APPENDIX 4C – 30 SEPTEMBER 2022

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Highlights:

- *Received ethics approval to commence pivotal Phase 1 clinical trial of ARG-007 in healthy participants. A pivotal moment for Argenica, taking ground-breaking research from the Perron Institute and the University of Western Australia into the clinic.*

- *Subsequent to quarter end, healthy participants in the first cohort of the Phase 1 clinical trial of ARG-007 have been successfully dosed, indicating good safety and tolerability of ARG-007 in these participants.*

- *Pre-clinical research in alternative applications of ARG-007 progressed with further positive results in hypoxic-ischaemic encephalopathy (HIE).*

- *Cash reserves of $8.179 million as at 30 September 2022, following completion of $5.5m (before costs) placement in June 2022. Phase 1 trial is fully funded.*

- *Cash refund of $1.38 million received in early October from the Company's R&D tax incentive claim for the financial year ending 30 June 2022 adding to the cash reserves as at the end of the quarter.*

Perth, Australia; 31 OCTOBER 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 3-month period ended 30 September 2022.

Key activities undertaken during the quarter are outlined below.

ETHICS APPROVAL TO COMMENCE PHASE 1 TRIAL RECEIVED, FIRST HEALTHY ADULT SUBJECT DOSED

During the quarter, Argenica was pleased to announce that the Company's ethics application to Bellberry's Human Research Ethics Committee (HREC) to commence a Phase 1 healthy participant study of ARG-007 was approved. This is a pivotal moment for Argenica, as ground-

breaking research from the Perron Institute and the University of Western Australia is taken into the clinic.

The Phase 1 clinical trial, being conducted at Linear Clinical Research facility in Perth, Western Australia, is assessing the safety and tolerability of ARG-007 across four cohorts of healthy adult volunteers, with each cohort receiving an ascending dose of ARG-007. The first volunteer dosed in each cohort is a sentinel subject, meaning this single volunteer receives the investigational drug at least 24 hours prior to the remaining subjects in the dose cohort. A second volunteer receives a placebo injection of saline at the same time as the sentinel subject. The intention of the sentinel is to identify any unpredicted serious safety issues related to drug dosing in a single subject prior to exposing a larger group of subjects.

Subsequent to quarter end, Argenica was pleased to advise that healthy participants in the first cohort of its Phase 1 clinical trial of ARG-007 have been successfully dosed, indicating good safety and tolerability of ARG-007 in these participants. All dosed subjects have shown no serious safety issues following dosing. Follow up data will be presented to the Scientific Review Committee (SRC) in the coming days to seek approval to progress to the second cohort.

For further information on the Phase 1 trial design, please refer to the Phase 1 Trial Summary announced on 8 September 2022.

FURTHER POSITIVE PRECLINICAL RESULTS FOR ARG-007 IN HYPOXIC-ISCHAEMIC ENCEPHALOPATHY

Argenica successfully completed a placement to raise $5.5m (before costs) in June 2022, 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.

During the quarter, the Company was pleased to share positive efficacy results from a preclinical study of ARG-007 in a term-equivalent animal model of HIE; also referred to as perinatal asphyxia or perinatal hypoxia-ischaemia. HIE is a type of brain damage that occurs when the brain does not receive enough oxygen or blood supply for a period of time. Although adults can experience HIE, it most commonly occurs as the result of an oxygen-depriving event during or around the time of birth.

The latest study, undertaken at the Perron Institute for Neurological and Translational Science (Perron Institute) and led by Dr Adam Edwards and Argenica’s Chief Scientific Officer Prof Bruno Meloni, examined the neuroprotective properties of ARG-007 when administered immediately following hypoxia-ischaemia in an animal model equivalent to **term infants** (37 - 40 weeks gestation).

The results demonstrated that ARG-007 significantly reduced the volume of brain tissue death (infarct volume) when examined at 48 hours post injury compared with the control group which received a saline injection instead of ARG-007. This reduction was dose dependent, with higher doses showing greater infarct reduction. The percentage reduction in infarct volume with ARG-007 treatment was **86%** at the 300 nmol/kg dose (see Figure 1) compared with the saline control group. A significant reduction (62%) was also seen with the 100 nmol/kg dose of ARG-007. Please refer to ASX Announcement "Further Positive Preclinical Results for ARG-007 In Hypoxic-Ischaemic Encephalopathy" released on 29 September 2022 for further detail.

Argenica will now look to engage a specialist paediatric clinical research facility to establish a clinical program for the development of ARG-007 in human infants for HIE.

$1.38M R&D TAX INCENTIVE CASH REFUND FOR FY22 RECEIVED EARLY OCTOBER 2022

Subsequent to the quarter end, Argenica received a cash refund of $1,377,917 from its R&D tax incentive claim for the financial year ending 30 June 2022. The Australian Federal Government's R&D Tax Incentive Program provides a cash refund on eligible research and development activities performed by Australian companies. The R&D Tax Incentive Program is an important program that strongly supports Australian innovation.

CASHFLOW COMMENTARY, CASH RESERVES OF $8.179 MILLION AS AT 30 SEPTEMBER 2022

The Company had net cash operating outflows for the quarter of $0.729 million and cash reserves of $8.179 million as at 30 September 2022. The R&D cash refund received in early October noted above adds to the cash reserves at quarter end.

Operating cash outflows in the quarter included expenditure on research and development activities ($0.304 million), staff costs (including research and development employees) ($0.255 million), corporate administration ($0.189 million). Research and development expenditure included payments to third party contractors undertaking pre-clinical studies for the Phase 1 clinical trial and additional applications of ARG-007, Phase 1 trial contractors and regulatory consultants.

The Company had net financing cash inflows for the quarter of $0.006 million being residual share issue costs on the placement to institutional and sophisticated high-net-worth investors completed in June 2022.

As required by ASX Listing Rule 4.7C3, the Company notes that $0.155 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 ($0.119 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 September 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	-	$9
Total funds available	**$8,034**	**$13,802**
Proposed use of funds		
Pre-clinical development activities	$2,175	$1,919
Clinical trial and safety assessment (phase 1)	$1,525	$610
Product development and planning activities for clinical trial (phase 2a)	$300	$242
Regulatory approval strategy and preparation	$550	$169
IP protection costs	$150	$106

Corporate administration	$2,000	$1,400
Working capital	$579	$59
Placement share costs	-	$362
Costs of the IPO Offer	$755	$769
Total Expenditure	**$8,034**	**$5,623**
CLOSING CASH BALANCE	**-**	**$8,179**

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 neurological injuries and improve patient outcomes. Our lead neuroprotective peptide candidate, ARG-007 has been successfully demonstrated to improve outcomes in preclinical stroke and HIE models and will shortly commence a Phase 1 clinical trial in healthy human volunteers to test its safety and tolerability. The aim is for our therapeutic to be administered by first responders to protect brain tissue against damage during a stroke and other types of brain injury, including HIE, with further potential to enhance recovery once a brain injury has taken place.

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 SEPTEMBER 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(304)	(304)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(255)	(255)
	(f) administration and corporate costs	(189)	(189)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	6
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	-	-
1.8	Other (provide details if material) - Net GST (paid) / received	13	13
1.9	**Net cash from / (used in) operating activities**	**(729)**	**(729)**

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

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3months) $A'000
	(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)	-	-
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	(6)	(6)
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**	**(6)**	**(6)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,914	8,914
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(729)	(729)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3months) $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)	(6)	(6)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**8,179**	**8,179**

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	8,179	8,914
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)**	**8,179**	**8,914**

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	155
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)	(729)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,179
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,179
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	11.2

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: ....31 OCTOBER 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.