CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out Recce Pharmaceuticals Ltd's (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at 27 August 2020 and has been approved by the Board of the Company (**Board**).

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
1: Lay solid foundations for management and oversight		
1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter which complies with the guidelines prescribed by the ASX Corporate Governance Council. A copy of the Company's Board Charter is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	YES YES	(a) The Nomination and Remuneration Committee is responsible for recommendations to the Board for the selection and appointment of members of the Board. The Company's Nomination and Remuneration Committee Charter requires the Nomination and Remuneration Committee to undertake appropriate checks before the Board appoints a person, or putting forward to security holders a candidate for election, as a Director. (b) All material information relevant to the decision on whether or not to elect Dr Alan Dunton (and any other potential Directors, as the case may be), including information relating to his qualifications, experience and proposed roles within the Board will be set out in the Notice of Meeting which will be sent to all shareholders ahead of the Annual General Meeting to be held in November 2020.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
1.3 A listed entity should have a written agreement with each Director and Senior Executive setting out the terms of their appointment.	YES	The Company has written agreements with all Directors and Senior Executives which sets out the terms of their appointment.
1.4 The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Company Secretary has been appointed by and is responsible to the Board through the Chairman. The Company Secretary is accessible to all Directors.
1.5 A listed entity should:		
(a) Have a diversity policy which includes requirements for the Board: (i). to set measurable objectives for achieving gender diversity; and (ii). to assess annually both the objectives and the entity's progress in achieving them;	YES	(a) The Company has adopted a Diversity Policy which complies with the guidelines prescribed by the ASX Corporate Governance Council, including: (i) the Diversity Policy provides a framework for the Company to set and achieve measurable objectives that encompass gender equality. (ii) the Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on the measurable objectives.
(b) Disclose that policy or a summary of it; and	YES	(b) The Diversity Policy is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
(c) Disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and	YES	(c) The Company strives to achieve the measurable objectives for achieving gender diversity as set out in the Diversity Policy. As at 30 June 2020, the respective proportions of men and women on the Board, in Senior Executive positions and across the whole organisation are set out below. • 80% of the Company's Board were male and 20% were female; • 100% of the Company's Senior Executives were male (excluding members of the Board) 33% of the Group's entire workforce (including Board members) were female and 67% were male.
(ii) either: (A) The respective proportions of men and women on the Board, in Senior Executive positions and across the whole organisation (including how the entity has defined 'Senior Executive' for these purposes); or	YES	
(B) The entity's 'Gender Equality Indicators', as defined in the Workplace Gender Equality Act 2012.	N/A	

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
1.6 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES YES	(a) The Nomination and Remuneration Committee is responsible for evaluating the performance of the Board and individual Directors on an annual basis. The process for this is set out in the Company's Nomination and Remuneration Committee Charter which is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance. (b) Although the Nomination and Remuneration Committee did not undertake a performance evaluation of the Company's board or its individual Directors during the financial year to 30 June 2020, such a review was conducted by the Board of the Company. The Company expects that an evaluation of the Company's board and/or its individual Directors will be conducted during the financial year ended 30 June 2021.
1.7 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its Senior Executives; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES YES	(a) The Nomination and Remuneration Committee is responsible for evaluating the performance of Senior Executives on an annual basis in accordance with the Company's Nomination and Remuneration Committee Charter. (b) Although the Nomination and Remuneration Committee did not undertake a performance evaluation of the Company's senior executives during the financial year to 30 June 2020, such a review was conducted by the Board of the Company. At the date of this report, the Nomination and Remuneration committee is in the process of completing such as review.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
2: Structure the board to add value		
2.1 The board of a listed entity should:		
(a) have a nomination committee which:		(a) The Company has established a Nomination and Remuneration Committee with Dr Alan Dunton as Chair of the Committee. The Committee has three members. Since the appointment of Dr Alan Dunton to the committees on 14 July 2020 two of the three committee members are independent, non-executive directors. The attendance at each committee meeting is disclosed in section 25 of the Directors' Report. A copy of the Nomination and Remuneration Committee Charter is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
(1) has at least three members, a majority of whom are independent directors; and	YES	
(2) is chaired by an Independent Director,	YES	
and disclose:		
(3) the charter of the committee;	YES	
(4) the members of the committee; and	YES	
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	YES	
(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	N/A	
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	YES	The Company has a skills matrix which is disclosed on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
2.3 A listed entity should disclose:		
(a) the names of the Directors considered by the Board to be Independent Directors;	YES	(a) Dr John Prendergast and Dr Alan Dunton (appointed 14 July 2020), are the only Directors of the Company considered independent.
(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and recommendations (3rd Edition) but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and	YES	(b) Dr John Prendergast and Dr Alan Dunton (appointed 14 July 2020), are the only two Directors of the Company considered independent, have not had an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and recommendations (3rd Edition).
(c) the length of service of each Director.	YES	(c) The Company has disclosed the details of each Director (including their length of service) in the Company's Annual Report.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
2.4 A majority of the Board of a listed entity should be Independent Directors.	NO	The Board Charter requires that where practical the majority of the Board will be independent. The Board currently comprises a total of five Directors, of whom two are considered to be independent, being Dr John Prendergast and Dr Alan Dunton (appointed 14 July 2020). The Board does not currently consider an independent majority of the Board to be appropriate given: (a) The magnitude of the Company's operations; and (b) The relevant skills and experience of Ms Dilizia, Mr Graham Dr Ward, Dr Prendergast and Dr Dunton mean that the Board is appropriately skilled at this stage, to further the progress and development of the Company.
2.5 The chair of the board of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.	YES	The Company's Independent, Non-Executive Chairman is Dr John Prendergast, who is not the CEO of the Company.
2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	YES	The Nomination and Remuneration Committee is responsible to the Board for reviewing and recommending to the Board induction and professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. As a result, the Company has in place a program for the induction of new Directors which is tailored to each new Director depending on their personal requirements, background skills, qualifications and experience and includes the provision of a formal letter of appointment and an induction pack containing sufficient information to allow the new Director to gain an understanding of the business of the Company, and the roles, duties and responsibilities of Directors and the Executive Team. All Directors are encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous resources and professional development training to address any skills gaps.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
3: Promote ethical and responsible decision-making		
3.1 A listed entity should:		
(a) Have a code of conduct for its Directors, Senior Executives and employees; and	YES	(a) The Company has a Code of Conduct – the Company's Obligations to Stakeholders that applies to all.
(b) Disclose that code or a summary of it.	YES	(b) The Company's Code of Conduct – the Company's Obligations to Stakeholders is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
4: Safeguard integrity in financial reporting		
4.1 The Board of a listed entity should:		
(a) have an audit committee which:		The Company has established an Audit and Risk Management Committee with Dr Dunton, an Independent Director of the Company, as Chair of the Committee. Since the appointment of Dr Alan Dunton to the committees on 14 July 2020 two of the three committee members are independent, non-executive directors. The attendance at each committee meeting is disclosed in section 25 of the Directors' Report. A copy of the Audit and Risk Management Committee Charter is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
(1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and	YES	
(2) is chaired by an Independent Director, who is not the Chair of the Board,	YES	
and disclose:		
(3) the charter of the committee;	YES	
(4) the relevant qualifications and experience of the members of the committee; and	YES	
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	YES	
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	N/A	
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	Prior to the execution of the Financial Statements of the Company, the Company's Executive Director and CFO provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control which is operating effectively in all material aspects in relation to the Company's financial reporting risks.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	At the last AGM of the company, held on 25 November 2019 the external auditor of the Company attended this meeting and it is expected that the Company's external auditor will attend future AGMs and is available to answer questions from security holders relevant to the audit.
5: Make timely and balanced disclosure		
5.1 A listed entity should:		
(a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	YES	(a) The Company has adopted a Continuous Disclosure Policy which details the processes and procedures which have been adopted by the Company so as to comply its continuous disclosure obligations as required under the ASX Listing Rules and other relevant legislation.
(b) disclose that policy or a summary of it.	YES	(b) The Continuous Disclosure Policy is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
6: Respect the rights of shareholders		
6.1 A listed entity should provide information about itself and its governance to investors via its website	YES	Shareholders can access information about the Company and its governance (including its Constitution and adopted governance policies) from the Company's website at https://recce.com.au/index.php/company/corporate-governance.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with its investors. The Strategy outlines a range of ways in which information is communicated to shareholders. A copy of the Company's Shareholder Communications Strategy policy is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	Security holders have the ability to communicate with Directors through various means including: • having the opportunity to ask questions of Directors at all general meetings; • the presence of the Auditor at AGMs to take shareholder questions on any issue relevant to their capacity as Auditor; and • the Company having Directors available to answer shareholder questions submitted by telephone, email and other means (where appropriate). Traditionally, the key forum for two-way communication between the Company and its Security holders is its AGM.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Security holders can also elect to receive electronic communications via the Company's registry, Automic Registry Services.
7: Recognise and manage risk		
7.1 The Board of a listed entity should:		
(a) have a committee or committees to oversee risk, each of which:		The Company has established an Audit and Risk Management Committee with Dr Dunton, an independent Director of the Company, as Chair of the Committee. Since the appointment of Dr Alan Dunton to the committees on 14 July 2020 two of the three committee members are independent, non-executive directors. The attendance at each committee meeting is disclosed in section 25 of the Directors' Report. A copy of the Audit and Risk Management Committee Charter is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
(1) has at least three members, a majority of whom are Independent Directors; and	YES	
(2) is chaired by an Independent Director,	YES	
and disclose:		
(3) the charter of the committee;	YES	
(4) the members of the committee; and	YES	
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	YES	
(b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	N/A	

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
7.2 The Board or a committee of the board should:		
(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure they remain within the risk appetite set by the Board; and	YES	(a) The Audit and Risk Management Committee Charter sets out a requirement for the Audit and Risk Management Committee to review the Company's risk management framework on an annual basis. The Company monitors, evaluates and seeks to improve its risk management and internal control processes in line with the processes set out in its Risk Management Policy, a copy of which is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance. In addition, the Company has a number of other policies that directly or indirectly serve to reduce and/or manage risk, including: • Continuous Disclosure Policy • Code of Conduct • Trading Policy
(b) Disclose in relation to each reporting period, whether such a review has taken place.	YES	(b) The Audit and Risk Management Committee completed such a review during the current reporting period.
7.3 A listed entity should disclose:		
(a) If it has an internal audit function, how the function is structured and what role it performs; or	N/A	(a) The Audit and Risk Management Committee Charter provides for the Audit and Risk Management Committee to monitor the need for an internal audit function. At this stage, due to the current size and nature of the existing Board and the magnitude of the Company's operations the Company does not have an internal audit function.
(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	(b) The Company has adopted a Risk Management Policy which the Company follows. The Board of the Company and the Audit and Risk Management Committee will periodically review the Company's operations to evaluate the effectiveness of risk management and internal control processes of the Company.
7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	All material risks to economic, environmental and social sustainability risks will be announced to the market, in accordance with the requirements of the ASX Listing Rules and otherwise.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
8: Remunerate fairly and responsibly		
8.1		
(a) The Board of a listed entity should have a remuneration committee which:		The Company has established a Nomination and Remuneration Committee with Dr Dunton, an independent Director of the Company, as Chair of the Committee. Since the appointment of Dr Alan Dunton to the committees on 14 July 2020 two of the three committee members are independent, non-executive directors. The attendance at each committee meeting is disclosed in section 25 of the Directors' Report. A copy of the Nomination and Remuneration Committee Charter is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.
(1) has at least three members, a majority of whom are independent directors; and	YES	
(2) is chaired by an independent director,	YES	
and disclose:		
(3) the charter of the committee;	YES	
(4). the members of the committee; and	YES	
(5). as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	YES	
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and Senior Executives and ensuring that such remuneration is appropriate and not excessive.	N/A	
8.2 A listed entity should separately disclose its policies and practices regarding the Remuneration of Non-Executive Directors and other Senior Executives and ensure that the different roles and responsibilities of Non-Executive Directors compared to Executive Directors and other Senior Executives are reflected at the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Non-Executive and Executive Directors and other senior employees. This disclosure is set out in the Remuneration Report section of the Company's Annual Report.

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY (Yes/No)	EXPLANATION
8.3 A listed entity which has an equity-based remuneration scheme should:		
(a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	YES	(a) The Company's Nomination and Remuneration Committee is responsible for the review and recommendation to the Board of any equity-based remuneration schemes offered to Directors and employees of the Company. Further, in accordance with the Nomination and Remuneration Committee Charter, the Nomination and Remuneration Committee is also responsible for recommending, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme.
(b) Disclose that policy or a summary of it.	YES	(b) The Company's policy in this regard is set out in the Company's Nomination and Remuneration Committee Charter, a copy of which is available on the Company's website at https://recce.com.au/index.php/company/corporate-governance.