

Quarterly Cash Flow Statement & Operational Highlights

Highlights:

- Strong cash balance of \$11.58 million
- Phase I intravenous (IV) clinical trial of RECCE® 327 (R327) – safe and well tolerated at 2,000 mg & 4,000 mg
- Phase I/II topical Burn Wound trial of R327

SYDNEY Australia, 1 August 2022: Recce Pharmaceuticals Ltd (**ASX:RCE, FSE:R9Q**) (the **Company**), the Company developing a New Class of Synthetic Anti-infectives, today released its June 2022 quarter results and operational highlights.

Financial Update

The Company ended the quarter with a cash balance of \$11.58 million. Net cash outflows were \$4.33 million, with Research and Development (\$2.91 million). Largest costs for the quarter included two active human clinical trials and multiple pre-clinical programs. Payments to related parties (Executive & Director fees) was (\$0.508 million).

Operational Highlights

Phase I Intravenous Clinical Trial – R327 safe and well tolerated at ‘higher-doses’

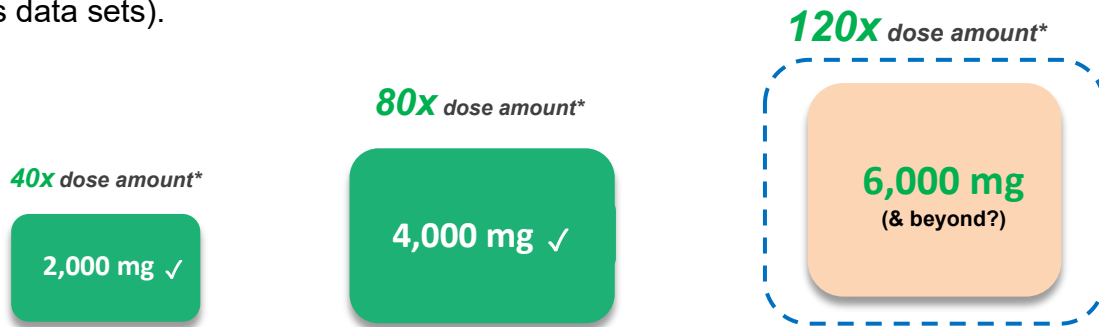
Cohorts five (2,000 mg) and six (4,000 mg) were successfully dosed at CMAX clinical trial facility – R327 safe and well tolerated at these ‘high-doses’. The most recent dose level of 4,000 mg was an 80-fold increase from the original 50 mg dose. The Company expects data across Cohort seven available soon.

Subsequent to the quarter:

- Study objectives **broadly achieved** – now ‘dose-ceiling’ focused.
- 6,000mg (6 grams) over 1 hour IV is HIGH (double the jump between prior two cohorts).
- **R327 dosing broadly in efficacy range** based on animal models – Phase II (efficacy) to determine.



- Phase I (IV Safety/Tolerability) data sets opportunity for multiple Phase II (efficacy) study potential (need not repeat the now known).
- Next Phase preparations **well underway** (these now dose escalation increments welcomed bonus data sets).

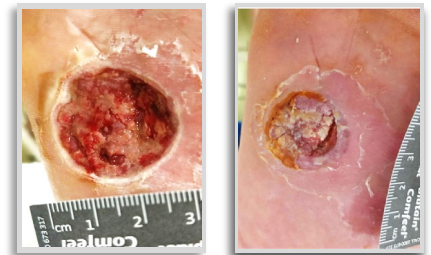


The Phase I ascending dose, randomised, placebo single-controlled, parallel, double-blind, dose study at Adelaide's CMAX trial facility is evaluating safety and pharmacokinetics of R327 in healthy subjects across eight sequential dosing cohorts.

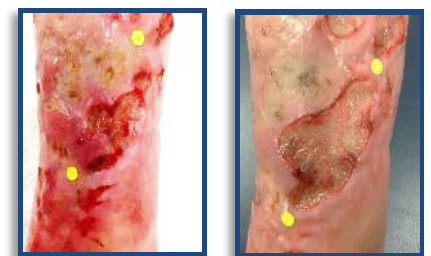
Phase I/II topical R327 – (Patient examples from ongoing Burn Wound trial)

During the quarter clinical data sets continued to become available to the Company and was briefly touched upon in a Biotech Investor Luncheon presentation.

- Patients suffered major burn injury.
- Multiple bacterial species in and surrounding wound.
- Growth swabs with organisms including pathogens from the ESKAPE group of bacteria.
- Post R327 treatment: healthy skin growth return, reduced swelling and infection, indications of tissue penetration to underlying infection.



Pre-treatment, significant bacterial infection Post R327 treatment



Study data now under-review for next-step considerations.

Sponsored by the Western Australia's Department of Health South Metropolitan Health Service, the study is thorough and methodical, which may set a solid foundation for the potential expansion of the study into a wider cohort of patients who often have few medical options.

Chief Executive Officer

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Anti-Viral Patent Granted in Hong Kong for RECCE® Anti-Infectives

The Company announced the grant of Patent Family 3 “Anti-Virus Agent and Method for Treatment of Viral Infections”, by the Intellectual Property Department of the Hong Kong Special Administrative Region, furthering marketing and manufacturing monopolies to February 2037.

Recce on the World Stage

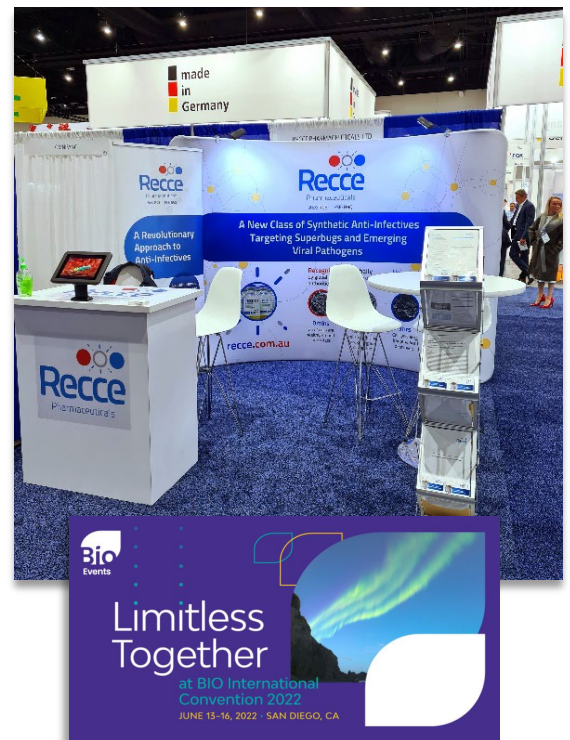
The Recce management team attended and exhibited the 2022 BIO International Convention, the world's largest trade association representing biotechnology companies, academic institutions, state biotechnology centres and related organisations across the United States and in more than 30 other nations.



Left-Right: Dr John Prendergast, James Graham, Hon. Stephen Dawson (WA Minister for Medical Research & Innovation)



Left-Right: James Graham, Minister Brad Hazzard (NSW Minister for Health and Medical Research)



There is broad recognition of the urgent global health need for new antibiotics and anti-infectives and the team received a strong interest and response with a significant number of inquiries to follow-up on incoming weeks and months.

Looking Ahead

The Board and management remain focused and confident in the Company's progress based on the positive outcomes of its clinical programs and continued interest in its programs. The Company thanks all shareholders for their ongoing support.

This announcement has been approved for release by Recce Pharmaceuticals Board.

Chief Executive Officer

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Recce Pharmaceuticals Ltd

ABN

73 124 849 065

Quarter ended ("current quarter")

June 2022

Consolidated statement of cash flows	Current quarter	Year to date (12 months)
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(2,908,914)	(7,386,001)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(501,430)	(2,030,834)
(f) administration and corporate costs	(1,096,378)	(2,897,250)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11,663	79,498
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	3,084,955
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,495,059)	(9,149,701)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(14,734)	(40,468)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
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)	16,311	(388,328)
2.6	Net cash from / (used in) investing activities	1,577	(428,796)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	165,728	287,408
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.	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	165,728	287,408

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,909,687	20,873,022
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,495,059)	(9,149,701)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,577	(428,796)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	165,728	287,408

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,581,933	11,581,933

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	Previous quarter
5.1	Bank balances	11,581,933	11,581,933
5.2	Call deposits		
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)	11,581,933	11,581,933

6. Payments to related parties of the entity and their associates		Current quarter
6.1	Aggregate amount of payments to related parties and their associates included in item 1	507,869
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil

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.

7. Financing facilities <i>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.</i>	Total facility amount at quarter end	Amount drawn at quarter end
7.1 Loan facilities	Nil	Nil
7.2 Credit standby arrangements	Nil	Nil
7.3 Other (please specify)	Nil	Nil
7.4 Total financing facilities	Nil	Nil
7.5 Unused financing facilities available at quarter end		Nil
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	
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,495,059)
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,581,933
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	11,581,933
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.58
<i>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.</i>	
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:	
<i>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.</i>	

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: 1 August 2022

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.