Public Announcement
ASX Code: 1AI

September Quarterly Activities Report and Appendix 4C Cash Flow Statement

Highlights:

- AlgoraeOS artificial intelligence ('AI') biopharmaceutical prediction platform under development in collaboration with University of NSW ('UNSW')
- Pre-clinical studies commence in AI-116 drug candidate for dementia; AI-116 being compared to an existing class of registered drugs
- Algorae in advanced stages of discussion with a major Australian university over pre-clinical studies over another drug candidate relevant to cardiovascular diseases
- NTCELL review and adjustment of clinical trial protocol continues under guidance of scientific review board.

Melbourne, Australia – 27 October 2023: Algorae Pharmaceuticals Ltd (ASX Code: 1AI) ("Algorae" or "the Company") is pleased to provide its quarterly activities report and appendix 4C for the period ended 30 September 2023.

Algorae Collaborates with UNSW to Establish Artificial Intelligence Platform for Drug Discovery and Enhanced Development Outcomes

In September, Algorae executed a memorandum of understanding ('MOU') with UNSW to develop a sophisticated AI platform for commercial biopharmaceutical prediction. After the quarter, the Company executed the full contract outlining the creation of AlgoraeOS in collaboration with AI experts from the UNSW AI Institute and the UNSW Data Science Hub ('uDASH'), which houses Australia's fastest array of super computers.

AlgoraeOS is a commercial grade platform ideated to:

- generate drug targets for clinical investigation,
- build an internal pipeline of drug candidates with potential for accelerated approval pathways,
- generate data licensing agreements with third parties to augment AlgoraeOS, and
- to develop partnerships with third parties with special expertise or development capabilities.

AlgoraeOS will build upon an AI model already trained and developed by data specialists within uDASH, hastening the project's development timeline. The first version of AlgoraeOS will be delivered within 6 – 9 months and immediately capable of deriving insights for Algorae. Subsequently, AlgoraeOS will evolve across iterative phases during the project's duration by incorporating additional data, including data generated by the Company or procured from third parties, enhancing the output of the platform.

AlgoraeOS will have predictive capabilities over all pharmaceutical drugs and therapeutic molecules of interest, however, it will encompass an innate specialisation in cannabinoid and cannabinoid combination drug targets. Commercial appeal to cannabinoid and cannabinoid-like pharmaceutical agents has increased following high-profile M&A activity and is considered a valuable field investigation by Algorae's directors.

The directors of Algorae believe that they have recruited the best credentialed team and facilities available in Australia to build AlgoraeOS. The project is led by Associate Professor Fatemeh Vafee, who attained a PhD in

Artificial Intelligence from the School of Computer Science at the University of Illinois at Chicago, USA. She is a renowned scientist in computational biomedicine with over a decade of experience in AI-integrated translational medicine and drug discovery through close partnerships with industry and governmental stakeholders. She holds two multidisciplinary postdoctoral fellowships on computational biomedicine at the University of Toronto and the University of Sydney.

Pre-clinical Studies Commence in AI-116 Drug Candidate for Dementia

Algorae filed a provisional patent application over its combination drug candidate, known as AI-116, which includes cannabidiol ('CBD') and another off-patent pharmaceutical ingredient, and its use in the treatment of dementia. After filing the provisional patent application, Algorae executed a research agreement with La Trobe University ('LTU') to undertake an extensive range of pre-clinical studies to assess AI-116.

The pre-clinical studies being undertaken at LTU employ a suite of state-of-the-art experimental techniques, which are expected to provide valuable insights into the mechanism of action of AI-116, including by comparing the efficacy of AI-116 to an existing class of drugs used to treat dementia. Results from the studies are anticipated in multiple deliverable time frames over a period of 12 months and will be announced to ASX as they are received and analysed. The results of these pre-clinical studies will also guide the next steps in the R&D program and potentially serve to underpin further patent applications.

CBD is non-psychoactive, has a good safety profile and has been reported to be pharmacologically active in several models of disease. All intellectual property resulting from the pre-clinical studies will vest with Algorae. The pre-clinical studies are being led by Principal Investigator, Professor Garrie Arumugam, a leading expert at the LTU Centre for Cardiovascular Biology and Disease Research.

The primary focus of dementia treatment in recent decades has remained on managing symptoms and slowing the progression of the diseases underlying dementia. There has been no development of a cure for the diseases that cause dementia, which include Alzheimer's and Parkinson's disease. The global dementia drugs market size was valued at more than US$8.7B in 2021 and is projected to reach US$19.7B by 2031[1], associated with an aging population.

NTCELL for Parkinson's Disease

The Company continued to progress a scientific review of the NTCELL clinical trial protocol and development plan with a primary focus on assessing potential enhancements to the therapeutic value of NTCELL. The NTCELL scientific review is being conducted under the leadership of chief operating officer, Dr Belinda Di Bartolo who was appointed to advance the project in 2021. Dr Di Bartolo is assisted by a team of experts appointed to the Company's NTCELL scientific advisory board.

Appointment of Non-Executive Director, Mr Bradley Latham

Algorae appointed Mr Bradley Latham as a non-executive director during the quarter. Mr Latham is an accomplished and energetic businessperson with strong commercial acumen and extensive business experience. The majority of Mr Latham's working career has been with Sydney Markets where he has worked his way through the ranks until appointed CEO of the group in 2006. Mr Latham is experienced in all matters of business, including strategic planning, financial management, business development, operational management, and marketing of various successful brands, which has been instrumental in maintaining Sydney Markets' position as one of the premier privately owned markets in the world. Mr Latham holds a Master of Management from UNSW.

Corporate Activities

As at 30 September 2023, the Company's cash balance was A$4,137,607 and total cash outflows associated with operating activities was A$493,456. Cash operating costs included several non-recurring expenses, such as redundancy payments, legal and consultancy fees associated with the completion of the Company's capital raising initiative announced in March of 2023. During the current December quarter, Algorae expects to receive a cash R&D tax rebate associated with R&D expenditures made in the previous financial year (FY23).

Expenditures associated with patent assessments within various fields of investigation were incurred during the quarter as the Company formally assessed the commercial viability of additional projects and drug candidates. As a result of those assessments, Algorae is in an advanced stage of discussion with a major Australian university over the initiation of R&D activities in another drug candidate. Should that project commence, Algorae will lodge a provisional patent application over the drug candidate in accordance with the Company's patent filing strategy.

The Company has previously advised of confidential discussions with Dutch-based pharmaceutical and nutraceutical development company, APeT Holding BV (APeT). These discussions have ceased, and no agreement was reached on any potential transaction, including but not limited to a partnership, collaboration agreement, licensing arrangement or acquisition.

Company Name and ASX Code Change

During the quarter, Algorae received approval from shareholders to change its name to Algorae Pharmaceuticals Limited and to trade under ASX ticker code 1AI with the Australian Stock Exchange (ASX). Algorae is a unique word over which the Company has lodged a pending trademark. It derives from the term algorithm, which underpins artificial intelligence. The business model of the Company incorporates the use of artificial intelligence to assist all drug discovery and development programs. The new name better reflects and represents the overall business of the Company as it works to expand into new research and development (R&D) programs in addition to the NTCELL research project.

This announcement has been approved for release to ASX by the LCT Board of Directors.

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About Algorae Pharmaceuticals

Algorae is a pharmaceutical development company focused on discovering and developing novel treatments for medical conditions with under met medical needs. Algorae has a highly proficient internal scientific team and academic collaborations with esteemed universities that assist the Company to achieve its goals. Existing drug candidates include AI-116 combination drug candidate for dementia and NTCELL for Parkinson's disease. Algorae intends to increasingly use artificial intelligence to assist its scientific and commercial endeavours, including by using AI to generate drug targets. The Company is listed and publicly traded on the Australian Stock Exchange (ASX: 1AI) and in the United States (OTCQB: LVCLY).

For more information visit www.algoraepharma.com or follow @algoraepharma on Twitter or LinkedIn.

References

[1] https://www.alliedmarketresearch.com/dementia-drugs-market-A12014

Forward-looking statements

This document may contain certain forward-looking statements, relating to LCT's business, which canbe identified by the use of forward-looking terminology such as "promising," "probable", "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be,""on track," or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statementsinvolve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates, nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialisation of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. LCT is providing this information and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

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Appendix 4C
Quarterly cash flow report for entities subject to listing rule 4.7B

Name of entity	
Algorae Pharmaceuticals Limited	
ABN	**Quarter ended ("current quarter")**
14 104 028 042	30 September 2023

Consolidated statement of cash flows		**Current quarter $A**	**Year to date (3 months) $A**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(136,056)	(136,056)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(2,166)	(2,166)
	(d) leased assets	-	-
	(e) staff costs	(140,312)	(140,312)
	(f) administration and corporate costs	(230,331)	(230,331)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	15,409	15,409
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(493,456)**	**(493,456)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A	Year to date (3 months) $A
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	562,805	562,805
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	7,125	7,125
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(49,260)	(49,260)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**520,670**	**520,670**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,111,074	4,111,074

4.2	Net cash from / (used in) operating activities (item 1.9 above)	(493,456)	(493,456)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		**Current quarter $A**	**Year to date (3 months) $A**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	520,670	520,670
4.5	Effect of movement in exchange rates on cash held	(681)	(681)
4.6	**Cash and cash equivalents at end of period**	**4,137,607**	**4,137,607**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A**	**Previous quarter $A**
5.1	Bank balances	1,137,607	2,088,514
5.2	Call deposits	3,000,000	2,022,560
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,137,607**	**4,111,074**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	58,017
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments of director and consultancy fees.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A**	**Amount drawn at quarter end $A**
7.1	Loan facilities		

7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		
7.5	**Unused financing facilities available at quarter end**		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	**Estimated cash available for future operating activities**	**$A**
8.1	Net cash from / (used in) operating activities (item 1.9)	(493,456)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,137,607
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,137,607
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	8.4

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2023.....

Authorised by: By the Board.....

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.