APPENDIX 4C – 30 JUNE 2022

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *Pre-clinical studies required for the planned Phase 1 in-human clinical trial of the Company's lead candidate ARG-007 were completed during the quarter.*

- *The Company has provided the investigational brochure and protocol to Linear for review and submission with the ethics application to Bellberry. Argenica's Phase 1 clinical trial shall begin the process of recruiting patients immediately following ethics approval.*

- *Cash reserves of $8.914 million as at 30 June 2022, following completion of $5.5m (before costs) placement. The placement was strongly supported by existing shareholders and a number of new family office, institutional and sophisticated high-net-worth investors.*

Perth, Australia; 29 JULY 2022 - Argenica Therapeutics Limited (ASX: AGN) ("Argenica" or the "Company"), a biotechnology company developing novel therapeutics to reduce brain tissue death after stroke and other types of brain injury, is pleased to lodge the following update and attached Appendix 4C Quarterly Cashflow Report for the 12-month period ended 30 June 2022.

During the quarter, the Company finalised pre-clinical safety and toxicology studies and ethic submissions in preparation for its planned first-in-human Phase 1 clinical trial of the Company's lead candidate ARG-007 which is focussed on testing the safety and tolerability of the drug in healthy volunteers. The Company also successfully raised $5.5m (before costs) via a placement, to expand the Company's research into additional applications of ARG-007 beyond stroke.

Key activities undertaken are outlined below.

PRE-CLINICAL STUDIES AND ETHICS SUBMISSION FOR PHASE 1 CLINICAL TRIAL

Argenica's core focus during the quarter was on completing the following preparatory work required to initiate its Phase 1 clinical trial which included the following preclinical studies:

- Final Pharmacokinetic (PK) Studies: the rodent-based PK study was completed during the quarter and has been essential in determining how ARG-007 is absorbed, distributed, and removed by the body. Findings from the study have also been instrumental in establishing appropriate dosing regimens for the upcoming Phase 1 clinical trial;

- Genotoxicity and GLP Toxicology Studies: Genotoxicity studies characterised the toxicity profile of ARG-007 by identifying its impact on genes and target organs. GLP Toxicity studies determine the onset, degree of severity, and length of time in which a particular dose of a drug demonstrates any toxic effects and help to determine the margin of safety of a drug for its expected clinical dose when administered to humans. The final GLP toxicology studies, carried out in rats and non-human primates, determined the maximum tolerated dose (MTD) and no observed adverse effect level (NOAEL) required. The results from these studies are critical in guiding the parameters for Argenica's Phase 1 clinical trial to maximise safety and minimise risk; and

- GLP Safety Pharmacology Studies: these studies assessed the effects of ARG-007 on the central nervous system, and respiratory system in rats, and the cardiovascular system in non-human primates. No abnormal symptoms observed even at the MTD.

Following completion of these pre-clinical studies, Argenica has been working to finalise the key documents for the ethics application to be submitted to the Human Research Ethics Committee (HREC). Additional work has progressed on clinical trial site management and setup activities with Linear Clinical Research, the Clinical Research Organisation (CRO) who will manage Argenica's clinical trial. Argenica has provided the investigational brochure and protocol, the key documents for the ethics application, to Linear for review, prior to them submitting all final ethics documents to Bellberry (HREC). Once approval has been received from HREC, Linear will commence the volunteer recruitment process for the Phase 1 clinical trial.

The ethics submission from Linear to Bellberry is expected to be submitted in August 2022 with the HREC approval to follow shortly after. This is a number of weeks behind our initial target date due to delays in Argenica receiving the final preclinical study reports from the company's contracted research organisation, Medicilon, based in Shanghai. Extended lockdowns in Shanghai earlier this year and further increases in COVID case numbers recently in Shanghai resulted in Medicilon experiencing a significant backlog in completing study reports. Argenica's study reports have now been received allowing the process of finalising and submitting the ethics application to be completed, as detailed above.

PHASE 1 CLINICAL TRIAL

The single site Phase 1 trial will be conducted at the Linear Clinical Research facility in Perth, Western Australia. The trial will be run as a dose escalating trial across four cohorts. Each cohort will comprise of 8 volunteers, with the first cohort receiving the lowest dose of ARG-007 or a placebo. Should that dosing show no adverse reactions, dosing of the next 8 volunteer cohort will commence. Given the sequential nature of the dosing of cohorts, preliminary results on clinical observations are expected to be announced throughout the trial following completion of dosing in each cohort.

The objectives of the Phase 1 clinical trial are to improve the understanding of how ARG-007 affects the body, evaluate the safety of ARG-007 when administered in humans, determine the ideal safe dosage and identify any possible adverse reactions. The data generated from the Phase 1 trial is critical to progress the indication of stroke into a more comprehensive Phase 2 trial, where ARG-007 will be administered to stroke patients to determine efficacy.

While stroke is the current corporate and commercial focus for the Company, safety data from the Phase 1 clinical trial can potentially be used to move directly into Phase 2 trials in other types of brain injury including hypoxic ischemic encephalopathy (HIE), traumatic brain injury (TBI), and surgically induced stroke.

APPOINTMENT OF DR JEFFERY SAVER TO CLINICAL ADVISORY COMMITTEE

Argenica was pleased to announce the appointment of Dr. Jeffery Saver, globally recognised stroke clinician and triallist, to the Company's Clinical Advisory Committee.

Dr. Saver is Professor and Senior Associate Vice-Chair of Neurology at the University of California at Los Angeles (UCLA) and the Director of the UCLA Comprehensive Stroke Center. Dr. Saver is a fellow of the Stroke Council of the American Heart Association and the American Academy of Neurology. Dr. Saver has an impressive track record in conducting clinical trials and has been the global or site principal investigator for more than 50 clinical trials in stroke. One of the most ambitious and groundbreaking was FAST-MAG, a first-of-its-kind study showing that paramedics can safely give intravenous medication to stroke patients in the ambulance. He will provide invaluable guidance to the Argenica team through the clinical development program.

SUCCESSFULLY COMPLETED $5.5M PLACEMENT

During the quarter, Argenica successfully completed a placement to raise $5.5m (before costs). The capital raise was strongly supported by many existing shareholders and a number of new family office, institutional and sophisticated high-net-worth investors.

The funding will enable the Company to accelerate preclinical efficacy studies in additional applications including traumatic brain injury ("TBI"), hypoxic ischaemic encephalopathy ("HIE") and advance preliminary work required for a Phase 2 trial in stroke patients.

Managing Director, Dr Liz Dallimore commented: "ARG-007 has shown very promising neuroprotective effects on brain cells following different types of brain injuries in animal models. Having additional funds to accelerate our research program across HIE, TBI and global ischaemia will allow the Company to establish a comprehensive preclinical data set for these indications. By advancing this preclinical research for these indications now, we will have the required data to commence Phase 2 trials more quickly for these indications following successful completion of the upcoming Phase 1 trial. We are extremely excited about this opportunity to advance our program of preclinical work on these additional indications."

CASHFLOW COMMENTARY, CASH RESERVES OF $8.914 MILLION AS AT 30 JUNE 2022

The Company had net cash operating outflows for the quarter of $0.599 million and cash reserves of $8.914 million as at 30 June 2022.

Operating cash outflows in the quarter included expenditure on research and development activities ($0.133 million), staff costs (including research and development employees) ($0.249 million), corporate administration ($0.191 million). Research and development expenditure included payments to third party contractors undertaking the required studies to progress to the Phase 1 clinical trial and manufacture of ARG-007.

The Company had net financing cash inflows for the quarter of $5.143 million following a placement to institutional and sophisticated high-net-worth investors. The placement resulted in the issue of 13,750,000 new fully paid ordinary shares at an issue price of $0.40 to raise $5.5 million (before costs).

As required by ASX Listing Rule 4.7C3, the Company notes that $0.153 million was paid to related parties during the quarter (as noted in section 6 of the attached Appendix 4C) and these payments included (i) salary and superannuation paid to Executive Directors ($0.117 million) and (ii) Directors fees and superannuation paid to Non-Executive Directors ($0.036 million).

IPO PROSPECTUS USE OF FUNDS COMPARED TO ACTUAL EXPENDITURE

In accordance with ASX listing rule 4.7C.2, the Company provides below a use of funds comparison table showing actual spend for the period 23 April 2021 to 30 June 2022 compared to the intended use of funds table provided in the Company's IPO prospectus lodged with ASIC on 23 April 2021.

The use of funds table in the Prospectus outlined the Company's intended use of funds in the two-year period following Admission of the Company to the Official List of the ASX. It should

be noted that these are estimates and will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities.

It should also be noted Argenica has and intends to apply for a cash rebate on eligible research and development (R&D) expenses under the Australian Commonwealth Government's R&D tax incentive program to assist funding its R&D activities. The current scheme provides a refundable tax offset for expenditure on certain eligible R&D activities. As this funding is uncertain it was not included in the use of funds in the Prospectus.

Source of funds	**Prospectus $'000**	**Actual $'000**
Approximate cash as at the date of Prospectus / Opening cash balance	$1,034	$1,034
Proceeds from the IPO Public Offer	$7,000	$7,000
Placement	-	$5,500
R&D tax incentive rebate	-	$259
Interest received	-	$3
Total funds available	**$8,034**	**$13,796**
Proposed use of funds		
Pre-clinical development activities	$2,175	$1,741
Clinical trial and safety assessment (phase 1)	$1,525	$494
Product development and planning activities for clinical trial (phase 2a)	$300	$133
Regulatory approval strategy and preparation	$550	$164
IP protection costs	$150	$104
Corporate administration	$2,000	$1,062
Working capital	$579	$59
Placement share costs	-	$356
Costs of the IPO Offer	$755	$769
Total Expenditure	**$8,034**	**$4,882**
CLOSING CASH BALANCE	**-**	**$8,914**

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

For more information please contact: info@argenica.com.au

ABOUT ARGENICA

Argenica (ASX: AGN) is developing novel therapeutics to reduce brain tissue death after stroke and improve patient outcomes. Our lead neuroprotective peptide candidate, ARG-007 has been successfully demonstrated to improve outcomes in pre-clinical stroke models and is in the process of being verified for its safety and toxicity before commencing Phase 1 clinical trials in humans. The aim is for our therapeutic to be administered by first responders to protect brain tissue against damage during a stroke with further potential to enhance recovery once a stroke has taken place.

ABOUT ARG-007

Argenica's lead drug candidate, ARG-007, is a cationic arginine-rich peptide which has been in preclinical development by the company's Chief Scientific Officer Prof Bruno Meloni for over 6 years. ARG-007 has shown preclinical evidence of induced neuroprotection in animal models of stroke. Most recently data published in May 2021[i] utilising a rodent model of a middle cerebral artery occlusion (MCAO) type stroke showed ARG-007 administration at a dose of 300 nmol/kg resulted in slowing of the infarct core growth and preservation of penumbral tissue. Data gathered in non-human primate animal models of MCAO[ii] showed ARG-007 treatment reduced infarct lesion volume by up to 65.2% and 69.7% at 24 hours and 28 days poststroke, respectively. In this study animals receiving ARG-007 also displayed reduced functional deficits.

ARG-007 has also been shown to be resistant to proteolytic degradation by tissue plasminogen activator (tPA) *in vitro* as described in the company's announcement of 12 July 2021. Argenica believes ARG-007 may have applications beyond stroke with preclinical evidence of efficacy in animal models of traumatic brain injury[iii] and perinatal hypoxic-ischaemic encephalopathy (HIE)[iv], the latter being a leading cause of mortality and morbidity in newborn infants.

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[i] Milani, D., Clark, V. W., Feindel, K. W., Blacker, D. J., Bynevelt, M., Edwards, A. B., Anderton, R. S., Knuckey, N. W., & Meloni, B. P. (2021). **Comparative Assessment of the Proteolytic Stability and Impact of Poly-Arginine Peptides R18 and R18D on Infarct Growth and Penumbral Tissue Preservation Following Middle Cerebral Artery Occlusion in the Sprague Dawley Rat**. *Neurochemical research*, *46*(5), 1166–1176.

[ii] Meloni, B. P., Chen, Y., Harrison, K. A., Nashed, J. Y., Blacker, D. J., South, S. M., Anderton, R. S., Mastaglia, F. L., Winterborn, A., Knuckey, N. W., & Cook, D. J. (2020). **Poly-Arginine Peptide-18 (R18) Reduces Brain Injury and Improves Functional Outcomes in a Nonhuman Primate Stroke Model.** *Neurotherapeutics : the journal of the American Society for Experimental NeuroTherapeutics*, *17*(2), 627–634.

[iii] Chiu, L. S., Anderton, R. S., Clark, V. W., Cross, J. L., Knuckey, N. W., & Meloni, B. P. (2020). **Effect of Polyarginine Peptide R18D Following a Traumatic Brain Injury in Sprague-Dawley Rats.** *Current therapeutic research, clinical and experimental*, *92*, 100584

[iv] Edwards, A. B., Anderton, R. S., Knuckey, N. W., & Meloni, B. P. (2018). **Assessment of therapeutic window for poly-arginine-18D (R18D) in a P7 rat model of perinatal hypoxic-ischaemic encephalopathy.** *Journal of neuroscience research*, *96*(11), 1816–1826.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
ARGENICA THERAPEUTICS LIMITED	
ABN	**Quarter ended ("current quarter")**
78 637 578 753	30 JUNE 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(133)	(1,879)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(249)	(860)
	(f) administration and corporate costs	(191)	(561)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives		
	- R&D tax rebate	-	259
1.8	Other (provide details if material)		
	- Net GST (paid) / received	(27)	2
	- IPO Expenses	-	(76)
1.9	**Net cash from / (used in) operating activities**	**(599)**	**(3,116)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12months) $A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
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)	-	-
2.6	**Net cash from / (used in) investing activities**	**0**	**0**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,500	5,500
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	(357)	(614)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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**	**5,143**	**4,886**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,370	7,144
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(599)	(3,116)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,143	4,886
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**8,914**	**8,914**

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'000	Previous quarter $A'000
5.1	Bank balances	8,914	4,370
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,914**	**4,370**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	153
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	

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'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(599)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,914
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,914
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	14.9

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

8.6.1 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: N/A

8.6.2 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: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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 July 2022.....

Authorised by: ....By the Board of the Company.....
(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.