

Quarterly Cash Flow Statement & Operational Highlights

Sydney, Australia, 31 October 2019: Recce Pharmaceuticals Ltd (ASX: RCE) (**Recce** or the **Company**), developing a new class of synthetic antibiotics, today reported its September 2019 quarter results and operational highlights.

Financial update

The business ended the quarter with cash of \$454,388 prior to the equity placement of \$6,768,444 (before costs), post quarter end on 10 October 2019.

On 18 September the business received further funds from the Australian Government under the Australian R&D incentive scheme. The business is well funded to progress its commercial and clinical milestones.

Operational Highlights

We continue to receive good results from our manufacturing in preparation for pending human clinical studies. During the quarter we received a positive response from the US Food and Drug Administration relating to a five-fold increase in scaled manufacture of RECCE 327[®] and drug quality following submission of a Chemistry, Manufacturing and Controls (CMC) data pack as part of the investigational drug application process.

A leading international clinical trial logistics group was contracted to handle dispatch and delivery of RECCE[®] 327 globally, according to FDA requirements

International Interest Growing – World AMR Congress

The Company was invited to give the opening R&D address at the World Antimicrobial Resistance Congress in the US on 7 November. Recce Chairman Dr John Prendergast will deliver the address and a copy will be made available to the ASX.



ASX: RCE

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A copy of the Company's first White Paper ahead of the largest commercially focused gathering on AMR is [available here](#).

\$5m Federal Government Grant - National AMR Research Hub

In August Recce announced it was one of five industrial partners to benefit from a successful grant application for \$5 million dollars to establish a National Anti-Microbial Resistant Research Hub in Sydney, Australia.

The industry hub will oversee a national anti-microbial resistance awareness program to increase the understanding of the issue and promote stewardship of antimicrobials. Recce has a seat on the management committee. Recce's participation will enable new, more sustainable financing models including public-private partnerships to be explored between industry and government.

No intellectual property sharing or similar is applicable.

International Patents

Recce continued to expand and fortify its intellectual property portfolio with the additional Grants of European and Japanese Family 2 patents. The Family 2 Patent covers the methods of manufacture, administration and application to treat a broad range of common human infections – titled '*Copolymer for use in a method of treatment of a parenteral infection*'.

The Company has been successfully granted 28 claims between Europe (15) and Japan (13). This family patent provides Recce intellectual property protection to 2035.

As the Company continues to roll-out its commercialisation strategy, its patents across these regions creates significant value and protection for our assets. Japan is the second

For further information please visit www.recce.com.au or contact:

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largest pharmaceutical market in the world¹ and antibiotic resistance has increased by 32% in Europe over the past decade².

Management and personnel

Dr John Prendergast was appointed Independent Chair and Dr Justin Ward joined the Board as Executive Director. Dr Prendergast's appointment is an important step as the business positions itself for global development and commercial opportunities.

Dr Ward was previously the Principal Quality Chemist on the management team, which he continues to hold. Dr Ward's experience has greatly supported the Company and is a valuable new addition to the Company's Board.

Dr Graham Melrose co-founder, Executive Director and Chief Research Officer continues to lead the technical development of RECCE[®] antibiotics.

Extraordinary General Meeting Update

On 30 September, the Company held an Extraordinary General Meeting (EGM) which was well supported with an average of 96% in favour across all resolutions. The Company extends its thanks and gratitude to all shareholders who attended and to those who voted. It was also a fantastic opportunity to see new and existing shareholders of the Company.

¹ World Atlas – Countries with the biggest global pharmaceutical markets in the world

² European Biotechnology, Life Science and Industry Magazine – Antibiotic resistance spreading across Europe.

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Investor & Media engagement

The Company maintained its active program of engagement with the investment community to raise awareness of our growth strategy and commercial opportunity it provides investors. Below are highlighted key participation in the media and events:

Finance News Network Event – Sydney 2019 – Company Presentation and Interview



James Graham (right) presenting to a room of investors



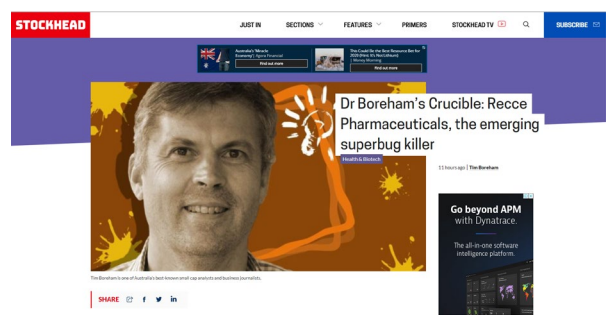
James Graham (left) gives update on RECCE® 327

Australian Financial Review Article



Article on why tapping into regional investors is a capital idea

Stockhead Article



Dr Boreham writes on Recce Pharmaceuticals

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Looking Ahead

Recce is well funded to progress its antibiotic program with thanks to our shareholder for their ongoing support – we look forward to keeping you informed of our clinical and commercial progress.



Dr John Prendergast
Non-Executive Chairman

About Recce Pharmaceuticals Ltd

Recce Pharmaceuticals Ltd (ASX: RCE) is pioneering the development and commercialisation of a New Class of Synthetic Antibiotics with Broad Spectrum activity designed to address the urgent global health problem of antibiotic resistant superbugs. Recce antibiotics are unique – their potency does not diminish even with repeated use, which is a common failure associated with existing antibiotic use and the resulting emergence of resistant superbugs. Patented lead candidate RECCE[®] 327, wholly owned and manufactured in Australia, has been developed for the treatment of blood infections and sepsis derived from *E. coli* and *S. aureus* bacteria – including their superbug forms. The FDA has awarded RECCE[®] 327 *Qualified Infectious Disease Product* designation under the *Generating Antibiotic Initiatives Now (GAIN)* Act – labelling it for Fast Track Designation, plus 10 years of market exclusivity post approval. Recce wholly owns its automated manufacturing, ready to support first-in-human clinical trials. Recce's anti-infective pipeline seeks to exploit the unique capabilities of RECCE[®] technologies targeting synergistic, unmet medical needs.

Connect with us via Twitter [@ReccePharma](#) and [LinkedIn](#).

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Recce Pharmaceuticals Ltd

ABN

73 124 849 065

Quarter ended ("current quarter")

September 2019

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from ATO	1,071,727	1,071,727
1.2 Payments for		
(a) research and development	(420,945)	(420,945)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(63,931)	(63,931)
(f) administration and corporate costs	(409,771)	(409,771)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	585	585
1.5 Interest and other costs of finance paid	(37,468)	(37,468)
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	(140,197)	(140,197)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,785)	(1,785)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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	(1,785)	(1,785)

Consolidated statement of cash flows		Current quarter \$A	Year to date (3 months) \$A
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	150,000	150,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	350,000	350,000
3.6	Repayment of borrowings	(587,408)	(587,408)
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	(87,408)	(87,408)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	373,409	373,409
4.2	Net cash from / (used in) operating activities (item 1.9 above)	140,197	140,197
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,785)	(1,785)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(87,408)	(87,408)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	424,413	424,413
5.	Reconciliation of cash and cash equivalents	Current quarter \$A	Previous quarter \$A
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	424,413	373,409
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposit)	29,975	29,975
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	454,388	403,384
6.	Payments to directors of the entity and their associates	Current quarter \$A	
6.1	Aggregate amount of payments to these parties included in item 1.2	195,087	
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
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7. Payments to related entities of the entity and their associates	Current quarter \$A
7.1 Aggregate amount of payments to these parties included in item 1.2	Nil
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development *	(1,351)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 PP & E	(2)
9.5 Staff costs	(71)
9.6 Administration and corporate costs	(308)
9.7 Other (provide details if material) – R&D Tax rebate	-
9.8 Other (provide details if material) – Loan Repayment	(593)
9.9 Other (provide details if material) – Placement & Options Exercised	6,591
9.10 Total estimated cash flows	4,266
* This approximate figure is an estimate of expenditure should all R&D during the period progress and give results according to expected outcomes; therefore these estimates are not reliable	

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

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.



Sign here:
(Company Secretary)

Date: 31 October 2019
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Alistair McKeough

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.