

## Quarterly Cash Flow Statement & Operational Highlights

### Highlights:

- **Strong Cash position with reserves of \$4.09M**
- **Formalised a Phase I Clinical trial agreement to conduct a first-in-human study of RECCE® 327**
- **Completed successful in-vivo toxicity study in animal models reinforcing indications of RECCE® 327's wide therapeutic window**

**Sydney Australia, 29 April 2020:** Recce Pharmaceuticals Ltd (**ASX: RCE**) (**Company**), the Company developing a New Class of Broad-Spectrum Synthetic antibiotics, today reported its March 2020 quarter results and operational highlights.

### Financial update

The Company ended the quarter with cash reserves of \$4.09 million.

Cash out-flows from operative activities were \$973,257. Research and development of RECCE® 327 was the main source of expenditure at \$817,255 during the period. The Company is debt free and believes it is well funded to obtain human clinical data as part of its recently announced Phase I clinical trial agreement.

### Clinical and Operational highlights

During the month of February, the Company announced successful *in-vivo* toxicity (safety) studies in small and large animal species; further reinforcing indications of RECCE® 327's wide therapeutic window.

The studies indicated a No Observed Adverse Effect Level (NOAEL) in either animal species tested at any time during or post study periods, when dosed at 500 mg/kg. Upon an independent, internationally renowned biotech experts' further review, they echoed, "The NOAEL is 500mg/kg/24 hours for seven days while the NOAEL for one day is 4000mg/kg/24 hours in rats."

These results help position RECCE® 327 as a first-line therapy via a 24-hour intravenous infusion administration, with the aim to treat infection rapidly regardless of



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bacteria and their mutated superbug form.

The Company reported more positive efficacy data with RECCE® antibiotics in a kidney and UTI infection animal model – an infection caused by *Escherichia coli* (*E. Coli*), which can often progress to sepsis. This indicates potential of RECCE® antibiotics to tackle infections at their earlier infection stage as part of investigating a ‘whole system’ therapeutic approach.

### First-in-human Clinical Trial/Self-Dosing treatment

Post quarter end, the Company announced it formalised a Phase I Clinical trial agreement to conduct a first-in-human study of its lead compound RECCE® 327 in 40 healthy patients at an Australian-based trial facility. The Phase I study will be conducted as an independent study and is not a clinical trial that is contingent on FDA approval.

Parallel to the execution of the Phase I trial agreement, a respected physician at a leading teaching Australian hospital performed a self-dosing treatment that showed NOAEL. Blood samples were taken and results were found to be normal. The Company has ongoing productive discussions with a leading Australian teaching hospital to initiate an independent Phase I/II topical efficacy study in burn and skin infections.

### Looking Ahead

Whilst concerned for the societal and equity-market conditions brought on by COVID-19, the board and management team believe the increasing global awareness of the threat of infectious diseases and the need for new antibiotics (anti-infectives as a whole) represents significant opportunities in the time ahead.

We look forward to keeping shareholders updated and thank you for your continued support.



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

This announcement has been approved for release by the Board of the Company.

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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")**

March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A</b>	<b>Year to date (9 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	(817,255)	(2,198,401)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(65,329)	(215,091)
(f) administration and corporate costs	(97,206)	(1,020,953)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7,101	16,368
1.5 Interest and other costs of finance paid	(568)	(45,529)
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>(973,257)</b>	<b>(2,391,879)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(117)	(5,945)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(117)</b>	<b>(5,945)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	429,003	6,823,066
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	379,365
3.6	Repayment of borrowings	-	(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>429,003</b>	<b>6,115,023</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 period	4,634,979	373,409
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(973,257)	(2,391,879)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(117)	(5,945)

Consolidated statement of cash flows		Current quarter \$A	Year to date (9 months) \$A
4.4	Net cash from / (used in) financing activities (item 3.10 above)	429,003	6,115,023
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,090,608</b>	<b>4,090,608</b>

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	2,590,608	4,634,979
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposit)	1,500,000	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,090,608</b>	<b>4,634,979</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A
208,679
Nil

The total \$208,679 paid to related parties (directors) was made up entirely of Director Fees, Salaries and Superannuation.

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**

*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	Nil	Nil
7.2 Credit standby arrangements	Nil	Nil
7.3 Other (please specify)	Nil	Nil
7.4 <b>Total financing facilities</b>	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	\$A
8.1 Net cash from / (used in) operating activities (Item 1.9)	(973,257)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,090,608
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,090,608
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	4.20

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

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:

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:

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:

## 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: 29 April 2020  
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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.