

ASX Announcement

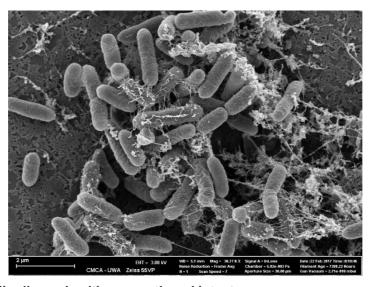


Recce Releases Microscopy Images of its Synthetic Antibiotic in Action Destroying Bacteria

SYDNEY, Australia 24th February 2017: Recce Limited (ASX: RCE), a pre-clinical-stage pharmaceutical company engaged in the development of a new class of synthetic antibiotic, today released images taken of RECCE® 327 destroying *Escherichia coli* Gram-negative bacteria, the superbug form of which has been declared by the US Centres for Disease Control and Prevention as an urgent threat to world health.

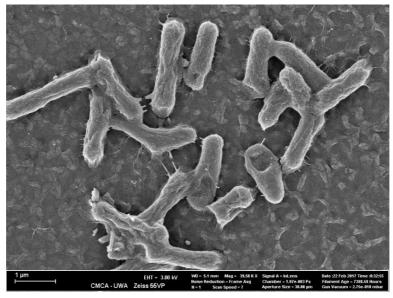
The electron microscope images, generated by Dr Peta Clode and Lyn Kirilak of the Centre for Microscopy, Characterisation and Analysis, University of Western Australia, demonstrate RECCE® 327's unique mechanism of action. Application of RECCE® 327 initially weakens the cell walls of the bacteria and within a few hours leads to cell wall collapse and bacterial cell death. These data alongside other *in vitro* and *in vivo* data will be used to support Recce's Investigational New Drug (IND) submission to the US FDA for a Phase I clinical trial in sepsis (blood poisoning from bacteria).

Recce's Executive Chairman Dr Graham Melrose said, "Following on from our January announcement that RECCE® 327 reduces illness in mice infected by resistant *E. coli* bacteria, these images show our lead compound in action. The images reinforce the essential essence of Recce's unique and patented synthetic antibiotic technology to non-selectively attack and weaken the outer membranes of bacteria, which then collapse as a result of release of their internal metabolic pressures. We believe that RECCE® 327 offers great potential as a new class of antibiotic to address the urgent medical need caused by bacteria becoming ever more resistant to the current arsenal of antibiotics."

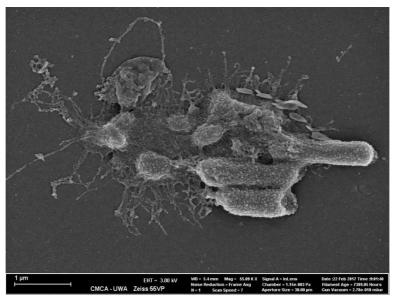


0 minutes - E. coli cells are healthy, smooth and intact





20 minutes - This shows significant cell membrane weakening and disruption



3 hours - Shows cell lysis and bacteria die

Caption: *E. coli* cells (10e⁶ cfu/ml) having their outer membrane weakened – and finally collapsing from treatment with RECCE[®] 327 (1000 ppm).

Peter Williams CFO & Company Secretary



About Recce Ltd

Recce Ltd (ASX: RCE) is a world-leader in synthetic-polymer compounds, particularly against all bacteria, and viruses.

The RECCE® polymers have been synthesized by an extremely economic method.

RECCE® polymers have shown in laboratory tests that they have continued activity against bacteria, including superbugs, even after repeated use.

Recce is positioned to achieve milestones in both pre-clinical trials for FDA purposes, and the development of the manufacture of RECCE® 327.

Recce has granted patents in Australia, United States, Europe, Japan and China – giving it legal monopolies, and potential financial returns, from manufacture and distribution of its products in about 80% of the world's pharmaceutical markets for antibiotics.

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Investor Relations

Peter Williams CFO & Company Secretary Recce Ltd Tel: (08) 9253 9800

Media (Australia)

Andrew Geddes CityPR Tel: (02) 9267 4511

Media (International)

Sue Charles/Daniel Gooch Instinctif Partners Tel: +44 (0)20 7866 7905 E: recce@instinctif.com

