

## Quarterly Cash Flow Statement & Operational Highlights

**Sydney, Australia, 31 January 2020:** Recce Pharmaceuticals Ltd (ASX: RCE) (**Recce** or the **Company**), developing a new class of synthetic antibiotics, today reported its December 2019 quarter results and operational highlights.

### Financial update

The business ended the quarter with cash reserves of \$4.66m. Research and Development was the largest expenditure of \$0.96m as part of its intensive antibiotic development program. During the quarter, the Company retired all outstanding debt. The Company expects to see an increase in expenditures in coming quarters with the progress of its human clinical programs. We continue to manage ongoing operating costs effectively.

### Operational Highlights

The Company continues to receive positive news on its lead drug candidate RECCE® 327 antibiotic and recently, it has the opportunity to expand its therapeutic programs. Recce reported positive data in a rat topical burns model in addressing the unmet medical needs of burns treatment and associated difficulties in wound closure. The study results saw significant *in vivo* antibacterial activity against the superbug Methicillin-Resistant *Staphylococcus aureus* (MRSA) in rats with topical burns.

These data have been submitted to a leading teaching hospital at clinicians' requests. The hospital has drafted a study protocol and expects it will be submitted to the Hospital's Ethics Review Board in March of this quarter for consideration of a topical Phase I/II study.

### Stakeholder Engagement – International Interest Continues to Grow

A range of strategic initiatives to engage with the global medical community were undertaken by the Company during the quarter with a particular focus on Australia, UK, Asia, and the USA.



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An expanded summary of these market awareness activities is available via the Company's website.

### Looking Ahead

The Company continues to advance its intravascular (I.V.) sepsis program and expects to formalise a Clinical Trial Agreement for a Phase I trial in Australia during the existing quarter.

The Company further welcomes the potential of a parallel, topical antibiotic clinical trial, and believes its current capital reserves, including R&D credits, is sufficient to support the current clinical and business development programs through to the achievement of early clinical milestones from our Phase I study and related clinical activities.

**Dr John Prendergast**  
**Non-Executive Chairman**

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For further information please visit [recce.com.au](http://recce.com.au) or contact:



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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")**

December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A</b>	<b>Year to date (6 months) \$A</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from ATO	-	1,071,727
1.2 Payments for		
(a) research and development	(960,201)	(1,381,146)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(85,831)	(149,762)
(f) administration and corporate costs	(513,976)	(923,747)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8,682	9,267
1.5 Interest and other costs of finance paid	(7,493)	(44,961)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,558,819)</b>	<b>(1,418,622)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4,042)	(5,827)
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(4,042)</b>	<b>(5,827)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A</b>	<b>Year to date (6 months) \$A</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	6,244,063	6,394,063
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	29,365	379,365
3.6	Repayment of borrowings	(500,000)	(1,087,408)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(5,773,428)</b>	<b>(5,686,020)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	424,413	373,408
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,558,819)	(1,418,623)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,042)	(5,827)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,773,428	5,686,020
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,634,979</b>	<b>4,634,979</b>
<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A</b>	<b>Previous quarter \$A</b>
	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	4,634,979	424,413
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposit)	29,975	29,975
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,664,954</b>	<b>454,388</b>
<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A</b>	
6.1	Aggregate amount of payments to these parties included in item 1.2	261,399	
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 (6 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	

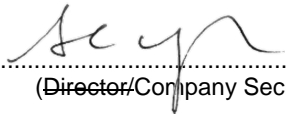
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include below a description 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 *	(1,482)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 PP & E	(3)
9.5 Staff costs	(90)
9.6 Administration and corporate costs	(254)
9.7 Other (provide details if material) – R&D Tax rebate	-
9.8 Other (provide details if material) – Loan Repayment	(43)
9.9 Other (provide details if material) – Placement & Options Exercised	89
<b>9.10 Total estimated cash flows</b>	<b>(1,783)</b>
* 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:  ..... Date: 31 January 2020  
(Director/Company Secretary)

Print name: Alistair McKeough .....

**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.