons pursuant to, and in accordance with, the requirements of Regulation S. The Placing Shares, and the DIs to be issued in respect of the Placing Shares, are not being offered or sold in the United States. The Subscription Shares are being offered and sold pursuant to, and in accordance with, an exemption from the registration requirements of the Securities Act. The Common Shares and the DIs cannot be offered, resold, pledged or otherwise transferred in the United States or to US Persons except in accordance with the restrictions and procedures set forth in Appendix B-US restrictions on the transfer of common shares.

## IMPORTANT INFORMATION

The Company is not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). In order to permit compliance with Rule 144A in connection with resales of the Placing Shares, the DIs issued in respect thereof and the Subscription Shares, the Company agrees to furnish upon request of a shareholder or a prospective purchaser of Common Shares or DIs the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of such request the Company is not a reporting company under Section 13 or Section 15(d) of the Exchange Act.

### Settlement and CREST

The EU Regulation on Central Securities Depositories (“**CSDR**”) was published on 28 August 2014. Article 3(2) of CSDR requires that where transactions in transferable securities take place on a trading venue, such as AIM, the relevant securities should be recorded in book entry form in a Central Securities Depository (“**CSD**”), such as CREST, on or before the intended settlement date (unless already so recorded). This requirement applies irrespective of whether the security is currently eligible for electronic settlement or not and applies to all transactions executed under the rules of the London Stock Exchange irrespective of whether or not the securities are issued by an EU-incorporated issuer.

The Company (in common with all other companies whose securities are admitted to trading on AIM and previously held in certificated form) has had to ensure that the Common Shares are eligible for electronic settlement through CREST. The Company therefore set up a facility to allow qualifying Common Shares to be settled in CREST in the form of DIs. DIs are uncertificated “mirror image” securities constituted under English law representing the underlying shares and facilitate trading and settlement of shares of non-UK companies in CREST.

The Placing Shares, and the DIs issued in respect of the Placing Shares, offered in the Placing are subject to the conditions listed under Rule 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined in Regulation S) must be implemented in connection with the Placing and additional restrictions are imposed on re-sales of the Placing Shares and the DIs issued in respect of the Placing Shares. Further details of these restrictions are set out in Appendix B-US restrictions on the transfer of common shares. All Placing Shares, and the DIs issued in respect of the Placing Shares, are subject to these restrictions until the expiry of one year after the later of (i) the time when the Placing Shares, and the DIs issued in respect of the Placing Shares, are first offered to persons other than distributors in reliance upon Regulation S and (ii) the date of closing of the Placing, or such longer period as may be required under applicable law (the “**Compliance Period**”).

### Forward-looking statements

This document contains forward-looking statements relating to the Company’s future prospects, plans, developments and strategies, which have been made after due and careful enquiry and are based on the Directors’ current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements are identified by their use of terms and phrases such as “project”, “expect”, “potential”, “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under accounting standards applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under relevant accounting standards, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company’s control. As a result, the Company’s actual future results may differ materially from the plans, goals, and expectations set forth in the Company’s forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as of

the date they are made. These forward-looking statements reflect the Company's judgement at the date of this document and are not intended to give any assurance as to future results. Except as required by the FCA, the London Stock Exchange, the AIM Rules for Companies or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Direction for the Special Meeting	11.00 a.m. on 18 March 2024
Latest time and date for receipt of Forms of Proxy for the Special Meeting	11.00 a.m. on 19 March 2024
Special Meeting	11.00 a.m. on 21 March 2024
Admission effective and dealings in New Shares expected to commence on AIM	8.00 a.m. on 22 March 2024
Crediting of CREST accounts in respect of Placing Shares held as Depositary Interests (where applicable)	22 March 2024
Dispatch of definitive share certificates in respect of New Shares (where applicable)	by 5 April 2024

### Notes:

1. Each of the times and dates above is indicative only and is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a regulatory information service.
2. All of the above and below times refer to London time unless otherwise stated.
3. Admission and dealings in the New Shares are conditional, *inter alia*, on the passing of the Resolutions at the Special Meeting.
4. If you have any questions relating to the action that you should take in relation to the Special Meeting, please telephone the Shareholder Helpline on the following number: (+44) 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Alternatively, please email the Depositary directly at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk). Please note that for legal reasons this helpline will only be able to provide practical information and will not provide advice on the merits of the business of the Special Meeting or give any financial or taxation advice. For financial and taxation advice you will need to consult an independent adviser.

## FUNDRAISING STATISTICS

Number of Existing Common Shares	25,485,982
Issue Price	35 pence
Total number of Placing Shares	4,456,566
Number of Subscription Shares	716,055
Total number of New Shares	5,172,621
Number of Common Shares in issue immediately following completion of the Fundraising*	30,658,603
New Shares as a percentage of the Enlarged Share Capital*	16.9 per cent.
Gross proceeds of the Fundraising	£1,810,417.00
Estimated net proceeds of the Fundraising receivable by the Company	£1,460,000.00

*Note:*

- \* This assumes that no Common Shares (other than New Shares) are issued after the date of this document and before the Admission.

## DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Gordon Roy Davis – <i>Non-Executive Chair</i> Paul Carmelo Pagano – <i>Chief Executive Officer</i> David Mark Anderson – <i>Chief Financial Officer</i> Andrew Norman Boteler – <i>Senior Independent Non-Executive Director</i> James Renwick McCullough – <i>Non-Executive Director</i> Sara Jane Barrington – <i>Non-Executive Director</i>
<b>Company Secretary</b>	David Anderson
<b>Registered Office</b>	850 New Burton Road Suite 201, Dover Delaware 19904 USA
<b>Nominated Adviser, Joint Broker and Joint Bookrunner</b>	Investec Bank plc 30 Gresham Street London EC2V 7QP
<b>Joint Broker and Joint Bookrunner</b>	Goodbody Stockbrokers UC Ballsbridge Park Ballsbridge Dublin 4 D04 YW83 Ireland
<b>Legal Advisers to the Company</b>	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF
<b>US Legal Advisers to the Company</b>	Reicker, Pfau, Pyle & McRoy LLP 1421 State Street, Suite B Santa Barbara, California, 93101 USA
<b>Financial PR Advisers</b>	Walbrook PR Limited 75 King William Street London EC4N 7BE
<b>Registrars</b>	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4HL
<b>Depository</b>	Link Market Services Trustees Limited Central Square 29 Wellington Street Leeds LS1 4DL



## LETTER FROM THE CHAIR

# LUNGLIFE AI, INC.

*(incorporated in the State of Delaware, USA under the Delaware General Corporation Law with registered file number 4771503)*

### Directors:

Gordon Roy Davis  
Paul Pagano  
David Anderson  
Andrew Norman Boteler  
Sara Jane Barrington  
James McCullough

### Registered office:

850 New Burton Road  
Suite 201, Dover  
Delaware 19904  
USA

6 March 2024

Dear Shareholder

## Notice of Special Meeting

### 1. Introduction

On 4 March 2024, the Company announced that it proposes to raise (i) approximately £1,560,000 (before fees and expenses) by way of a Placing of Placing Shares to certain institutional and other investors; and (ii) approximately £250,000 (before fees and expenses) by way of a Subscription by certain investors, in each case at a price of 35 pence per New Share. The Issue Price represents a discount of approximately 15.7 per cent. to the closing mid-market price of the Common Shares as at 4 March 2024 of 41.5 pence per Common Share being the latest practicable date prior to the announcement of the Fundraising. On 5 March 2024, the Company announced that 4,456,566 New Shares would be issued pursuant to the Placing and 716,055 New Shares would be issued pursuant to the Subscription.

The Placing and the Subscription are each conditional, *inter alia*, on the passing by Shareholders of the Resolutions at the Special Meeting. The Resolutions seek to increase the number of the Company's authorised Common Shares to accommodate the Fundraising and to provide appropriate headroom to allow for the issue of Common Shares following the Fundraising, and to waive and disapply pre-emptive rights with respect to the Fundraising. In addition, the Company is requesting an amendment to its charter relating to the procedure for waiving and disapplying pre-emptive rights with respect to future issuances of new Common Shares, such that the pre-emptive rights may be waived by the holders of either 75 per cent. of the then-outstanding shares or 75 per cent. of the shares present and voting at a stockholder meeting called for that purpose.

It is expected that the New Shares will be admitted to trading on AIM on 22 March 2024. Further details of the Fundraising are set in out in paragraph 5 of this Letter from the Chair.

The Company intends to use the net proceeds of the Fundraising, along with the Company's existing cash resources to establish the commercial proof of concept of the Company's LungLB<sup>®</sup> test, as detailed below:

- funding of evidence generating activities, including the Early Access Program ("EAP") and clinical utility studies, dependent on the factors noted below, to support reimbursement and test adoption;
- increasing expenditure to support engagement with payors and clinicians, and support the wider need to raise clinical awareness via key opinion leaders, publications and conferences; and
- accelerating the commercial pathway by pursuing licensing or other similar agreements.

The net proceeds of the Fundraising will allow the Company to consider all of its strategic options in order to maximise shareholder value and, in conjunction with the implementation of certain cost-cutting actions, is expected to provide the Company with a cash runway to early April 2025.

Certain Directors have agreed to subscribe for 71,426 New Shares in aggregate at the Issue Price, representing approximately 1.38 per cent. of the New Shares to be issued in the Fundraising. Immediately following Admission, the Directors will have a legal and/or beneficial interest in 115,557 Common Shares, representing 0.38 per cent. of the Enlarged Share Capital. Further details of the participation in the Fundraising by Directors are set out in paragraph 5 of this Letter from the Chair.

The purpose of this document is to set out details of the background to and reasons for the Fundraising, to provide an update on the Company's recent progress and to set out the reasons why the Directors believe that the Fundraising is in the best interests of the Company and its Shareholders as a whole and, therefore, why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Special Meeting, as those Directors who hold Shares intend to do in respect of their own holdings.

In Appendix A, you will find a notice of the Special Meeting at which the Resolutions will be proposed to approve the Fundraising. The Special Meeting has been convened for 11.00 a.m. on 21 March 2024 and will take place at Mayer Brown International LLP at 201 Bishopsgate, London, EC2M 3AF. Shareholders who would like to dial into the meeting, please register by emailing LungLifeAI@walbrookpr.com or calling +44 (0)20 7933 8780 and the dial in link will be sent by email.

## **2. Information on the Company**

The Company is a developer of clinical diagnostic solutions for lung cancer enhanced by artificial intelligence ("AI"). Lung cancer is one of the most lethal cancers, accounting for nearly a quarter of all cancer-related deaths in the US. The Company's diagnostic solutions are designed to make significant improvements in the early detection of lung cancer.

The Company's technology is comprised of rare-cell enrichment combined with blood-based biomarkers shown to be altered in lung cancer. The Company employs machine learning to improve upon existing computer software to identify informative cells from blood, and intends to build a deep, novel pool of lung cancer-related data for AI-enabled applications designed to improve test performance over time.

The Company's diagnostic, the LungLB<sup>®</sup> test, is intended to be used as a tool to provide clinicians with additional information to help in the decision-making process for people with indeterminate lung (pulmonary) nodules identified following a CT scan that may be lung cancer. There are estimated to be over 1.5 million of such people who are diagnosed each year in the United States. The LungLB<sup>®</sup> test may have other utilities, the most significant of which is likely to be in monitoring individuals for recurrence following surgical removal of the cancerous lung nodule. The Directors believe that the LungLB<sup>®</sup> test will provide significant benefit when added to the clinical care pathway by both reducing the number of unnecessary invasive procedures and by reducing delays in treatment from the "wait-and-see" pathway.

## **3. Background to, and reasons for, the Fundraising**

### ***Company's focus since IPO***

Since the admission of the Company's Common Stock to trading on AIM on 8 July 2021, the Company has been focussed on two key areas: (i) the completion of its multi-site, prospective clinical study of the LungLB<sup>®</sup> test; and (ii) laying the foundations for its subsequent commercialisation.

#### *(i) Clinical study*

The clinical study enrolled 425 patients across 17 hospital study sites who were scheduled to receive a lung nodule biopsy, of which 347 provided data that could be analysed. These results were driven by a group of 98 patients with small (less than 15 mm) nodules, which represent a major challenge to physicians practising in lung cancer detection and treatment. When developing a precision medicine test, it is common practice to identify a specific indicated use in order to maximise the impact on a given patient population, which in turn helps physicians to know exactly when to use the test. The small nodules group is the most important indicated use for LungLB<sup>®</sup>.

In the study, LungLB<sup>®</sup> demonstrated:

- A strong positive predictive value ("PPV") of 81 per cent. in discriminating benign from cancerous lung nodules in patients with smaller nodules of less than 15 mm. Smaller nodules are the most

problematic area for early detection and represent the greatest challenge for physicians. Current clinical standards of care generate an approximately 60 per cent. PPV, leading to material delays in diagnosis of deadly cancers.

- This performance in smaller nodules, similarly, demonstrated in LungLife AI's lead-in study published in June 2023, typically represents earlier detection capability and improved patient outcomes and highlights the test's consistency.
- The small nodule group in this study is of utmost importance because it is comprised of approximately 87 per cent. "intermediate" risk nodules, which are the most challenging to evaluate and diagnose. Previous studies lack sufficient numbers of intermediate-risk nodules and this is the reason why existing diagnostic tools perform poorly in this group. The Company believes this will also be of significant value to physicians.

In-line with a high percentage of intermediate risk nodules, the test also outperformed the highly validated Mayo Risk Model nodule evaluation tool, which is a commonly used baseline comparator, with an area under the curve (AUC) of 72 per cent. for LungLB<sup>®</sup> compared to 62 per cent. for the Mayo tool.

- The results were also compared to Positron emission tomography ("PET") scan, another tool often employed in nodule evaluation clinics. LungLB<sup>®</sup> outperformed PET by approximately 21 per cent. (81 per cent. Vs 67 per cent. PPV) in the small nodule group, providing physicians with a more robust diagnostic tool in this area.

(ii) *Foundations for commercialisation*

The development milestones of the Company achieved to date, since its admission to trading on AIM in July 2021 are summarised below.

- In September 2022, the Company announced that the New York State Department of Health had awarded the Company a Clinical Laboratory Evaluation permit ("CLEP") following the CLEP's audit, during which there were no deficiencies found.
- In November 2022, the Company announced that it has been granted a price of \$2,030 per test by the Centers for Medicare & Medicaid Services. The granting of the CPT Proprietary Laboratory Analyses code was published at the beginning of 2022.
- In March 2023, the Company announced the publication of its peer-reviewed health economics study, which provided evidence that the test can be utilised as a cost-effective alternative compared to the current diagnostic pathway.
- In June 2023, the Company announced the peer-reviewed publication of the results from its 151 pilot study in BMC Pulmonary Medicine.

Each of these achievements are a prerequisite to the commercialisation of the LungLB<sup>®</sup> test.

**Cash and Use of proceeds**

As announced in the Company's half-year results on 8 August 2023, the Company's unaudited cash balance as at 30 June 2023 was \$5.36 million. As at 31 December 2023, the Company had a cash balance of \$2.83 million. The Company intends to use the proceeds of the Placing and Subscription, along with the Company's existing cash resources, to establish the commercial proof of concept of the LungLB<sup>®</sup> test as detailed below:

- i. funding of evidence generating activities, including the EAP and clinical utility studies, dependent upon the factors noted below, to support reimbursement and test adoption;
- ii. increasing expenditure to support engagement with payors and clinicians, and support the wider need to raise clinical awareness via key opinion leaders, publications and conferences;
- iii. accelerating the commercial pathway by pursuing licensing or other similar agreements.

The net proceeds of the Fundraising will allow the Company to consider all of its strategic options in order to maximise shareholder value and, in conjunction with the implementation of certain cost-cutting actions, is expected to provide the Company with a cash runway to early April 2025.

### ***Establish the commercial proof of concept of the LungLB® test***

Reimbursement in the US market requires a methodical and deliberate approach, with the workstreams to gain clinician adoption of the test, and to follow the reimbursement pathways for both commercial and Medicare payors running concurrently.

The EAP will be the first step in clinician adoption. Under the program identified sites which previously participated in the clinical validation study, the Company will be able to order a limited number of tests (unlikely to be in excess of 100 in total across all sites), following which, in addition to providing a test result, the Company will gather information about the process and changes in clinical behaviours. The program is designed to provide feedback on the practical aspects of ordering the test and to enable the Company to gather clinician feedback. The Company intends to publish the findings of its EAP. While the program is running, the Company is precluded from charging for the test as part of this program and any tests carried on outside this program for its duration.

The Company and its clinical partners believe that the LungLB® test will be clinically useful and findings from the EAP are expected to be the initial step to evidence those opinions as fact, which is necessary for mature commercialisation.

In parallel with the EAP, the Company intends to build on the work done to date on building the billing platform and create the necessary publications and materials to support the reimbursement of claims made to commercial payors following completion of the EAP. The creation of a medical dossier and other core marketing documentation will be an early focus of the Company. As is standard practice in the US healthcare market, it is likely that the initial claims to commercial payors will be denied, but the approach taken by the Company will be to ensure that a robust response is provided to maximise the chances of securing payment at the point of first claim.

The majority of patients who could benefit from the LungLB® test would be covered under Medicare, which is the US federal health insurance programme primarily for people who are 65 or older. Medicare covers an estimated 60 million US lives, and thus represents a sizeable portion of the LungLB market. Reimbursement under Medicare has its own defined pathway.

The LungLB® test has already been awarded its code (allowing clinicians to identify the test) and price, but the achievement of coverage under Medicare and approval of payment for the test is dependent upon the award of a LCD. A necessary first step for Medicare coverage is the preparation of a clinical dossier and its submission to the Medicare Contractor for Technical Assessment (“**TA**”).

A key part of the TA is the inclusion of peer reviewed publications which include evidence of clinical utility. As noted above, peer-reviewed publications have already been made covering the Company’s health economics and pilot study and the Company also intends to publish the results of its clinical validation study and utility data derived from the EAP. The nature and scope of the evidence required of clinical utility is subjective and, as part of the usual process, the Company will work with its Medicare contractor to define evidence for coverage.

One of the factors determining the nature and scope of the clinical utility study is the pathway to the award of an LCD. There are two possible pathways, a foundational LCD (based on evidence of utility from an existing diagnostic test) or a specific LCD for LungLB. The main difference between the two is the likely timeframe within which an award could be granted, with the former (the foundational LCD) being the quicker option. The other difference between the two pathways could be the nature and scope of the accompanying clinical utility study required for coverage.

A draft proposed foundational LCD is being considered by Palmetto, a Medicare Contractor, which, as currently drafted, would cover the LungLB® test in certain circumstances. The Company has provided public comment on this process and sought to extend the circumstances under which a test would be covered.

For the deployment of the use of proceeds, the Company has made assumptions about the nature and scope of the required clinical utility study and TA. The proposed foundational LCD could be finalised later this year, however the Company does not expect an award any sooner than the third quarter of 2025.

#### 4. Current trading

The Company's interim results for the six months ended 30 June 2023 reported a cash balance of \$5.36 million and a loss before tax of \$2.81 million. In the six-month period to 31 December 2023, the Company concluded its multi-site, prospective clinical study. The Company's total cash balance as at 31 December 2023 was \$2.83 million.

#### 5. Information on the Fundraising

The Company has conditionally raised approximately £1,800,000 (before fees and expenses) by way of the Fundraising. 5,172,621 New Shares, comprising 4,456,566 Placing Shares and 716,055 Subscription Shares, are expected to be issued pursuant to the Fundraising at the Issue Price. The Issue Price represents a discount of 15.7 per cent. to the closing mid-market price of 41.5 pence per Common Share as at 4 March 2024, being the latest practicable date prior to the announcement of the Fundraising. The New Shares will represent approximately 16.9 per cent. of the Enlarged Share Capital.

The Fundraising is not underwritten.

#### Placing

On 4 March 2024, the Company entered into the Placing Agreement on customary terms and conditions pursuant to which the Joint Bookrunners each severally agreed, in accordance with its terms, to use their respective reasonable endeavours (as agent for the Company) to procure placees for the Placing Shares at the Issue Price. On 5 March 2024, the Company announced that 4,456,566 Placing Shares had been placed on a conditional basis at the Issue Price to raise approximately £1,560,000 (before fees and expenses). The Placing Shares will represent approximately 14.54 per cent. of the Enlarged Share Capital.

The Placing Shares will comprise (i) New Shares to be issued to VCT and EIS investors (the "**VCT/EIS Placing Shares**"); and (ii) New Shares to be issued to non-VCT and EIS investors.

The Placing is conditional, *inter alia*, on:

- the passing (without amendment) of the Resolutions (further details of which are set out below) and such Resolutions becoming unconditional;
- the conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms;
- General Admission becoming effective by no later than 8.00 a.m. on 22 March 2024 (or such later time and/or date, being no later than 8.00 a.m. on 4 April 2024 as the Company and the Joint Bookrunners may agree).

#### **If any such conditions are not satisfied or, if applicable, waived, the Placing will not proceed.**

The Placing Agreement contains customary warranties given by the Company to the Joint Bookrunners as to matters relating to the Company and its business and a customary indemnity given by the Company in respect of liabilities arising out of or in connection with the Placing. Either of the Joint Bookrunners are entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including circumstances where any of the warranties are found not to be true or accurate or were misleading in any respect or the occurrence of certain force majeure events.

Investec and Goodbody have both elected to settle their professional fees in relation to the Placing in the form of New Shares in the Company at the Issue Price.

The Company has received advance assurance from HMRC that the EIS Placing Shares will be eligible shares for the purposes of the EIS. The Company has not applied for assurance from HMRC that the VCT Placing Shares will rank as a qualifying investment for the purposes of investment by VCTs. Neither the Directors nor the Company give any warranty or undertaking that EIS relief or VCT qualifying status will be granted or that, if EIS relief or VCT qualifying status is granted, it will not be withdrawn, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status or the status of any investment in Common Shares. Investors considering taking advantage of any of the reliefs under EIS should seek their own professional advice in order that they may fully understand how the rules

apply in their individual circumstances and what they are required to do in order to claim any reliefs (if available). As the rules governing EIS and VCT reliefs are complex and interrelated with other legislation, if any potential investors are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the UK, they should consult their professional advisers.

### **Subscription**

On 5 March 2024, the Company announced that, concurrently with the Placing, certain subscribers had agreed to subscribe for 716,055 Subscription Shares in aggregate on a conditional basis at the Issue Price to raise approximately £250,000 (before fees and expenses). The Subscription Shares will represent approximately 2.34 per cent. of the Enlarged Share Capital.

Neither Joint Bookrunner is acting for the Company, or any other person, in connection with the Subscription.

The Subscription is conditional, *inter alia*, on:

- the passing (without amendment) of the Resolutions (further details of which are set out below) and such Resolutions becoming unconditional; and
- Admission becoming effective by no later than 8.00 a.m. on 22 March 2024 (or such later time and/or date, being no later than 8.00 a.m. on 4 April 2024 as the Company may agree).

### **New Shares**

The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Common Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the New Shares after the date of issue. The New Shares, and the DIs to be issued in respect thereof, are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

The Common Shares and the DIs issued in respect thereof, have not been registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States, or to or for the account or benefit of US Persons, unless they are registered under the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States, or an exemption from the registration requirements of the Securities Act and any such securities laws is available. Hedging transactions involving the Common Shares, or the DIs issued in respect of the Common Shares, may not be conducted unless in compliance with the Securities Act.

Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed and become unconditional, it is expected that Admission will become effective and that dealings in the New Shares will commence on 22 March 2024.

### **Director participation**

Gordon Roy Davis, Paul Pagano, David Anderson and Andrew Norman Boteler have each agreed to participate in, the Fundraising for an aggregate amount of £24,999.10. The table below sets out the interests of the Directors, as at 4 March 2024 (being the last practicable date prior to the publication of this document) and following Admission (assuming that no Common Shares (other than New Shares) are issued after the date of this document and before Admission).

	Current holding		Following Admission			
	Number of Common Shares	%	Number of New Shares	Number of Common Shares	%	
Gordon Roy Davis	14,204	0.06	28,571	42,775	0.14	
Paul Pagano	12,123	0.05	14,285	26,408	0.09	
David Anderson	12,123	0.05	14,285	26,408	0.09	
Andrew Boteler	5,681	0.02	14,285	19,966	0.07	
Sara Barrington	n/a	n/a	–	–	–	–
James McCullough	n/a	n/a	–	–	–	–

## **Settlement and dealings**

The New Shares, and the DIs to be issued in respect of the New Shares, are subject to the conditions listed under Rule 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined in Regulation S) must be implemented in connection with the Placing and Subscription and additional restrictions are imposed on re-sales of the New Shares and the DIs to be issued in respect of the New Shares. Further details of these restrictions are set out Appendix B-US restrictions on the transfer of common shares under the heading. All New Shares, and the DIs issued in respect of the New Shares, are subject to these restrictions until the expiry of one year after the later of (i) the time when the New Shares, and the DIs issued in respect of the New Shares, are first offered to persons other than distributors in reliance upon Regulation S and (ii) the date of closing of the Placing and Subscription, or such longer period as may be required under applicable law.

The Placing Shares will be subject to restrictions on re-sales until the expiry of one year after the later of (i) the time when the New Shares are first offered to persons other than distributors in reliance upon Regulation S; and (ii) the date of closing of the Fundraising, or such longer period as the Company may determine it as may be required under applicable law following which the ISIN may be merged with the ISIN for the Company's existing shares. Further details of these restrictions are set out below under "US restrictions on the transfer of Common Shares".

## **6. Special Meeting**

A notice convening the Special Meeting for 11.00 a.m. on 21 March 2024 at Mayer Brown International LLP at 201 Bishopsgate, London, EC2M 3AF, is set out at Appendix A of this document. The business to be considered at the Special Meeting is set out in the notice.

The resolutions to be proposed at the Special Meeting are:

- (a) **Resolution 1:** To increase the number of Common Shares that the Company is authorised to issue to 100,000,000 Shares in order to accommodate the Placing and Subscription and to provide appropriate headroom to allow for the issue of Common Shares following the Placing and Subscription, and also to generally authorise the Company to allot and issue Common Shares pursuant to the Placing and Subscription.
- (b) **Resolution 2:** To obtain a waiver and disapplication of the pre-emptive rights provided in the Certificate of Incorporation with respect to the Placing and Subscription, such that the Company may proceed with the Placing and Subscription without the need to offer pre-emptive rights to the stockholders.
- (c) **Resolution 3:** To amend the Certificate of Incorporation to change the stockholder vote or consent required to waive and disapply pre-emptive rights with respect to future offerings, such that, from the date the Resolution passed, pre-emptive rights may be waived and disappplied by either the holders of either 75 per cent. of the then-outstanding shares or 75 per cent. of the shares present and voting at a stockholder meeting called for that purpose.
- (d) **Resolution 4:** To approve an amendment to the Certificate of Incorporation incorporating and effectuating the matters described in Resolutions 1 and 3, above. Please note that if one but not both of Resolutions 1 and 3 is passed, the Company may, without the further consent of the stockholders, revise such amendment to reflect only the Resolution that is passed, which revised amendment shall be deemed approved by the stockholders.

The full text of the proposed amendments is included in the notice of the Special Meeting set out at Appendix A of this document.

## **7. Action to be taken**

### **Holders of Share Certificates**

A Form of Proxy for use at the Special Meeting is enclosed.

Whether or not you intend to attend the Special Meeting, you are requested to return the Form of Proxy duly completed to the Company's registrars, Link Group at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible and in any event, so as to be valid, to arrive by 11.00 a.m. on 19 March

2024. Submission of the Form of Proxy does not affect your ability to attend the Special Meeting and vote in person, if you wish.

### ***Holders of Depositary Interests***

A Form of Direction for use at the Special Meeting is enclosed.

By completing the enclosed Form of Direction, holders of Depositary Interests can instruct the Depositary to vote on their behalf at the Special Meeting, either in person or by proxy. If the Form of Direction is completed without any indications as to how the Depositary should vote, the Depositary Interest holder will be deemed as instructing the Depositary to abstain from voting. If the Depositary Interest holder wishes to instruct the Depositary (other than electronically using CREST), it must lodge the completed Form of Direction with the Depositary at the address stated on the Form of Direction during normal business hours no later than 11.00 a.m. on 18 March 2024.

Alternatively, Depositary Interest holders may instruct the Depositary how to vote by utilising the CREST electronic voting service. To instruct the Depositary how to vote or amend an instruction to vote via the CREST system, the CREST message must be received by the Depositary (CREST ID RA10) no later than 11.00 a.m. on 18 March 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's Agent is able to retrieve the message. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider, should contact their CREST sponsor or voting service provider for assistance. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

### **8. Recommendation, irrevocable undertakings and letters of intent**

The Board believes that each of the Resolutions is in the best interests of the Company and its Shareholders as a whole and unanimously recommends you to vote in favour of them, as the Directors have irrevocably undertaken to do in respect of their own beneficial shareholdings, which in aggregate represent 0.17 per cent. of the Common Shares currently in issue.

Yours faithfully,  
Gordon Roy Davis  
Chair



## DEFINITIONS

The following definitions apply throughout this document (including the Notice of Special Meeting) and the Form of Proxy unless the context requires otherwise:

<b>“Admission”</b>	admission of the New Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time
<b>“Bylaws”</b>	the bylaws of the Company, as amended and restated from time to time
<b>“Certificate of Incorporation”</b>	the certificate of incorporation of the Company, as amended and restated from time to time
<b>“CLEP”</b>	Clinical Laboratory Evaluation permit
<b>“Common Shares” or “Shares”</b>	shares of common stock of the Company with a par value per share of \$0.0001 per share
<b>“Company”</b>	LungLife AI, Inc. a company incorporated in the State of Delaware, United States and having its registered office at 850 New Burton Road, Suite 201, Dover, Delaware 19904
<b>“CREST”</b>	the electronic systems for the holding and transfer of shares in dematerialised form operated by Euroclear UK & International Limited
<b>“Depositary”</b>	Link Market Services Trustees Limited, Central Square, 29 Wellington Street, Leeds, LS1 4DL
<b>“Depositary Interests” or “DIs”</b>	dematerialised depositary interests representing underlying Common Shares that can be settled electronically through and held in CREST, as issued by the Depositary or its nominees who hold the underlying securities on trust
<b>“Directors” or “Board”</b>	the directors of the Company whose names appear on page 8 of this document and “Director” shall mean any one of them
<b>“EAP”</b>	Early Access Program
<b>“EIS”</b>	enterprise investment scheme
<b>“EIS Placing Shares”</b>	the new Common Share to be issued (as certificated shares or as DIs) to EIS investors pursuant to the Placing
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company immediately following Admission as enlarged by the issue of the New Shares assuming that no Common Shares (other than New Shares) are issued after the date of this document and before the Admission and assuming full subscription under the Placing and Subscription
<b>“Exchange Act”</b>	the United States Securities Exchange Act of 1934, as amended
<b>“Existing Common Shares”</b>	the 25,485,982 Common Shares in issue as of the date of this document

<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom
<b>“Form of Direction”</b>	the enclosed form of direction for use by Shareholders who hold Depositary Interests in connection with the Special Meeting
<b>“Form of Proxy”</b>	the enclosed form of proxy for use by Shareholders who hold share certificates in connection with the Special Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom
<b>“Fundraising”</b>	the Placing and Subscription
<b>“Goodbody”</b>	Goodbody Stockbrokers UC, a company incorporated in Ireland with registered number 54223 and having its registered office at Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83 Ireland
<b>“Investec”</b>	Investec Bank plc, incorporated and registered in England and Wales with company number 00489604, acting as the Company’s nominated advisor and, together with its associates, as the Company’s broker
<b>“Issue Price”</b>	35 pence per New Share
<b>“Joint Bookrunners”</b>	Investec and Goodbody
<b>“LCD”</b>	local coverage determination
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Shares”</b>	the Placing Shares and the Subscription Shares
<b>“Notice” or “Notice of Special Meeting”</b>	the notice of the Special Meeting set out at Appendix A of this document
<b>“PET”</b>	positron emission tomography
<b>“Placing”</b>	the conditional placing of the Placing Shares to placees pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 4 March 2024 between the Joint Bookrunners and the Company relating to the Placing
<b>“Placing Shares”</b>	the 4,456,566 new Common Shares to be issued (as certificated shares or as DIs), conditional on Admission, in connection with the Placing
<b>“PPV”</b>	positive predictive value
<b>“Regulation S”</b>	Regulation S promulgated under the Securities Act
<b>“Resolutions”</b>	the resolutions to be proposed at the Special Meeting as set out in the Notice of Special Meeting
<b>“Rule 144”</b>	Rule 144, as amended, promulgated under the Securities Act
<b>“Rule 144A”</b>	Rule 144A promulgated under the Securities Act
<b>“SEC”</b>	the US Securities and Exchange Commission
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended

<b>“Shareholder”</b>	a holder of Common Shares
<b>“Special Meeting”</b>	the special meeting of the Company convened for 11.00 a.m. on 21 March 2024, notice of which is set out at Appendix A of this document
<b>“Subscription”</b>	the conditional subscription for the Subscription Shares at the Issue Price
<b>“Subscription Shares”</b>	the 716,055 new Common Shares to be issued by the Company pursuant to the Subscription
<b>“TA”</b>	technical assessment
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US”, “USA” or “United States”</b>	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
<b>“US Person”</b>	has the meaning ascribed to the phrase “U.S. person” by Regulation S
<b>“VCT”</b>	a venture capital trust under part 6 of the Income Tax Act 2007
<b>“VCT/EIS Placing Shares”</b>	means the Placing Shares to be issued (as certificated shares of as DIs) to VCT and EIS investors pursuant to the Placing
<b>“VCT Placing Shares”</b>	means the new Common Shares to be issued (as certificated shares or as DIs) to VCT investors pursuant to the Placing
<b>“£” and “p”</b>	United Kingdom pounds and pence sterling respectively
<b>“\$” and “c”</b>	United States dollars and cents respectively

## APPENDIX A – NOTICE OF SPECIAL MEETING

LUNGLIFE AI, INC.  
(the “Company”)



LungLife AI, Inc.  
2545 W. Hillcrest Drive, Suite 140  
Thousand Oaks, California 91320  
USA

### NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Dear Stockholder:

Notice is hereby given of a Special Meeting of the Stockholders (the “**Special Meeting**”) of LungLife AI, Inc., a Delaware corporation (the “**Company**”), to be held on 21 March 2024 at 11.00 a.m. London time, at Mayer Brown International LLP at 201 Bishopsgate, London, EC2M 3AF or online via video link. Shareholders who would like to dial into the meeting, please register by emailing LungLifeAI@walbrookpr.com or calling +44 (0)20 7933 8780 and the dial in link will be sent by email. The Special Meeting was called by the Company’s Board of Directors for the purposes of considering and, if thought fit, passing, the following resolutions:

1. RESOLVED: That the Company’s Fourth Amended and Restated Certificate of Incorporation, filed with the Delaware Secretary of State on 6 July 2021 (the “**Charter**”), be amended to increase the number of shares of common stock of the Company, par value \$0.0001 per share (“**Common Stock**”), that the Company is authorized to issue to 100,000,000 shares, in order to, among other things, accommodate the placing and the subscription of shares more particularly described in the circular of which this notice is a part (the “**Placing and Subscription**”) and provide additional authorized shares for future use as the Company or its Board of Directors sees fit, subject to any restrictions or conditions in the Company’s governing documents or applicable law; and that the Company, its directors, and its officers, or any of them, be and hereby are generally and unconditionally authorized to exercise all powers of the Company to allot and issue up to 5,172,621 of the authorized shares of Common Stock pursuant to the Placing and Subscription.
2. RESOLVED: That, conditional on the passing of Resolution 1, the Company’s stockholders, **on behalf of both themselves and the other holders of the Company’s capital stock**, hereby irrevocably disapply and waive the Pre-Emptive Rights provided in Article Third, Section D(1) of the Charter (the “**Pre-Emptive Rights**”) with respect to the allotment and issuance of up to 5,172,621 shares of Common Stock such that the Pre-Emptive Rights shall not apply with respect to the allotment and issuance of those shares in the Placing and Subscription, pursuant to Article Third, Section D(1)(a) of the Charter.
3. RESOLVED: That the Charter be amended to provide that the Pre-Emptive Rights may, with effect from the passing of this Resolution, the passing of Resolution 4, and the filing of the Charter Amendment (as defined below) with the Delaware Secretary of State, be disappplied and waived either by (a) the written consent of the holders of at least 75 per cent. of the voting power of all of the then-outstanding capital stock of the Company, or (b) the affirmative vote or consent of the holders of at least 75 per cent. of the voting power of the shares of capital stock that are present in person or represented by proxy at a duly-called stockholder meeting for such purpose at which a quorum is present pursuant to the Company’s bylaws.
4. RESOLVED: That the Amendment to the Charter, in substantially the form attached hereto as Exhibit A (the “**Charter Amendment**”), which incorporates and effectuates the amendments provided in

Resolutions 1 and 3, above, be, and hereby is, approved and adopted in all respects; provided, that if one but not both of Resolutions 1 and 3 is passed, the Company may, without the further consent of the stockholders, revise the Charter Amendment to reflect only the Resolution that is passed, which revised Charter Amendment shall be deemed approved by this Resolution, provided, further, that at any time prior to the effectiveness of the filing of the Charter Amendment with the Delaware Secretary of State, notwithstanding the authorization of the Charter Amendment by the stockholders, the Company's Board of Directors may abandon such proposed amendment without further action by the stockholders.

For reference, a copy of the Charter, in its current form, is available on the Company's website at <https://lunglifeai.com/investors/> or by request sent to [danderson@lunglifeai.com](mailto:danderson@lunglifeai.com).

Stockholders of record at 5.00 p.m. London Time on 4 March, 2024 (the "**Record Date**") are entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof.

The Company's Board of Directors approved and adopted Resolutions 1, 3, and 4, determined each of them to be advisable, and recommends that the stockholders approve and adopt those Resolutions. In addition, the Company's Board of Directors respectfully requests that the stockholders approve and adopt Resolution 2 in order to allow the Company to expeditiously pursue the Placing and Subscription. The affirmative vote required to approve and adopt:

- A. Resolution 1 is the affirmative vote of the holders of at least a majority of the voting power of all of the outstanding shares of the Company's capital stock as of the Record Date.
- B. Resolution 2 is the affirmative vote of the holders of at least 75 per cent. of the voting power of all of the outstanding shares of the Company's capital stock as of the Record Date.
- C. Resolution 3 is the affirmative vote of the holders of at least 75 per cent. of the voting power of all of the outstanding shares of the Company's capital stock as of the Record Date.
- D. Resolution 4 is the affirmative vote of the holders of at least:
  - (i) with respect to the amendment regarding the increase in authorized shares described in Resolution 1, a majority of the voting power of all of the outstanding shares of the Company's capital stock as of the Record Date; and
  - (ii) with respect to the amendment regarding the vote or consent necessary to waive the Pre-Emptive Rights described in Resolution 4, 75 per cent. of the voting power of all of the outstanding shares of the Company's capital stock as of the Record Date.

**Your vote is important. Whether or not you expect to attend the Special Meeting, please read the circular to which this notice is attached and vote, either in person or by proxy, so that your shares can be represented at the Special Meeting.**

If you are a registered owner of the Company's shares, then you can vote your shares by completing and returning the enclosed form of proxy. If you hold your Company shares through a broker, bank or other record holder, then please complete and return the voting instruction form that you receive from such a broker, bank or other record holder. If you are a holder of the Company's Depositary Interests, then you can vote your shares by completing and returning the enclosed form of direction.

You may attend the meeting in person at the time and place described in this notice.

You may attend the meeting virtually by emailing [LungLifeAI@walbrookpr.com](mailto:LungLifeAI@walbrookpr.com) or calling +44 (0)20 7933 8780 and the dial in link will be sent by email.

This notice, circular, form of proxy and form of direction are being distributed and made available on or about 6 March, 2024.

*[Remainder of Page Intentionally Blank]*

By Order of the Board of Directors,

**David Anderson**  
Corporate Secretary

Date:  
Registered Office:  
850 New Burton Road, Suite 201  
Dover, Delaware 19904 USA

**Important Notice Regarding the Availability of Materials for the Stockholder Meeting to be Held on 21 March 2024:** The circular, form of proxy and form of direction are available free of charge at <https://lunglifeai.com/investors/>.

\* \* \* \* \*

**NOTES AND INFORMATION:**

- (1) Only holders of Common Stock on the register at and as of 5.00 p.m. London Time on the Record Date shall be entitled to attend and/or vote at the Special Meeting (or, to the extent permitted by law, any adjournment of the meeting). Such stockholders can vote in respect of the number of shares registered in their names at that time, and any subsequent changes to the register shall be disregarded in determining rights to attend and vote. A stockholder who is present in person or by proxy and who abstains from taking any of the stockholder actions described in this document will be included in the number of stockholders present at the Special Meeting for the purpose of determining the presence of a quorum. Abstentions will not be counted in any of the proposals because they are not considered votes cast.
- (2) Any stockholder is entitled to appoint one or more proxies to exercise all or any of its rights to attend the Special Meeting and to speak and act on its behalf. If a stockholder appoints more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by that stockholder. A proxy need not be a stockholder of the Company but must attend the Special Meeting to represent the relevant stockholders who appointed the proxy.

A form of proxy which may be used to make such appointment and give proxy instructions is enclosed with these materials and is also available from the Company's secretary, David Anderson, by email at [danderson@lunglifeai.com](mailto:danderson@lunglifeai.com). To be effective, a duly completed form or proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must reach Link Group, the Company's agent for receipt of proxies, at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 11.00 a.m. on 19 March 2024 (or not less than 48 hours before the time fixed for any adjourned meeting).

If two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

- (3) Alternatively, stockholders can appoint a proxy online. To be effective, the proxy vote must be submitted at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at [www.signalshares.com](http://www.signalshares.com), you can manage your shareholding, including:
  - cast your vote
  - change your dividend payment instruction
  - update your address
  - select your communication preference.
- (4) Unless voting instructions are indicated on the form or proxy, a proxy may vote or withhold its vote as it thinks fit on the resolutions or on any other business (including amendments to resolutions) which may come before the meeting. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.
- (5) A stockholder must inform the Company in writing of any termination of the authority of a proxy.
- (6) Any corporation or other entity that is a stockholder may by a resolution of its directors or other governing body authorize such persons as it thinks fit to act as its representative at the Special Meeting or to approve a resolution submitted in writing and the person so authorized shall be entitled to exercise on behalf of the corporation or other entity which he or she represents the same powers (other than to appoint a proxy) as that corporation or other entity could exercise if it were an individual stockholder.
- (7) By completing the enclosed Form of Direction, holders of Depositary Interests can instruct Link Market Services Trustees Limited (the "**Depositary**") to vote on their behalf at the Special Meeting, either in person or by proxy. If the Form of Direction is completed without any indication as to how the Depositary should vote, the Depositary Interest holder will be deemed as instructing the Depositary to withhold from voting. If the Depositary Interest holder wishes to instruct the Depositary (other than electronically using CREST), they must lodge the completed Form of Direction with Link Group at the address stated on the Form of Direction during normal business hours and in any case no later than 11.00 a.m. on 18 March 2024, or 72 hours before the time fixed for any adjourned meeting.

- (8) Holders of Depository Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf. In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST Voting Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)).
- (9) To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent RA10 no later than 11.00 a.m. on 18 March 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of Depository Interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the Depository Interest holder concerned to take (or, if the Depository Interest holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this connection, Depository Interest holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (10) A copy of this Special Meeting notice can be found at the Company's website (<https://lunglifeai.com/investors/>).
- (11) As at 5.00 p.m. London Time on the Record Date, the Company's issued share capital comprised 25,485,982 shares of Common Stock, par value US\$0.0001 per share, each fully paid. Each share of Common Stock carries the right to one vote at a stockholder meeting of the Company and, therefore, the total number of voting rights in the Company as at that time is 25,485,982.00. The Company does not hold any shares in treasury.

\* \* \* \* \*

## EXHIBIT A

### CHARTER AMENDMENT

#### CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF LUNGLIFE AI, INC.

LungLife AI, Inc. (the “**Corporation**”), a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. This Certificate of Amendment (this “**Certificate of Amendment**”) amends the provisions of the Corporation's Fourth Amended and Restated Certificate of Incorporation filed with the Delaware Secretary of State on July 6, 2021 (the “**Certificate of Incorporation**”).
2. The Certificate of Incorporation is hereby amended as follows:

- (a) Article Third, Section B of the Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

#### **“B. CLASSES OF STOCK**

The total number of shares of Common Stock which the Corporation is authorized to issue shall be 100,000,000 shares of Common Stock, par value \$0.0001 per share.

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof, in respect of the Common Stock of the Corporation:”

- (b) Article Third, Section D(1)(a) of the Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

“(a) **Pre-emptive Rights.** So long as the Common Stock is admitted to trading on AIM or the main market of the London Stock Exchange or, in each case, any successor body or organization (an “**Authorized Exchange**”), unless otherwise determined by either (1) the written consent of the holders of at least seventy-five percent (75 per cent.) of the voting power of all of the then-outstanding shares of capital stock of the Corporation, or (2) the affirmative vote or consent of the holders of at least seventy-five percent (75 per cent.) of the voting power of the shares of capital stock of the Corporation that are present in person or represented by proxy at a duly-called stockholder meeting for such purpose at which a quorum is present pursuant to the Bylaws, the Corporation shall not issue any New Securities unless it shall first have made an offer to each stockholder (unless waived by such stockholder) to sell to such stockholder on substantially the same or more favorable terms a proportion of those New Securities which is nearly as practical equal to the such stockholder's Pro Rata Share, but subject to such exclusions or other arrangements as the Board may deem necessary, appropriate or expedient in its exclusive discretion to deal with fractional share entitlements, rounding of shares or legal restrictions under the laws of, or the requirements of, any regulatory authority or stock exchange or otherwise in any jurisdiction (“**Pre-Emptive Rights**”); provided, however, that notwithstanding anything herein, the foregoing Pre-emptive Rights shall not apply with respect to:

- (i) the authorization and/or issuance for cash of New Securities, provided that the nominal amount of such shares or the shares into which such New Securities may be converted, during any twelve (12) month period, does not exceed, in the aggregate, ten percent (10 per cent.) of the outstanding shares of Common Stock as of the first day of such twelve (12) month period;
- (ii) the placing and/or sale for cash of any shares of Common Stock in connection with the Admission, on terms and conditions acceptable to the Board in its sole discretion;
- (iii) options, restricted stock units, shares or other equity awards previously, or to be, granted to employees, officers, directors, consultants, contractors or advisors of the Corporation and/or its subsidiaries under, and the issuance of shares pursuant to,



such securities or benefits granted under any stock option or incentive plan or agreement heretofore or hereafter adopted by the Corporation, including, without limitation, any of the foregoing granted or to be granted under any Employees' Share Scheme;

- (iv) shares issued upon the exercise of any outstanding warrants or options, or upon the conversion of any convertible promissory notes or debt, in each case that were outstanding before or as of the date of Admission;
  - (v) shares issued, whether upon exercise of any warrants, options or otherwise, in connection with business transactions of the Corporation (including, without limitation, to lessors, financial institutions, vendors, landlords, and research and development joint venture, channel or strategic partners); or
  - (vi) shares issued for or in connection with the purchase or acquisition of the stock, business or assets of one or more other Persons, or in connection with a merger or consolidation of the Corporation with or into one or more other Persons or any similar business combination or acquisition.”
3. This amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.
  4. All other provisions of the Certificate of Incorporation shall remain in full force and effect.

## APPENDIX B

### US RESTRICTIONS ON THE TRANSFER OF COMMON SHARES

Terms used in the following description that are defined in Regulation S of the US Securities Act are used as defined therein.

The New Shares will be issued under the temporary ISIN: USU5500L1128 and TIDM: LLA (with the marker REGS Cat 3) and will be subject to restrictions on re-sales until the expiry of one year after the later of (i) the time when the New Shares are first offered to persons other than distributors in reliance upon Regulation S; and (ii) the date of closing of the Fundraising, or such longer period as the Company may determine it as may be required under applicable law, following which the ISIN may be merged with the ISIN for the Company's existing shares.

The Common Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States. As more fully explained below, the Common Shares offered by the Company to non-US Persons in the Placing are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S.

Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the Placing and additional restrictions are imposed on resales of the Common Shares. A purchaser of Common Shares may not offer, sell, pledge or otherwise transfer Common Shares, directly or indirectly, in or into the United States or to, or for the account or benefit of, any US Person, except pursuant to a transaction meeting the requirements of Rules 901 to 905 (including the Preliminary Notes) of Regulation S, pursuant to an effective registration statement under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act. Hedging transactions in the Common Shares may not be conducted, directly or indirectly, unless in compliance with the US Securities Act and applicable US state securities laws. Once the Common Shares are admitted to trading on AIM, Common Shares (as represented by the Depositary Interests) held in the CREST system will be identified with the marker "REG S" and will be segregated into a separate trading system within CREST. The Common Shares held in the CREST system will also bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT ("**REGULATION S**")). THE SHARES ARE BEING OFFERED ONLY TO NON-US PERSONS OUTSIDE THE UNITED STATES IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT IN RELIANCE ON REGULATION S. THE SHARES ARE "RESTRICTED SECURITIES" AS DEFINED UNDER RULE 144 (A)(3) PROMULGATED UNDER THE SECURITIES ACT. THE SHARES MAY NOT BE TAKEN UP, OFFERED, SOLD, RESOLD, DELIVERED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY WITHIN, INTO OR FROM THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S) EXCEPT: (A)(I) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S, (II) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT. REALES OR REOFFERS OF SHARES MADE OFFSHORE IN RELIANCE ON REGULATION S MAY NOT BE SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON (AS DEFINED IN REGULATION S) DURING THE ONE-YEAR DISTRIBUTION COMPLIANCE PERIOD UNDER REGULATION S. HEDGING TRANSACTIONS INVOLVING THESE SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT.

BY ACCEPTING THESE SHARES, THE HOLDER REPRESENTS AND WARRANTS THAT IT (A) IS NOT A US PERSON (AS DEFINED IN REGULATION S) AND (B) IS NOT HOLDING THE SHARES FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON."

Certificated Common Shares will bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

“THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”) OR ANY SECURITIES ACTS OF ANY STATE OF THE UNITED STATES (THE “**STATE ACTS**”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES) OF REGULATION S UNDER THE US SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE US SECURITIES LAWS AND IN THE CASE OF (3) AN OPINION OF COUNSEL SHALL BE DELIVERED TO THE COMPANY (AND UPON WHICH THE COMPANY MAY RELY) REGARDING THE AVAILABILITY OF SUCH EXEMPTION. HEDGING TRANSACTIONS INVOLVING THE COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT. AS PROVIDED IN THE BYLAWS OF THE COMPANY, THE COMPANY IS REQUIRED BY UNITED STATES SECURITIES LAWS TO REFUSE TO REGISTER ANY TRANSFER OF SHARES NOT MADE IN ACCORDANCE WITH THE ABOVE RESTRICTIONS.”

Prior to the end of the one-year Distribution Compliance Period, the holder of Common Shares acknowledges, represents and agrees that:

1. Any offer or sale of the Common Shares held through CREST must be made to non-US Persons in “offshore transactions” as defined in and pursuant to Regulation S;
2. No directed selling efforts (as defined in Regulation S) may be made in the United States by, for purposes of Rule 903 of Regulation S, the Company, a Distributor (as defined in Regulation S), any of their respective Affiliates, or any person acting on behalf of any of the foregoing, or, for the purposes of Rule 904 of Regulation S, the seller, an Affiliate, or any person acting on their behalf;
3. Offering restrictions (as set out under section 903(b)(3)) must be implemented;
4. Any offer or sale of certificated Common Shares must be made to non-US Persons in “offshore transactions” as defined in and pursuant to Regulation S, pursuant to an effective registration statement under the US Securities Act or otherwise in transactions exempt from registration under the US Securities Act;
5. The Company may refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration;
6. Any offer or sale, if made prior to the expiration of a one-year Distribution Compliance Period, must be made pursuant to the following conditions:
  - (a) The purchaser of the Common Shares (other than a Distributor) must certify that it is not a US Person and is not acquiring the Common Shares for the account or benefit of any US Person or is a US Person who purchased Common Shares in a transaction that did not require registration under the US Securities Act;
  - (b) The purchaser of the Common Shares must agree to resell such Common Shares only in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration; and must agree not to engage in hedging transactions with regard to such Common Shares unless in compliance with the US Securities Act;
  - (c) The Common Shares must contain the appropriate legend, set out above;
  - (d) The Company is required to refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration; and
  - (e) Each Distributor selling Common Shares to a Distributor, a dealer (as defined in Section 2(a)(12) of the US Securities Act), or a person receiving a selling concession, fee or other remuneration, prior to the expiration of the one-year Distribution Compliance Period, must send a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales that apply to a Distributor;

7. In the case of an offer or sale of Common Shares prior to the expiration of the one-year Distribution Compliance Period by a dealer (as defined in Section 2(a)(12) of the US Securities Act), or a person receiving a selling concession, fee or other remuneration in respect of the Common Shares offered or sold:
  - (a) Neither the seller nor any person acting on its behalf may know that the offeree or buyer of the Common Shares is a US Person; and
  - (b) If the seller or any person acting on the seller's behalf knows that the purchaser is a dealer (as defined in Section 2(a)(12) of the US Securities Act) or is a person receiving a selling concession, fee or other remuneration in respect of the Common Shares sold, the seller or a person acting on the seller's behalf must send to the purchaser a confirmation or other notice stating that the Common Shares may be offered and sold during the one-year Distribution Compliance Period only in accordance with the provisions of Regulation S; pursuant to registration of the securities under the US Securities Act; or pursuant to an available exemption from the registration requirements of the US Securities Act; and
8. In the case of an offer or sale of Common Shares by an officer or director of the issuer or a Distributor, who is an affiliate of the issuer or Distributor solely by virtue of holding such position, no selling concession, fee or other remuneration may be paid in connection with such offer or sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

Common Shares acquired from the Company, a Distributor, or any of their respective affiliates in a transaction subject to the conditions of Rule 901 or Rule 903 are deemed to be "restricted securities" as defined in Rule 144 under the US Securities Act. Resales of any of such restricted securities by the offshore purchaser must be made in accordance with Regulation S, the registration requirements of the US Securities Act or an exemption therefrom. Any "restricted securities", as defined in Rule 144, will continue to be deemed to be restricted securities, notwithstanding that they were acquired in a resale transaction made pursuant to Rule 901 or 904. Prior to the end of the Distribution Compliance Period and prior to any transfer of such Common Shares, each purchaser of Common Shares acquired through CREST and in reliance on Regulation S will be required, to represent and agree as follows, that:

- (a) the purchaser is not a US Person and is not acting for the account or benefit of a US Person and is not located in the United States at the time the investment decision is made with respect to the Common Shares;
- (b) the purchaser understands that the Common Shares have not been registered under the US Securities Act and may not be offered, sold, pledged or otherwise transferred by such purchaser except: (i) in an offshore transaction to non-US Persons and otherwise meeting the requirements of Rule 901 through Rule 905 (including Preliminary Notes) of Regulation S; (ii) pursuant to an effective registration statement under the US Securities Act; or (iii) pursuant to an exemption from the registration requirements of the US Securities Act, and in each case, in accordance with all applicable securities laws of the states of the United States and any other applicable jurisdictions;
- (c) the purchaser understands and agrees that, if in the future it decides to resell, pledge or otherwise transfer any Common Shares or any beneficial interests in any Common Shares prior to the date which is one year after the later of: (i) the date when the Common Shares are first offered to persons (other than distributors) pursuant to Regulation S or pursuant to another exemption from, or transaction not subject to registration under the US Securities Act; and (ii) Admission, it will do so only outside the United States in an offshore transaction to non-US Persons and otherwise in compliance with Rule 901 to Rule 905 (including the Preliminary Notes) under the US Securities Act, pursuant to an effective registration statement under the US Securities Act or pursuant to an exemption from the registration requirements of the US Securities Act and in each of such cases in accordance with any applicable securities law of any state of the United States;
- (d) the Company is required to refuse to register any transfer of the Common Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration;
- (e) hedging transactions involving the Common Shares may not be conducted, directly or indirectly, unless in compliance with the US Securities Act;

- (f) the purchaser agrees to, and each subsequent holder is required to, notify any purchaser of the Common Shares from it of the resale restrictions referred to above, if then applicable;
- (g) the purchaser acknowledges that, prior to any proposed transfer of Common Shares other than pursuant to an effective registration statement, the transferee of Common Shares will be required to provide certifications and other documentation relating to the non-US Person status of such transferee and that such transferee was not located in the United States at the time the investment decision was made with respect to the Common Shares;
- (h) the purchaser acknowledges that the Company, Joint Bookrunners and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties and agrees that if any such acknowledgement, representation or warranty deemed to have been made by virtue of its purchase of Common Shares is no longer accurate, it shall promptly notify the Company and the Joint Bookrunners; and
- (i) the purchaser acknowledges that the Common Shares will bear a restrictive legend to the following effect, unless the Company determines otherwise in compliance with applicable law:

“THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”) OR ANY SECURITIES ACTS OF ANY STATE OF THE UNITED STATES (THE “**STATE ACTS**”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULES 901 THROUGH 905 (INCLUDING THE PRELIMINARY NOTES) OF REGULATION S UNDER THE US SECURITIES ACT, (2) PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, OR (3) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY APPLICABLE STATE ACTS, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE US SECURITIES LAWS AND IN THE CASE OF (3) AN OPINION OF COUNSEL SHALL BE DELIVERED TO THE COMPANY (AND UPON WHICH THE COMPANY MAY RELY) REGARDING THE AVAILABILITY OF SUCH EXEMPTION. HEDGING TRANSACTIONS INVOLVING THE COMMON STOCK OF THE COMPANY MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE US SECURITIES ACT. AS PROVIDED IN THE BYLAWS OF THE COMPANY, THE COMPANY IS REQUIRED BY UNITED STATES SECURITIES LAWS TO REFUSE TO REGISTER ANY TRANSFER OF SHARES NOT MADE IN ACCORDANCE WITH THE ABOVE RESTRICTIONS.”

Subject to various conditions including, among others, the availability of current information regarding the Company, applicable holding periods and volume and manner of sale restrictions, Rule 144 may be available for US resales of Common Shares by affiliates of the Company. Rule 144 is an exemption that allows the resale of restricted securities if a number of conditions are met, including, without limitation, a holding period, the availability of adequate current information about the Company and compliance with trading volume restrictions. Because the Company is not a reporting company (i.e. it does not have a class of equity securities registered under the US Exchange Act and does not file regular reports with the SEC) and does not intend to become a reporting company, the Common Shares may not be eligible for sale under Rule 144 for the foreseeable future. The Company may impose or modify transfer restrictions and require additional certifications and/or related documentation to evidence compliance with applicable securities laws and regulations. Common Shares held by “Affiliates” (as defined in Rule 405 of the US Securities Act) of the Company shall be held in certificated form and accordingly settlement shall not be permitted via CREST until such time as the relevant restrictions are no longer applicable. Affiliates of the Company at the time of the Placing, or investors that become Affiliates at any time after the Placing, should seek independent US legal counsel prior to selling or transferring any Common Shares. A liquid trading market for the Common Shares does not currently exist in the United States, and the Company does not expect such a market to develop soon.

PRIOR TO PURCHASING ANY COMMON SHARES OR CONDUCTING ANY TRANSACTIONS IN ANY COMMON SHARES, INVESTORS ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS REGARDING THE ABOVE RESTRICTIONS ON TRANSFER AND OTHER RESTRICTIONS REFERRED TO IN THIS DOCUMENT.

In this document, a “**US Person**” has the meaning set forth in Regulation S and includes:

- any natural person resident in the United States;
- any partnership or corporation organised or incorporated under the laws of the United States;
- any estate of which any executor or administrator is a US Person;
- any trust of which any trustee is a US Person;
- any agency or branch of a foreign entity located in the United States;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- any partnership or corporation if it is organised or incorporated under the laws of any foreign jurisdiction and formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act, unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 501(a) under the US Securities Act) who are not natural persons, estates or trusts.

The following are not **“US Persons”**:

- any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States;
- any estate of which any professional fiduciary acting as executor or administrator is a US Person if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and the estate is governed by foreign law;
- any trust of which any professional fiduciary acting as trustee is a US Person, if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
- an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- any agency or branch of a US Person located outside the United States if the agency or branch operates for valid business reasons; and the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.

