

REX BIONICS

4th Floor
1-3 Pemberton Row
London EC4A 3BG
United Kingdom

22 July 2016

Dear Shareholder,

Please note that, since printing of the enclosed Supplementary Circular, the Company has received a signed amendment to the last of the major shareholder investors' Subscription Agreement. As a result, it has received signed amendments to Subscription Agreements from all three of the major shareholder investors listed in the Circular dated 29 June 2016.

Therefore, in order to convey to you the up-to-date situation, when reading my letter to shareholders at Part I of the enclosed Supplementary Circular, please take into consideration the following amendments:

- (A) in the second paragraph under the heading "3. Background to and reasons for the adjournment" on page 4, the first sentence should be read as follows: "The Company is pleased to announce that three other major shareholder investors named in the Circular have all signed amendments to their Subscription Agreements committing still to make their investments into the Company after the Adjourned General Meeting (conditional upon the passing of the required resolutions at that meeting and the fundraising now raising at least £1 million rather than £2.3 million)."; and
- (B) in the third bolded paragraph under the heading "7. Importance of the vote" on page 6, the words in brackets in the first sentence should be ignored.

The Company has, today, put out an announcement via RNS which notes the receipt of the final signed amendment.

Yours faithfully,

David Macfarlane
Chairman

SUPPLEMENTARY CIRCULAR

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) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser. Investment in the Company is speculative and may involve a high degree of risk.

If you have sold or transferred all of your Ordinary Shares in Rex Bionics Plc (the “Company”), please pass this supplementary circular (the “Supplementary Circular”) and the Updated Proxy Form to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, these documents should not be forwarded or sent within, into or from the United States, Australia, Canada, the Republic of South Africa, Japan, the People’s Republic of China, or any other state or jurisdiction, where release, publication or distribution would be unlawful and therefore persons into whose possession this Supplementary Circular 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 Ordinary Shares you should retain this Supplementary Circular and the accompanying Updated Proxy Form however, please also contact your bank, stockbroker or other agent through which the sale or transfer was effected immediately.

This Supplementary Circular does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, Ordinary Shares or an invitation to buy, acquire or subscribe for Ordinary Shares in any jurisdiction. This Supplementary Circular has not been filed with, examined or approved by the Financial Conduct Authority or the London Stock Exchange or any other regulatory authority.

The Directors whose names and functions appear on page 4, and the Company, accept responsibility for the information contained in this Supplementary Circular. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.



REX BIONICS Plc

(Registered in England and Wales with registered number 06425793)

**Subscription for up to 7,683,333 Subscription Shares,
at 30 pence per share and issue of up to 7,683,333 Warrants
and
Adjourned General Meeting**

This Supplementary Circular should be read as a whole and in conjunction with the circular published by the Company on 29 June 2016 (the “Circular”) to which this Supplementary Circular relates. The contents of the Circular are deemed to be repeated in full in here as supplemented by this Supplementary Circular. Your attention is drawn to the letter from your Chairman which is set out at Part I of this Supplementary Circular and which contains a recommendation from your Board that you still vote in favour of the Resolutions to be proposed at the Adjourned General Meeting referred to below.

An Adjourned General Meeting of the Company will be held at 10.00 a.m. on 1 August 2016 at the offices of Simmons & Simmons LLP, CityPoint, 1 Ropemaker Street, London EC2Y 9SS is set out at the end of this Supplementary Circular.

Whether or not you propose to attend the Adjourned General Meeting, if you want to update your existing Proxy Form or have not yet submitted one but now wish to do so please complete and submit the Updated Proxy Form in accordance with the instructions printed on the enclosed form.

The Updated Proxy Form must be received by the Registrars of the Company, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, not later 10:00 am on 29 July 2016.

Stifel Nicolaus Europe Limited (“Stifel”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as nominated adviser to the Company for the purposes of the AIM Rules. Stifel is acting exclusively for the Company in connection with this Supplementary Circular, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to the proposals in this Supplementary Circular or any other matter referred to in this Supplementary Circular. Stifel has not authorised the contents of this Supplementary Circular for any purpose and, without limiting the statutory rights of any person to whom this Supplementary Circular is issued, no representation or warranty, express or implied, is made by Stifel as to any of the contents or completeness of this Supplementary Circular.

This Supplementary Circular 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 exchanges rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, 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 out in the Company’s forward-looking statements. Any forward-looking statements made in this Supplementary Circular 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 Supplementary Circular and are not intended to give any assurance as to future results. Except as required by the Financial Conduct Authority, 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 Supplementary Circular to reflect any changes in the Company’s expectations about them or any changes in events, conditions or circumstances on which any such statement is based.

DEFINITIONS

The definitions in the Circular and, in addition, the following definitions apply throughout this Supplementary Circular, except where the context otherwise requires:

“Adjourned General Meeting”	the adjourned general meeting to be held at 10.00 a.m. on 1 August 2016 at the offices of Simmons & Simmons LLP, CityPoint, 1 Ropemaker Street, London EC2Y 9SS, notice of which was set out in the Notice at the end of the Circular
“Further Admission”	admission of the Further Subscription Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Further Subscription Shares”	the 4,083,333 new Ordinary Shares in total, to be issued to Maxhealth and Hunter Hall (additionally as a consequence of the Maxhealth subscription) who have each agreed to subscribe for Ordinary Shares
“Hong Kong”	Hong Kong Special Administrative Region
“Initial Admission”	admission of the Initial Subscription Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Initial Subscription Shares”	the up to 3,600,000 new Ordinary Shares in total, to be issued to the existing Shareholders named in Part I Paragraph 9 of this Supplementary Circular and Bradshaw Asset Management Limited who have each agreed to subscribe for Ordinary Shares
“Maxhealth”	Maxhealth Medicine Co. Ltd (江苏美安医药股份有限公司)
“PRC”	the People’s Republic of China
“Resolutions”	the resolutions 1 to 6 to be proposed at the Adjourned General Meeting which are set out in the Notice
“Subscription Agreements”	the agreements (including any amendments thereto) by which the Subscribers have conditionally subscribed for Subscription Shares directly with the Company
“Subscription Shares”	the Initial Subscription Shares and the Further Subscription Shares
“Updated Proxy Form”	the form of proxy sent to Shareholders with this Supplementary Circular for use at the Adjourned General Meeting in connection with the Resolutions

PART I
LETTER FROM THE CHAIRMAN

REX BIONICS Plc

(Registered in England and Wales with registered number 06425793)

Directors:

David Macfarlane (*Chairman*)
Crispin Simon (*Chief Executive Officer*)
Peter Worrall (*Chief Financial Officer*)
Richard Little (*Chief Technical Officer*)
Victoria Provis (*Senior Non-executive Director*)
Jeremy Curnock Cook (*Non-executive Director*)
William Hunter (*Non-executive Director*)
John Plimmer (*Non-executive Director*)
Joseph Cucolo (*Non-executive Director*)

Registered Office:

4th Floor
1-3 Pemberton Row
London EC4A 3BG
United Kingdom

22 July 2016

Dear Shareholder,

Proposed Subscription for up to 7,683,333 Subscription Shares at 30 pence per share, Issue of up to 7,683,333 Warrants and Adjourned General Meeting

1. Introduction

On 29 June 2016 the Company posted the Circular to Shareholders in connection with the proposed subscription of 7,683,333 new ordinary shares by certain new and existing investors at a price of 30 pence per new ordinary share to raise £2.3 million (before expenses), conditional upon shareholder approval. The Circular also contained a notice of General Meeting on 19 July 2016.

On 18 July 2016, the Company announced its intention to adjourn the General Meeting. The meeting is now planned to take place on 1 August 2016 (the "Adjourned General Meeting"). As explained below, the revised arrangements will, with Shareholders' approval, still enable the Company to raise £2.3 million a few weeks later than planned, comprising at least £1.05 million initially and potentially a further £1.25 million later in August 2016.

2. Background to and reasons for this Supplementary Circular

The purpose of this Supplementary Circular is to provide Shareholders with (i) the updated information contained in the announcement made by the Company on 18 July 2016; (ii) details of an extended timetable of principal events; and (iii) details of the procedure on how to vote on the Resolutions to be proposed at the Adjourned General Meeting.

3. Background to and reasons for the adjournment

The reason for the adjournment is that the Company was informed by one of the subscribers in the proposed Subscription, Maxhealth, a Chinese listed entity and a distributor of REX for the PRC, that, absent it obtaining PRC foreign exchange approval, it is unable to transfer the requisite funds for a subscription of £1 million to the Company outside China in sterling in the required timeframe set out in the subscription agreement between the Company and Maxhealth dated 29 June 2016 in order for the General Meeting to go ahead when set. Maxhealth has now agreed with the Company that it will, however, be able to pay, or procure the payment by a wholly-owned subsidiary of it based in Hong Kong, of the necessary funds to the Company on or before 5 August 2016.

The Company is pleased to announce that three other major shareholder investors named in the Circular have all either signed amendments to their Subscription Agreements or confirmed their commitment to sign such an amendment committing still to make their investments into the Company after the Adjourned General Meeting (conditional upon the passing of the required resolutions at that meeting and the fundraising now raising at least £1 million rather than £2.3 million). A further Shareholder has indicated its acceptance of the revised arrangements.

Accordingly, the Company had adjourned the General Meeting until 1 August 2016, to give the Company time to prepare and circulate this Supplementary Circular which provides further details

of the amended subscription arrangements. These arrangements are planned by the Company, using the authorities given by Shareholders at the Adjourned General Meeting (if approved), to enable subscriptions from certain investors for, in total, initially at least £1.05 million and, separately and later if Maxhealth is able to meet the extended deadline, the £1 million subscription by Maxhealth (and a consequent additional subscription by Hunter Hall) for a further £1.25 million in total.

4. Revised expected timetable of principal events

In order to provide Shareholders with sufficient time to consider the contents of the announcement made by the Company on 18 July 2016 and the content of this Supplementary Circular, the Company has adjourned the General Meeting until 10.00 a.m. on 1 August 2016 and extended the timetable for receipt of Updated Proxy Forms until 10.00 a.m. on 29 July 2016. As a result, the revised expected timetable of the principal events is as follows.

Publication of this Supplementary Circular and Updated Proxy Form	22 July 2016
Latest time and date for receipt of Updated Proxy Forms	10.00 a.m. on 29 July 2016
Adjourned General Meeting	10.00 a.m. on 1 August 2016
Initial Admission of and commencement of dealings in the Initial Subscription Shares	8.00 a.m. on 2 August 2016
Where applicable, Initial Subscription Shares admitted at Initial Admission expected to be credited to CREST members' accounts	2 August 2016
Where applicable, despatch of definitive share and warrant certificates for the Initial Subscription Shares will be no later than	5 August 2016
Latest date for Further Admission of and commencement of dealings in the Further Subscription Shares	8.00 a.m. on 10 August 2016
Where applicable, latest date Further Subscription Shares expected to be credited to CREST members' accounts	10 August 2016
Where applicable, despatch of definitive share and warrant certificates for the Further Subscription Shares will be no later than	17 August 2016

Each of the times and dates above are indicative only and are subject to change. If any of these 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. All of the times in this Supplementary Circular refer to London time. Admission and dealings in the Subscription Shares are conditional, among other matters, on the passing of the Resolutions 1 and 2 at the Adjourned General Meeting. The timetable for the Further Subscription Shares depends on Maxhealth meeting its revised obligations under its amended Subscription Agreement.

5. Subscription by Maxhealth

Conditional on the passing of Resolutions 1 and 2, the Company will issue the Initial Subscription Shares and expects Initial Admission to occur at 8.00 a.m. on 2 August 2016. The issue of the Initial Subscription Shares will generate gross proceeds of, at least, £1.05 million for the Company.

Provided that Maxhealth is able to meet the extended deadline to transfer the requisite funds to the Company for the subscription for its Further Subscription Shares the Company will allot such Further Subscription Shares to Maxhealth, and Hunter Hall will simultaneously subscribe for its Further Subscription Shares and the Company expects that Further Admission will occur at the latest at 8.00 a.m. on 10 August 2016. This issue of the Further Subscription Shares will generate gross proceeds of £1.25 million for the Company.

6. Adjourned General Meeting

An Adjourned General Meeting of the Company is being held at 10.00 a.m. on 1 August 2016 at which the Resolutions as summarised in the Circular will be submitted, without amendment, to Shareholders for approval.

7. Importance of the vote

Your attention is drawn to the fact the Subscription is conditional and dependent on Resolutions 1 and 2 being passed by Shareholders at the Adjourned General Meeting. Shareholders are asked to vote in favour of Resolutions 1 and 2 in order for the Subscription to proceed.

If the Subscription does proceed and all the Subscription Shares are subscribed for, the Board's view is that the Company's available cash reserves will extend into the second quarter of 2017. The Board anticipates obtaining additional funding from Shareholders, including from the exercise of the Warrants, although no legally binding commitments have been received, and will additionally seek investment from other parties.

Shareholders should also be aware that if they do approve the Subscription and all the Subscription Shares are subscribed for but additional financing does not become available to the Company by the end of January 2017, the Company may be forced to cease trading, in which case Shareholders could lose their entire equity investment.

Further, Shareholders should be aware that if they do approve the Subscription but only the Initial Subscription Shares are subscribed for (and Shareholders should be aware that one of the major Shareholder investors has not yet returned to the Company a signed amendment to its Subscription Agreement, although it has committed to do so), the Board's view is that the Company's available cash reserves will extend until 31 December 2016. The Board anticipates obtaining additional funding from Shareholders, including from the exercise of the Warrants, although no legally binding commitments have been received, and will additionally seek investment from other parties. In the event that no further funding or investment is obtained, the Board will need to make a decision about when the Company should cease trading; such decision would need to be made in September 2016.

If Shareholders do not approve the Subscription at the Adjourned General Meeting, the Board considers that the Company would become unable to pay its debts as they fall due and will be forced to cease operating with immediate effect, in which case, Shareholders could lose their entire equity investment.

8. Action to be taken

Forms of Proxy returned by Shareholders in relation to the General Meeting remain valid for the Adjourned General Meeting.

Therefore, Shareholders who have returned a Form of Proxy and who do not wish to change their proxy instructions in relation to the Resolutions need take no further action.

Should any Shareholder wish to amend his proxy instruction in light of the contents of this Supplementary Circular should return an Updated Form of Proxy to the Registrars or make a CREST Proxy Instruction, in each case so that the Updated Form of Proxy is received by the Registrars or the Company's agent by 10.00 a.m. on 29 July 2016.

9. Related Party Transactions

The number and percentage of Existing Ordinary Shares currently held and the percentage of the Enlarged Share Capital (as at Initial Admission and as at Further Admission (if it occurs) and, in each case, before the exercise of any Warrants) which will be held by each of the Substantial Shareholders if the Subscription is approved and proceeds are shown in the table below.

Substantial Shareholder	Number of Existing Ordinary Shares held	Percentage of Existing Ordinary Shares	Percentage of Enlarged Share Capital (as at Initial Admission and before the exercise of any Warrants)	Percentage of Enlarged Share Capital (as at Further Admission, if it occurs, and before the exercise of any Warrants)
			Percentage of Enlarged Share Capital (as at Further Admission, if it occurs, and before the exercise of any Warrants)	Percentage of Enlarged Share Capital (as at Further Admission, if it occurs, and before the exercise of any Warrants)
Asia Pacific	2,491,076	13.97	17.07	14.34
Hunter Hall	2,666,670	14.96	17.89	17.96
Paul Matthews	2,289,705	12.84	16.13	13.55

The Directors consider, having consulted the Company's nominated adviser, Stifel, that the amended terms on which Asia Pacific, Hunter Hall and Paul Matthews are subscribing for Subscription Shares and are being issued Warrants remain fair and reasonable insofar as the Company's Shareholders are concerned.

10. Recommendations and irrevocable undertakings

The Board considers that the arrangements described in the Circular, as supplemented by this Supplementary Circular, remain in the best interests of the Company and its Shareholders as a whole and that the terms remain fair and reasonable. Accordingly, the Board unanimously maintains its recommendation that you vote in favour of the Resolutions as they continue to have irrevocably undertaken to do in respect of their own legal and beneficial shareholdings amounting in aggregate to 1,014,584 Existing Ordinary Shares, representing 5.7 per cent. of the Existing Ordinary Shares currently in issue.

Yours faithfully,

David Macfarlane
Chairman

