

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/00. Amended 30/9/01, 24/10/05, 17/12/10

Name of entity

Recce Ltd

ABN

73 124 849 065

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (9 months) \$A
1.1	Receipts from customers (R&D Incentive)	-	132,918
1.2	Payments for (a) staff costs	(258,832)	(441,974)
	(b) advertising and marketing	-	-
	(c) research and development ¹	(163,873)	(284,106)
	(d) leased assets	-	-
	(e) other working capital	(156,707)	(438,874)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16,456	17,008
1.5	Interest and other costs of finance paid	(1,793)	(5,767)
1.6	Income taxes received/(paid)	-	-
1.7	Other (IPO expenses)	(157,289)	(306,928)
Net operating cash flows		(722,038)	(1,327,723)

¹ Includes salary and wage allocations for staff working on R & D.

+ See chapter 19 for defined terms.

	Current quarter \$A	Year to date (9 months) \$A
1.8 Net operating cash flows (carried forward)	(722,038)	(1,327,723)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(73,980)	(74,343)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	59,700
(e) other non-current assets	-	-
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(73,980)	(14,643)
1.14 Total operating and investing cash flows	(796,018)	(1,342,366)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, (net of transaction costs)	(146,264)	4,853,376
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	126,208
1.18 Repayment of borrowings	(70,162)	(100,428)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	(216,426)	4,879,156
Net increase (decrease) in cash held	(1,012,444)	3,536,790
1.21 Cash at beginning of quarter/year to date	5,000,945	451,711
1.22 Effects of exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,988,501	3,988,501

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A
1.24 Aggregate amount of payments to the parties included in item 1.2	255,140
1.25 Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Item 1.24 includes a one-off payment to G Melrose and M Dilizia representing their back-pay for the FY2015 year

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	25,780	25,780
3.2 Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
4.1 Cash on hand and at bank	2,988,501	5,000,945
4.2 Deposits at call	1,000,000	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	3,988,501	5,000,945

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Appendix 4C commentary

The offer for shares in the Company closed on 24 December 2015 and the company then listed on the ASX on 15 January 2016. As a result, during the third quarter (1 January 2016 to 31 March 2016), the company's cash expenditure was greater than previous quarters, mainly as a result of "one-off" items:

- IPO Costs (\$303,553). These costs were less than forecast in the Prospectus;
- Accrued salaries (\$120,000) to G. Melrose and M. Dilizia for the FY 2014/15 year.

The balance of the cash expenditure was within budget and related primarily to:

- The company's R&D expenditure (\$163,873): including: pre-clinical in-vivo (animal) tests which led to the confirmation of antibiotic activity, and revelation of anti-cancer activity of the Recce technology, both comparable to commercial drugs; patents; laboratory consumables and rent; and wages;
- Staff costs (\$138,832); and
- Working capital expenditure (\$156,707).

Recce is fully funded to progress towards the FDA's IND status.

The Company is in the process of finalising its Budget for FY 2016/2017 and as expected (based upon the preliminary estimates), the Company is in a position to be able to meet all its future financial obligations.

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


(Company Secretary)

Date: **27 April 2016**

Print name: **Peter Williams**

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.