

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-39683

REZOLUTE, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or other jurisdiction of incorporation or organization)

27-3440894

(I.R.S. Employer Identification No.)

275 Shoreline Drive, Suite 500, Redwood City, California

(Address of principal executive offices)

94065

(Zip Code)

(650) 206-4507

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	RZLT	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, and an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 17(a)(2)(B) of the Securities Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

The registrant had 36,827,567 shares of its \$0.001 par value common stock outstanding as of February 6, 2023.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Report”) contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference in this Report, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements appear in a number of places, including, but not limited to “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements represent our reasonable judgment of the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts, and use words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “may,” “should,” “plan,” “project” and other words of similar meaning. In particular, these include, but are not limited to, statements relating to the following:

- our projected operating or financial results, including anticipated cash flows used in operations;
- our expectations regarding capital expenditures, research and development expenses and other payments;
- our expectation about the extent and duration of the COVID-19 pandemic (“COVID-19”) on our business;
- our beliefs and assumptions relating to our liquidity position, including our ability to obtain additional financing;
- our ability to obtain regulatory approvals or the speed of such approvals, for our pharmaceutical drugs and diagnostics; and
- our future dependence on third party manufacturers or strategic partners to manufacture any of our pharmaceutical drugs and diagnostics that receive regulatory approval, and our ability to identify strategic partners and enter into license, co-development, collaboration or similar arrangements.

Any or all of our forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known and unknown risks, uncertainties and other factors including, but not limited to, the risks described in Part II, Item 1.A Risk Factors, as well as “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2022 (the “2022 Form 10-K”), filed with the Securities and Exchange Commission (“SEC”) on September 15, 2022.

In addition, there may be other factors that could cause our actual results to be materially different from the results referenced in the forward-looking statements, some of which are included elsewhere in this Report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Many of these factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed. Our actual future results may vary materially from those expressed or implied in any forward-looking statements. All forward-looking statements contained in this Report are qualified in their entirety by this cautionary statement. Forward-looking statements speak only as of the date they are made, and we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this Report, except as otherwise required by applicable law.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Rezolute, Inc.

Unaudited Condensed Consolidated Balance Sheets
(In thousands, except per share amounts)

	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 146,746	\$ 150,410
Prepaid expenses and other	860	1,694
Total current assets	<u>147,606</u>	<u>152,104</u>
Long-term assets:		
Right-of-use assets	2,294	152
Property and equipment, net	160	16
Deposits and other	148	148
Total assets	<u>\$ 150,208</u>	<u>\$ 152,420</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 2,841	\$ 1,132
Accrued liabilities:		
Compensation and benefits	2,234	—
Accrued clinical and other	1,071	979
Insurance premiums	—	243
Current portion of operating lease liabilities	167	108
Total current liabilities	<u>6,313</u>	<u>2,462</u>
Long term liabilities:		
Operating lease liabilities, net of current portion	2,196	80
Embedded derivative liabilities	434	407
Total liabilities	<u>8,943</u>	<u>2,949</u>
Commitments and contingencies (Notes 3, 4, 8 and 9)		
Shareholders' equity:		
Preferred stock, \$0.001 par value; 400 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.001 par value; 100,000 shares authorized; issued and outstanding 36,827 and 33,582 shares as of December 31, 2022 and June 30, 2022, respectively	37	34
Additional paid-in capital	373,813	358,635
Accumulated deficit	<u>(232,585)</u>	<u>(209,198)</u>
Total shareholders' equity	<u>141,265</u>	<u>149,471</u>
Total liabilities and shareholders' equity	<u>\$ 150,208</u>	<u>\$ 152,420</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rezolute, Inc.**Unaudited Condensed Consolidated Statements of Operations**
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Operating expenses:				
Research and development	\$ 10,945	\$ 9,452	\$ 18,649	\$ 15,226
General and administrative	3,447	2,697	5,961	4,563
Total operating expenses	14,392	12,149	24,610	19,789
Operating loss	(14,392)	(12,149)	(24,610)	(19,789)
Non-operating income (expense):				
Interest and other income	849	13	1,249	13
Gain (loss) from change in fair value of derivative liabilities	(13)	(12)	(26)	4
Employee retention credit	—	—	—	231
Interest expense	—	(445)	—	(888)
Total non-operating income (expense), net	836	(444)	1,223	(640)
Net loss	\$ (13,556)	\$ (12,593)	\$ (23,387)	\$ (20,429)
Net loss per common share:				
Basic and diluted	\$ (0.26)	\$ (0.80)	\$ (0.46)	\$ (1.69)
Weighted average number of common shares outstanding:				
Basic and diluted	51,410	15,680	50,969	12,097

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rezolute, Inc.

Unaudited Condensed Consolidated Statements of Shareholders' Equity
Six Months Ended December 31, 2022 and 2021
(In thousands)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Shareholders' Equity
Six Months Ended December 31, 2022:					
Balances, June 30, 2022	33,582	\$ 34	\$ 358,635	\$ (209,198)	\$ 149,471
Gross proceeds from issuance of common stock for cash:					
In 2022 Private Placement	3,245	3	12,327	—	12,330
Underwriting commissions and other equity offering costs	—	—	(759)	—	(759)
Share-based compensation	—	—	3,610	—	3,610
Net loss	—	—	—	(23,387)	(23,387)
Balances, December 31, 2022	<u>36,827</u>	<u>\$ 37</u>	<u>\$ 373,813</u>	<u>\$ (232,585)</u>	<u>\$ 141,265</u>
Six Months Ended December 31, 2021:					
Balances, June 30, 2021	8,352	\$ 8	\$ 194,229	\$ (168,138)	\$ 26,099
Gross proceeds from issuance of equity securities for cash in Underwritten Public Offering:					
Common Stock	6,147	6	39,950	—	39,956
Pre-Funded Warrants	—	—	10,783	—	10,783
Gross proceeds from issuance of common stock for cash:					
In Registered Direct Offering	769	1	4,999	—	5,000
Under Equity Distribution Agreement	138	1	1,518	—	1,519
Under LPC Purchase Agreement	116	—	1,172	—	1,172
Underwriting discounts and other equity offering costs	—	—	(4,136)	—	(4,136)
Share-based compensation	—	—	1,851	—	1,851
Issuance of commitment shares	34	—	450	—	450
Net loss	—	—	—	(20,429)	(20,429)
Balances, December 31, 2021	<u>15,556</u>	<u>\$ 16</u>	<u>\$ 250,816</u>	<u>\$ (188,567)</u>	<u>\$ 62,265</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rezolute, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (23,387)	\$ (20,429)
Share-based compensation expense	3,610	1,851
Non-cash lease expense	112	159
Loss (gain) from change in fair value of derivative liabilities	26	(4)
Depreciation and amortization expense	10	7
Accretion of debt discount and issuance costs	—	211
Changes in operating assets and liabilities:		
Decrease in prepaid expenses and other assets	783	238
Increase in accounts payable	1,708	3,320
Increase in other accrued liabilities	2,056	1,109
Net Cash Used in Operating Activities	<u>(15,082)</u>	<u>(13,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(153)	—
CASH FLOWS FROM FINANCING ACTIVITIES:		
Gross proceeds from issuance of equity securities for cash:		
2022 Private Placement	12,330	—
Proceeds from 2021 Underwritten Public offering	—	50,738
Proceeds from 2021 Registered Direct Offering	—	5,000
Under Equity Distribution Agreement	—	1,519
Under LPC Purchase Agreement	—	1,171
Payment of commissions and other offering costs	(759)	(3,430)
Payment of debt discount and issuance costs	—	(104)
Net Cash Provided by Financing Activities	<u>11,571</u>	<u>54,894</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(3,664)	41,356
Cash, cash equivalents and restricted cash at beginning of period	150,410	41,047
Cash, cash equivalents and restricted cash at end of period	<u>\$ 146,746</u>	<u>\$ 82,403</u>
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid for interest	\$ —	\$ 680
Cash paid for income taxes	—	—
Cash paid for amounts included in the measurement of operating lease liabilities	58	184
Operating lease liabilities incurred in exchange for right-of-use-assets	2,204	—
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of commitment shares for deferred offering costs subsequently charged to additional paid-in capital	\$ —	\$ 450

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Rezolute, Inc. (the “Company”) is a clinical stage biopharmaceutical company developing transformative therapies for metabolic diseases related to chronic glucose imbalance. The Company’s primary clinical assets consist of (i) RZ358, which is a potential treatment for congenital hyperinsulinism, an ultra-rare pediatric genetic disorder characterized by excessive production of insulin by the pancreas, and (ii) RZ402, which is an oral plasma kallikrein inhibitor (“PKI”) being developed as a potential therapy for the chronic treatment of diabetic macular edema.

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), the rules and regulations of the SEC for interim financial information, and the instructions to Form 10-Q and Article 8 of Regulation S-X.

The condensed consolidated balance sheet as of June 30, 2022, has been derived from the Company’s audited consolidated financial statements. The unaudited interim financial statements should be read in conjunction with the Company’s 2022 Form 10-K, which contains the Company’s audited financial statements and notes thereto, together with the Management’s Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended June 30, 2022.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all information and footnote disclosures necessary for a comprehensive presentation of financial position, results of operations, and cash flows. It is management’s opinion, however, that all material adjustments (consisting of normal recurring adjustments) that are necessary for a fair financial statement presentation have been made. The interim results for the three and six months ended December 31, 2022 are not necessarily indicative of the financial condition and results of operations that may be expected for any future interim period or for the fiscal year ending June 30, 2023.

Consolidation

The Company has two wholly owned subsidiaries consisting of Rezolute (Bio) Ireland Limited, and Rezolute Bio UK, Ltd. The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts in the unaudited condensed consolidated financial statements and the accompanying notes. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes are reasonable under the circumstances, to determine the carrying values of assets and liabilities that are not readily apparent from other sources. The Company’s significant accounting estimates include, but are not necessarily limited to, the fair value of derivative liabilities, fair value of share-based payments, management’s assessment of going concern, and clinical trial accrued liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Company’s operations may be subject to significant risks and uncertainties including financial, operational, regulatory and other risks associated with a clinical stage company, including the potential risk of business failure, and the future impact of COVID-19.

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Significant Accounting Policies

The Company's significant accounting policies are described in Note 1 to the financial statements in Item 8 of the 2022 Form 10-K.

Recent Accounting Pronouncements

Recently Adopted Standard. The following standard was adopted during the six months ended December 31, 2022:

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock, which results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. Additionally, ASU 2020-06 affects the diluted earnings per share calculation for instruments that may be settled in cash or shares and for convertible instruments and requires enhanced disclosures about the terms of convertible instruments and contracts in an entity's own equity. ASU 2020-06 allows entities to use a modified or full retrospective transition method. The Company adopted this standard using the full retrospective transition method effective July 1, 2022. The adoption did not have any impact on the Company's financial statements.

Standard Required to be Adopted in Future Periods. The following accounting standard is not yet effective; management has not completed its evaluation to determine the impact that adoption of this standard will have on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends the guidance on the impairment of financial instruments. This update adds an impairment model (known as the current expected credit losses model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses. In November 2019, ASU 2016-13 was amended by ASU 2019-10, *Financial Instruments- Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)* whereby the effective date for ASU 2016-13 for smaller reporting companies is now required for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company does not expect the adoption of ASU 2016-13 will have a material impact on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not currently expected to have a material impact on the Company's financial statements upon adoption.

NOTE 2 — LIQUIDITY

The Company is in the clinical stage and has not yet generated any revenues. For the six months ended December 31, 2022, the Company incurred a net loss of \$23.4 million and net cash used in operating activities amounted to \$15.1 million. For the fiscal year ended June 30, 2022, the Company incurred a net loss of \$41.1 million and net cash used in operating activities amounted to \$39.6 million. As of December 31, 2022, the Company had an accumulated deficit of \$232.6 million, cash and cash equivalents of \$146.7 million, and total current liabilities of \$6.3 million.

As discussed in Note 4, the Company is subject to license agreements that provide for future contractual payments upon achievement of various milestone events. Pursuant to the ActiveSite License Agreement (as defined below), a \$3.0 million milestone payment will be due upon dosing of the first patient in a Phase 2 clinical trial for RZ402. Additionally, pursuant to the XOMA License Agreement (as defined below), a \$5.0 million milestone payment will be due upon dosing of the first patient in a Phase 3 clinical trial for RZ358. First patient dosing milestone for the RZ402 Phase 2 clinical trial was triggered in February 2023. First patient dosing milestone RZ358 Phase 3 clinical trial is expected to occur within the next 12 months.

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Management believes the Company's cash and cash equivalents balance of \$146.7 million as of December 31, 2022, will be adequate to meet the Company's contractual obligations and carry out ongoing clinical trials and other planned activities at least through February 2024.

NOTE 3 — OPERATING LEASES

In April 2022, the Company entered into a lease agreement for a new corporate headquarters in Redwood City, California. The space consists of approximately 9,300 square feet and provides for total base rent payments of approximately \$2.9 million through the expected expiration of the lease in November 2027. The landlord was required to make improvements to the facility before the Company could occupy the space. These improvements were completed in October 2022, triggering the commencement of the lease. The lease provides for a six-month rent abatement period beginning upon commencement of the lease term. In addition, the lease provides an allowance of approximately \$0.1 million that may be utilized by the Company for the purchase of furniture and equipment. The average base rent payable in cash over the 60-month lease term is approximately \$48,000 per month. Upon commencement of the lease, the Company recognized a right-of-use asset for approximately \$2.3 million, and a related operating lease liability for approximately \$2.2 million.

The carrying value of all right-of-use assets and operating lease liabilities are as follows (in thousands):

	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Right-of-use assets	\$ 2,294	\$ 152
Operating lease liabilities:		
Current	\$ 167	\$ 108
Long-term	2,196	80
Total	<u>\$ 2,363</u>	<u>\$ 188</u>

For the three and six months ended December 31, 2022 and 2021, operating lease expense is included under the following captions in the accompanying condensed consolidated statements of operations (in thousands):

	<u>Three Months Ended December 31,</u>		<u>Six Months Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Research and development	\$ 115	\$ 71	\$ 192	\$ 150
General and administrative	48	20	71	43
Total	<u>\$ 163</u>	<u>\$ 91</u>	<u>\$ 263</u>	<u>\$ 193</u>

Rezolute, Inc.**Notes to Unaudited Condensed Consolidated Financial Statements**

As of December 31, 2022, the weighted average remaining lease term under operating leases was 4.6 years, and the weighted average discount rate for operating lease liabilities was 6.8%. Future payments under all operating lease agreements as of December 31, 2022 are as follows (in thousands):

Fiscal year ending June 30,

Remainder of fiscal year 2023	\$	109
2024		689
2025		627
2026		646
2027		666
Thereafter		224
Total lease payments		2,961
Less imputed interest		(598)
Present value of operating lease liabilities	\$	<u>2,363</u>

NOTE 4 — LICENSE AGREEMENTS***XOMA License Agreement***

In December 2017, the Company entered into a license agreement (the “XOMA License Agreement”) with XOMA Corporation (“XOMA”), through its wholly-owned subsidiary, XOMA (US) LLC, pursuant to which XOMA granted an exclusive global license to the Company to develop and commercialize XOMA 358 (formerly X358, now RZ358) for all indications. In January 2019, the XOMA License Agreement was amended with an updated payment schedule, as well as revising the amount the Company was required to expend on development of RZ358 and related licensed products, and revised provisions with respect to the Company’s diligence efforts in conducting clinical studies.

In January 2022, the Company was required to make a milestone payment under the XOMA License Agreement of \$2.0 million that became due upon the dosing of the last patient in the Company’s ongoing Phase 2b Clinical Trial for RZ358. Upon the achievement of certain clinical and regulatory events under the XOMA License Agreement, the Company will be required to make additional milestone payments to XOMA up to \$35.0 million. After the clinical and regulatory milestones, the Company will be required, upon the future commercialization of RZ358, to pay royalties to XOMA based on the net sales of the related products and additional milestone payments to XOMA up to \$185.0 million related to annual net sales amounts. The next milestone payment of \$5.0 million will be due upon dosing of the first patient in a Phase 3 clinical trial for RZ358.

ActiveSite License Agreement

On August 4, 2017, the Company entered into a Development and License Agreement (the “ActiveSite License Agreement”) with ActiveSite Pharmaceuticals, Inc. (“ActiveSite”) pursuant to which the Company acquired the rights to ActiveSite’s Plasma Kallikrein Inhibitor program (“PKI Portfolio”). The Company is initially using the PKI Portfolio to develop an oral PKI therapeutic for diabetic macular edema (RZ402) and may use the PKI Portfolio to develop other therapeutics for different indications. The ActiveSite License Agreement requires various milestone payments up to \$46.5 million, if all milestones are achieved. The first milestone payment for \$1.0 million was paid in December 2020 after clearance was received for an Initial Drug Application, or IND, filed with the U.S. Food and Drug Administration (“FDA”). The next milestone payment of \$3.0 million will be due upon dosing of the first patient in a Phase 2 clinical trial for RZ402. The company is also required to pay royalties equal to 2.0% of any sales of products that use the PKI Portfolio. There have been no events that would result in any royalty payments owed under the ActiveSite License Agreement to date.

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

NOTE 5 — EMBEDDED DERIVATIVE LIABILITY

On April 14, 2021, the Company entered into a \$30.0 million Loan and Security Agreement (the “Loan Agreement”) with SLR Investment Corp. and certain other lenders (the “Lenders”). The Lenders agreed to loan up to \$30.0 million in three tranches consisting of (i) a \$15.0 million term A loan that was funded on April 14, 2021, (ii) term B and term C loans for an aggregate of \$15.0 million, which were subject to the Company’s ability to obtain prescribed amounts of financing and the achievement of certain clinical milestones. The Company did not achieve the initial clinical milestones by January 2022 and, accordingly, the term B and term C loans were no longer a source of liquidity. The term A loan had a maturity date of April 1, 2026 (the “Maturity Date”), but was repaid in full on June 30, 2022.

Concurrently with the execution of the Loan Agreement, the Company entered into an exit fee agreement (the “Exit Fee Agreement”) that provides for a fee of 4.00% of the funded principal balance of each term loan in the event certain transactions (defined as “Exit Events”) occur prior to April 13, 2031. Exit Events include, but are not limited to, sales of substantially all assets, certain mergers, change of control transactions, and issuances of common stock that result in new investors owning more than 35% of the Company’s shares. As of April 14, 2021, the Company allocated a portion of the proceeds from the term A loan to recognize a liability for the fair value of embedded derivatives. Fair value was determined primarily based on the Company’s strategic corporate development plans and management has performed a detailed evaluation of the different types of Exit Events that could occur and using a discounted rate equivalent to the effective rate for the term A loan. Fair value of embedded derivatives is assessed at the end of each reporting period with changes in fair value recognized as a nonoperating gain or loss.

NOTE 6 — SHAREHOLDERS’ EQUITY

Changes in Shareholders’ Equity for the Three Months Ended December 31, 2022 and 2021

The following table presents changes in shareholders’ equity for the three months ended December 31, 2022 and 2021:

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Shareholders’
			Capital		Equity
Three Months Ended December 31, 2022:					
Balances, September 30, 2022	36,827	\$ 37	\$ 372,082	\$ (219,029)	\$ 153,090
Share-based compensation	—	—	1,731	—	1,731
Net loss	—	—	—	(13,556)	(13,556)
Balances, December 31, 2022	<u>36,827</u>	<u>\$ 37</u>	<u>\$ 373,813</u>	<u>\$ (232,585)</u>	<u>\$ 141,265</u>
Three Months Ended December 31, 2021:					
Balances, September 30, 2021	8,640	\$ 9	\$ 197,524	\$ (175,974)	\$ 21,559
Gross proceeds from issuance of equity securities for cash in					
Underwritten Offering:					
Common stock	6,147	6	39,950	—	39,956
Pre-Funded Warrants	—	—	10,783	—	10,783
Gross proceeds from issuance of common stock for cash in					
Registered Direct Offering	769	1	4,999	—	5,000
Underwriting discounts and other equity offering costs	—	—	(3,449)	—	(3,449)
Share-based compensation	—	—	1,009	—	1,009
Net loss	—	—	—	(12,593)	(12,593)
Balances, December 31, 2021	<u>15,556</u>	<u>\$ 16</u>	<u>\$ 250,816</u>	<u>\$ (188,567)</u>	<u>\$ 62,265</u>

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

July 2022 Financing

In May 2022, the Company entered into securities purchase agreements (“SPAs”) with Handok, Inc. (“Handok”) and certain of its affiliates. Handok is an affiliate of a member of the Company’s Board of Directors. In July 2022, the Company entered into amended SPAs for a private placement of common stock (the “2022 Private Placement”). The 2022 Private Placement resulted in gross proceeds of \$12.3 million in exchange for the issuance of approximately 3.2 million shares of common stock. The Company incurred approximately \$0.8 million for underwriting commissions and other offering costs, resulting in net proceeds of \$11.5 million.

Underwritten Public Offering

On October 12, 2021, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with Oppenheimer & Co., Inc., as representative of the underwriters listed therein (the “Underwriters”) for the planned issuance and sale of equity securities in an underwritten public offering (the “Underwritten Offering”). On October 15, 2021, closing occurred for the Underwritten Offering resulting in the issuance of (i) 6,030,847 shares of common stock at \$6.50 per share for gross proceeds of \$39.2 million, and (ii) 1,661,461 pre-funded warrants to purchase 1,661,461 shares of common stock at an issuance price of \$6.49 per warrant (the “Pre-Funded Warrants”) for gross proceeds of \$10.8 million. The aggregate gross proceeds from the Underwritten Offering amounted to \$50.0 million, excluding the exercise of the Underwriters’ Option discussed below, and before deductions for underwriting discounts and commissions of 6.0% of the gross proceeds and other offering costs of approximately \$0.3 million. After deducting total offering costs of \$3.3 million, the net proceeds of the Underwritten Offering amounted to approximately \$46.7 million.

In connection with the Underwritten Offering, the Company granted the Underwriters a 30-day option to purchase up to an additional 1,153,845 shares of its common stock in the Underwritten Offering at a public offering price of \$6.50 per share, less underwriting discounts and commissions (the “Underwriters’ Option”). In November 2021, the Underwriters’ Option was partially exercised for 116,266 shares resulting in additional gross proceeds of approximately \$0.8 million.

Pre-Funded Warrants

The Pre-Funded Warrants issued in the Underwritten Offering have an exercise price of \$0.01 per share, which is subject to adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the common stock. Each Pre-Funded Warrant is exercisable at any time and from time to time after issuance with no stated expiration date. In the event of certain corporate transactions, the holders of the Pre-Funded Warrants will be entitled to receive, upon exercise of the Pre-Funded Warrants, the kind and amount of securities, cash or other property that the holders would have received had they exercised the Pre-Funded Warrants immediately prior to such transaction. The Pre-Funded Warrants do not entitle the holders thereof to any voting rights or any of the other rights or privileges to which holders of the Company’s common stock are entitled.

The gross proceeds of \$10.8 million received from issuance of the Pre-Funded Warrants was recorded as a component of shareholders’ equity within additional paid-in capital. In accordance with the terms of the warrant agreement, holders of the outstanding warrants are not entitled to exercise any portion of the Pre-Funded Warrant if, upon exercise of such portion of the warrant, the holder’s aggregate ownership of the Company’s common stock or the combined voting power beneficially owned by such holder would exceed a designated percentage elected by the holder ranging from 4.99% to 19.99%, after giving effect to the exercise (the “Maximum Ownership Percentage”). Upon at least 61 days’ prior notice to the Company, any warrant holder may elect to increase or decrease the Maximum Ownership Percentage to any other percentage not to exceed 19.99%. As of December 31, 2022, no shares underlying the Pre-Funded Warrants have been exercised.

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Registered Direct Offering

Concurrently with the Underwritten Offering, a major shareholder (the “Purchaser”) that is affiliated with a member of our Board of Directors entered into a subscription agreement for a registered direct offering, pursuant to which the Company agreed to sell to the Purchaser an aggregate of 769,231 shares of the Company’s common stock at a purchase price of \$6.50 per share. The closing for the registered direct offering occurred on October 27, 2021, whereby the Company received gross proceeds of \$5.0 million.

Equity Distribution Agreement

In December 2020, the Company and Oppenheimer & Co. Inc. (the “Agent”) entered into an Equity Distribution Agreement (the “EDA”) that provides for an “at the market offering” for the sale of up to \$50.0 million in shares of the Company’s common stock (the “Placement Shares”) through the Agent. The Agent was acting as sales agent and was required to use commercially reasonable efforts to sell all of the Placement Shares requested to be sold by the Company, consistent with the Agent’s normal trading and sales practices, on mutually agreed terms between the Agent and the Company. The EDA was scheduled to terminate when all of the Placement Shares had been sold, or earlier upon the election of either the Company or the Agent. In May 2022, the Company provided the Agent with notice of termination of the EDA and no further shares will be issued under this agreement.

Under the terms of the EDA, the Company agreed to pay the Agent a commission equal to 3.0% of the gross sales price of the Placement Shares plus certain expenses incurred by the Agent in connection with the offering. For the six months ended December 31, 2021, the Company sold 138,388 shares of its common stock pursuant to the EDA for net proceeds of approximately \$1.5 million.

LPC Purchase Agreement

In August 2021, the Company entered into a purchase agreement (the “Purchase Agreement”) and a registration rights agreement (the “RRA”) with Lincoln Park Capital Fund, LLC (“LPC”), which provides that the Company may sell to LPC up to an aggregate of \$20.0 million shares (the “Purchase Shares”) of its common stock. The Company concurrently filed a prospectus supplement with the SEC to register the shares issuable under the Purchase Agreement. The aggregate number of shares that the Company could sell to LPC under the Purchase Agreement was 1,669,620 shares of common stock, subject to certain exceptions set forth in the Purchase Agreement.

LPC’s initial purchase consisted of 95,708 Purchase Shares at a purchase price of approximately \$10.45 per share for a total purchase price of \$1.0 million. Concurrently, the Company issued 33,799 shares of common stock to LPC as an initial fee for its commitment to purchase shares of common stock under the Purchase Agreement. Subject to the terms of the Purchase Agreement, the Company had the right, in its sole discretion, to present LPC with a purchase notice (a “Regular Purchase Notice”), directing LPC to purchase up to 25,000 Purchase Shares (a “Regular Purchase”). LPC’s committed obligation under any single Regular Purchase generally could not exceed \$2.0 million. The Purchase Agreement provided for a purchase price per share for each Regular Purchase (the “Purchase Price”) equal to the lesser of (i) the lowest sale price of the common stock on the Nasdaq Capital Market (“NCM”) on the purchase date of such shares; and (ii) the average of the three lowest closing sale prices for the common stock traded on the NCM during the ten consecutive business days ending on the business day immediately preceding the purchase date of such shares.

On September 17, 2021, the Company submitted a Regular Purchase Notice, resulting in the sale of 20,000 Purchase Shares to LPC for net proceeds of approximately \$0.2 million. In May 2022, the Company provided LPC with notice of termination of the Purchase Agreement whereby no further shares are issuable under this agreement.

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

NOTE 7 — SHARE-BASED COMPENSATION AND WARRANTS

Stock Option Plans

Presented below is a summary of the number of shares authorized, outstanding, and available for future grants under each of the Company’s stock option plans as of December 31, 2022 (in thousands):

Description	Plan Termination Date	Number of Shares		
		Authorized	Outstanding	Available
2015 Plan	February 2020	30	30	—
2016 Plan	October 2021	227	227	—
2019 Plan	July 2029	200	200	—
2021 Plan	March 2031	10,700	8,043	2,657
Total		11,157	8,500	2,657

2022 Employee Stock Purchase Plan

On June 16, 2022, the Company’s shareholders approved the adoption of the 2022 Employee Stock Purchase Plan (the “2022 ESPP”). The 2022 ESPP provides an opportunity for employees to purchase the Company’s common stock through accumulated payroll deductions.

The 2022 ESPP has consecutive offering periods that begin approximately every 6 months commencing on the first trading day on or after July 1 and terminating on the last trading day of the offering period ending on December 31 and commencing on the first trading day on or after January 1 and terminating on the last trading day of the offering period ending on June 30. The 2022 ESPP reserves 0.5 million shares for purchases. The first offering period concluded on December 31, 2022, and no purchases were made under the 2022 ESPP.

Stock Options Outstanding

The following table sets forth a summary of the activity under all of the Company’s stock option plans for the six months ended December 31, 2022 (shares in thousands):

	Shares	Price ⁽¹⁾	Term ⁽²⁾
Outstanding, June 30, 2022	8,506	\$ 5.24	9.7
Grants to employees	288	2.12	
Forfeited	(294)	4.26	
Outstanding, December 31, 2022	8,500	5.17	9.2
Vested, December 31, 2022	893	16.31	6.9

⁽¹⁾ Represents the weighted average exercise price.

⁽²⁾ Represents the weighted average remaining contractual term for the number of years until the stock options expire.

Rezolute, Inc.**Notes to Unaudited Condensed Consolidated Financial Statements**

For the six months ended December 31, 2022, the aggregate fair value of stock options granted for approximately 0.3 million shares of common stock amounted to \$0.5 million or approximately \$1.62 per share as of the grant dates. Fair value was computed using the Black-Scholes-Merton (“BSM”) option-pricing model and will result in the recognition of compensation cost ratably over the expected vesting period of the stock options.

For the six months ended December 31, 2022, the fair value of stock options was estimated on the date of grant, with the following weighted-average assumptions:

Market price of common stock on grant date	\$	2.12
Expected volatility		91 %
Risk free interest rate		3.9 %
Expected term (years)		6.0
Dividend yield		0 %

Share-based compensation expense for the three and six months ended December 31, 2022 and 2021 is included under the following captions in the unaudited condensed consolidated statements of operations (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Research and development	\$ 730	\$ 378	\$ 1,600	\$ 687
General and administrative	1,001	631	2,010	1,164
Total	<u>\$ 1,731</u>	<u>\$ 1,009</u>	<u>\$ 3,610</u>	<u>\$ 1,851</u>

Unrecognized share-based compensation expense is approximately \$20.2 million as of December 31, 2022. This amount is expected to be recognized over a weighted average period of 3.3 years.

Warrants

In connection with an underwritten offering in October 2021, the Company issued 1,661,461 pre-funded warrants (“PFWs”) to purchase 1,661,461 shares of common stock at an issuance price of \$6.49 per warrant for gross proceeds of \$10.8 million (the “2021 PFWs”). The 2021 PFWs may be exercised at any time by paying the exercise price of \$0.01 per share, subject to certain ownership restrictions.

In connection with a registered direct offering in May 2022, the Company issued 1,973,684 Class A PFWs and 10,947,371 Class B PFWs to purchase an aggregate of 12,921,055 shares of common stock at an issuance price of \$3.799 per warrant (collectively, the “2022 PFWs”). As of December 31, 2022, all of the 2022 PFWs may be exercised at any time by paying the exercise price of \$0.001 per share, subject to certain ownership restrictions.

In addition, the Company has issued warrants in conjunction with various debt and equity financings and for services. As of December 30, 2022, all of the warrants were vested.

Rezolute, Inc.**Notes to Unaudited Condensed Consolidated Financial Statements**

For the six months ended December 31, 2022, no warrants were granted or exercised. Excluding the 2021 PFWs and the 2022 PFWs discussed above, the following table sets forth a summary of all other warrants for the six months ended December 31, 2022 (shares in thousands):

	<u>Shares</u>	<u>Price ⁽¹⁾</u>	<u>Term ⁽²⁾</u>
Outstanding, June 30, 2022	1,150	\$ 22.83	4.2
Warrants granted	—	—	
Warrant expirations	(5)	77.85	
Outstanding, December 31, 2022	<u>1,145</u>	22.60	3.7

(1) Represents the weighted average exercise price.

(2) Represents the weighted average remaining contractual term for the number of years until the warrants expire.

NOTE 8 — COMMITMENTS AND CONTINGENCIES***Licensing Commitments***

Please refer to Note 4 for further discussion of commitments to make milestone payments and to pay royalties under license agreements with XOMA and ActiveSite.

Legal Matters

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2022, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's results of operations. At each reporting period, the Company evaluates known claims to determine whether a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, *Contingencies*. Legal fees are expensed as incurred.

NOTE 9 — RELATED PARTY TRANSACTIONS***Related Party Licensing Agreement***

On September 15, 2020, the Company and Handok entered into an exclusive license agreement (the "Handok License") for the territory of the Republic of Korea. The Handok License relates to pharmaceutical products in final dosage form containing the pharmaceutical compounds developed or to be developed by the Company, including those related to RZ358 and RZ402. The Handok License is in effect for a period of 20 years after the first commercial sale of each product and requires (i) milestone payments to the Company of \$0.5 million upon approval of a New Drug Application ("NDA") for each product in the territory, and (ii) the Company will sell products ordered by Handok at a transfer price equal to 70% of the net selling price of the products. To date, no milestone payments have been earned by the Company.

Investors in 2022 Private Placement

Handok and certain of its affiliates were the sole investors in the 2022 Private Placement and the Registered Direct Offering discussed in Note 6.

Rezolute, Inc.**Notes to Unaudited Condensed Consolidated Financial Statements****NOTE 10 — INCOME TAXES**

Income tax expense during interim periods is based on applying an estimated annualized effective income tax rate applied to the respective quarterly periods, adjusted for discrete tax items in the period in which they occur. The computation of the annualized estimated effective tax rate for each interim period requires certain estimates and significant judgment including, but not limited to, the expected operating results for the year, projections of the proportion of income earned and taxed in various jurisdictions, permanent and temporary differences, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is obtained, additional information becomes known or as the tax environment changes.

For the three and six months ended December 31, 2022 and 2021, the Company did not record any income tax benefit due to a full valuation allowance on its deferred tax assets. The Company did not have any material changes to its conclusions regarding valuation allowances for deferred income tax assets or uncertain tax positions for the three and six months ended December 31, 2022 and 2021.

NOTE 11 — NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss by the weighted average number of common shares, 2021 PFWs and 2022 PFWs outstanding during the period, without consideration for potentially dilutive securities. PFWs are included in the computation of basic and diluted net loss per share since the exercise price is negligible and all of the PFWs are fully vested and exercisable. Accordingly, the weighted average number of shares outstanding is computed as follows for the three and six months ended December 31, 2022 and 2021 (in thousands):

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Common Stock	36,828	14,289	36,387	11,402
2021 PFWs	1,661	1,391	1,661	695
2022 PFWs:				
Class A PFWs	1,974	—	1,974	—
Class B PFWs	10,947	—	10,947	—
Total	<u>51,410</u>	<u>15,680</u>	<u>50,969</u>	<u>12,097</u>

For the three and six ended December 31, 2022 and 2021, basic and diluted net loss per share were the same since all other common stock equivalents were anti-dilutive.

As of December 31, 2022 and 2021, the following outstanding potential common stock equivalents were excluded from the computation of diluted net loss per share since the impact of inclusion was anti-dilutive (in thousands):

	2022	2021
Stock options	8,500	1,307
Warrants	1,145	1,187
Total	<u>9,645</u>	<u>2,494</u>

Rezolute, Inc.**Notes to Unaudited Condensed Consolidated Financial Statements****NOTE 12 — FINANCIAL INSTRUMENTS AND SIGNIFICANT CONCENTRATIONS*****Fair Value Measurements***

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which it transacts and considers assumptions that market participants would use when pricing the asset or liability. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2—Other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly through market corroboration, for substantially the full term of the asset or liability.

Level 3—Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date.

The Company's embedded derivative liabilities are classified under Level 3 of the hierarchy and are required to be measured and recorded at fair value on a recurring basis. Fair value is determined based on management's assessment of the probability and timing of occurrence for the Exit Events discussed in Note 5 using a discount rate equal to the effective interest rate for the term A loan. The following table sets forth changes in the fair value of embedded derivative liabilities for the six months ended December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Fair value, beginning of period	\$ 407	\$ 387
Loss (gain) from change in fair value	26	(4)
Fair value, end of period	<u>\$ 433</u>	<u>\$ 383</u>

Except for embedded derivative liabilities, the Company did not have any other assets or liabilities measured at fair value on a recurring basis as of December 31, 2022 and June 30, 2022.

Due to the relatively short maturity of the respective instruments, the fair value of cash and cash equivalents, accounts payable, and accrued liabilities approximated their carrying values as of December 31, 2022 and June 30, 2022.

The Company's policy is to recognize asset or liability transfers among Level 1, Level 2 and Level 3 as of the actual date of the events or change in circumstances that caused the transfer. During the six months ended December 31, 2022 and 2021, the Company did not have any transfers of its assets or liabilities between levels of the fair value hierarchy.

Significant Concentrations

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents at high-quality financial institutions. For the six months ended December 31, 2022, cash deposits have exceeded the amount of federal insurance provided on such deposits.

Rezolute, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

As of December 31, 2022, the Company had cash and cash equivalents consisting of \$115.1 million in a highly-liquid money market mutual fund and \$31.6 million in checking and savings accounts at a financial institution. As of June 30, 2022 the Company had cash and cash \$150.4 million in checking and savings accounts with the same financial institution. The Company has never experienced any losses related to its investments in cash and cash equivalents.

NOTE 13 — SUBSEQUENT EVENTS

Employment Agreement Amendments

On January 8, 2023, the Board of Directors approved certain amendments to the employment agreements of the Company's chief executive officer and chief medical officer (the "Executive Officers"). The amendments provide that if either of the Executive Officers are terminated outside of a change in control event and without cause, (i) all of their stock options that are subject to ongoing vesting conditions over subsequent periods ranging from 12 to 18 months will immediately vest, and (ii) such stock options will remain exercisable for periods ranging from 6 to 12 months following the occurrence of the termination event. In addition, if either of the Executive Officers are terminated solely due to a change of control event, all of their unvested stock options will immediately vest and all outstanding stock options will remain exercisable for periods ranging from 6 to 12 months following the occurrence of the termination event.

The amendment to the chief medical officer's employment agreement provides that upon the occurrence of a termination event other than a change of control, the Company is required to (i) make severance payments equal to 12 months of salary, a pro-rata bonus, and health insurance coverage for 12 months following the termination date, and (ii) all unvested stock options subject to vest over the subsequent 12 month period after the termination event will become immediately exercisable and all outstanding stock options will remain exercisable for 6 months following the termination event. In addition, upon the occurrence of a termination solely due to a change of control event, the Company is required to (i) make severance payments equal to 18 months of salary, a pro-rata bonus, and health insurance coverage for 18 months following the termination event.

ActiveSite Milestone Payment

Pursuant to the ActiveSite License Agreement discussed in Note 4, the next scheduled milestone payment for \$3.0 million is due upon dosing of the first patient in a Phase 2 clinical study. On February 6, 2023, the Company dosed the first patient in its Phase 2 study, triggering the obligation to pay this milestone payment in February 2023. The Company will recognize the related licensing expense in the fiscal quarter ending March 31, 2023.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Certain figures, such as interest rates and other percentages included in this section have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in our unaudited condensed consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding. As used in the discussion below, "we," "our," "us," and the "Company" refers to Rezolute, Inc.

Special Note Regarding Status of Clinical Assets

RZ358

Our lead clinical asset, RZ358, is a potential treatment for congenital hyperinsulinism, an ultra-rare pediatric genetic disorder characterized by excessive production of insulin by the pancreas. We initiated the RZ358-606 Phase 2b study ("RIZE") globally at multiple study centers in the first quarter of 2020. Following delays in patient dosing as a result of COVID-19, we advanced the study in second half of 2021 and completed patient dosing in the first half of 2022. As a result of the open label nature of RIZE, we were able to announce topline results from the study at the Pediatric Endocrine Society Meeting in May 2022. Following that announcement and a subsequent three-month safety follow-up with the final patients in the study, the study database was locked in the third quarter of 2022. Starting in the fourth quarter of 2022 and continuing into the first quarter of 2023, we are finalizing tables, figures and listings ("TFL") for the study as well as clinical study reports ("CSRs"). In the second half of 2022, we also began interacting with the FDA and European regulatory authorities regarding our initial plans for an anticipated Phase 3 study in 2023. We plan to interact with both the European regulatory authorities and the FDA in the first half of 2023 with the goal of establishing alignment regarding Phase 3 study design including endpoints for the study, duration of treatment for the patients in the study, as well as the ages of patients to be enrolled. Following these interactions, we anticipate commencing Phase 3 during the Summer of 2023. Based on our current enrollment estimates, we plan to have top line results available from this study in the first quarter of 2025.

RZ402

Our second clinical asset, RZ402, is a selective and potent plasma kallikrein inhibitor ("PKI") being developed as a potential oral therapy for the chronic treatment of diabetic macular edema ("DME"). We conducted two Phase 1 studies in healthy volunteers for RZ402 in 2021 and 2022 to assess the safety and pharmacological profile of the drug. We announced positive topline results from these studies which demonstrated that oral administration of RZ402 resulted in plasma concentrations that substantially exceeded target pharmacologically active drug levels, demonstrating the potential for once daily dosing. RZ402 was generally safe and well-tolerated at all doses tested, without dose-limiting toxicities. Notably, the second Phase 1 study was a multiple-ascending dose ("MAD") study that showed dose-dependent increases in systemic exposures, with repeat-dosing to steady-state resulting in the highest concentrations of RZ402 explored to date, exceeding 200 ng/mL and 50 ng/mL at peak and 24-hour trough, respectively. The MAD study results showed that RZ402 was generally safe and well-tolerated, including at higher doses than previously tested in the first single ascending dose study. There were no serious adverse events, adverse drug reactions or identified risks in either study.

In December 2022, we initiated a Phase 2 multi-center, randomized, double-masked, placebo-controlled, parallel-arm study to evaluate the safety, efficacy, and pharmacokinetics of RZ402 administered as a monotherapy over a 12-week treatment period in participants with DME who are naïve to, or have received limited anti-VEGF injections. The study population will include DME patients with mild to moderate non-proliferative diabetic retinopathy. Eligible participants will be randomized equally, to one of three RZ402 active treatment arms at doses of 50, 200, and 400 mg, or a placebo control arm, and will receive study drug once daily for 12 weeks, before completing a four-week follow-up. The study is expected to enroll approximately 100 patients overall, across approximately 25 investigational sites in the United States. The principal endpoints of the trial include (i) changes in central subfield thickness on the macula ("CST"), as measured by Spectral Domain Ocular Coherence Tomography (SD-OCT), (ii) changes in visual acuity as measured by the early treatment diabetic retinopathy scale ("ETDRS"), (iii) the repeat dose pharmacokinetics of RZ402 in patients with DME, and (iv) the safety and tolerability of RZ402. We expect to complete dosing in the fourth quarter of 2023 and to announce results from the study in the first quarter of 2024.

Recent Developments

Headquarters Lease

In April 2022, we entered into a lease agreement for a new corporate headquarters facility in Redwood City, California. The space consists of approximately 9,300 square feet and provides for total base rent payments of approximately \$2.9 million through the expected expiration of the lease in November 2027. The lease provides for a six-month rent abatement period that began upon commencement of the lease term which occurred in October 2022.

Financing Activities

In July 2022, we entered into amended securities purchase agreements with Handok, Inc. (“Handok”) and certain of its affiliates (the “2022 Private Placement”), resulting in gross proceeds of \$12.3 million in exchange for the issuance of approximately 3.2 million shares of common stock. We incurred approximately \$0.8 million for underwriting commissions and other offering costs, resulting in net proceeds of \$11.5 million.

Termination of Loan Agreement

On April 14, 2021, we entered into a \$30.0 million Loan and Security Agreement (the “Loan Agreement”) with Solar Investment Corp. (“SLR”) as collateral agent, and the parties signing the Loan Agreement from time to time as lenders, including SLR in its capacity as a lender. The scheduled maturity date of the Loan Agreement was on April 1, 2026. In April 2021, we borrowed \$15.0 million under the Loan Agreement. On June 30, 2022, we paid off the outstanding loan amount of \$15.0 million in full and terminated the Loan Agreement in accordance with its terms.

Please refer to our discussion under the caption *Liquidity and Capital Resources* for further discussion of our recent financing activities.

Factors Impacting our Results of Operations

We have not generated any meaningful revenues since our inception in March 2010. Over the last several years, we have conducted private placements and public offerings to raise additional capital, adopted a licensing model to pursue development of product candidates, conducted pre-clinical and clinical trials, and conducted other research and development activities on our pipeline of product candidates.

Due to the time required to conduct clinical trials and obtain regulatory approval for our product candidates, we anticipate it will be several years before we generate substantial revenues, if ever. We expect to incur operating losses for the foreseeable future; therefore, we expect to continue efforts to raise additional capital to maintain our current operating plans over the next several years. We cannot assure you that we will secure such financing or that it will be adequate for the long-term execution of our business strategy. Even if we obtain additional financing, it may be costly and may require us to agree to covenants or other provisions that will favor new investors over our existing shareholders.

Key Components of Consolidated Statements of Operations

Research and development expenses. Research and development (“R&D”) expenses consist primarily of compensation and benefits for our personnel engaged in R&D activities, clinical trial costs, licensing costs, and consulting and outside services. Our R&D compensation costs include an allocable portion of our cash and share-based compensation, employee benefits, and consulting costs related to personnel engaged in the design and development of product candidates and other scientific research projects. We also allocate a portion of our facilities and overhead costs based on the personnel and other resources devoted to R&D activities.

General and administrative expenses. General and administrative (“G&A”) expenses consist primarily of (i) an allocable portion of our cash and share-based compensation and employee benefits related to personnel engaged in our administrative, finance, accounting, and executive functions, and (ii) an allocable portion of our facilities and overhead costs related to such personnel. G&A expenses also include travel, legal, auditing, consulting, investor relations and other costs primarily related to our status as a public company.

Interest and other income. Interest and other income consist primarily of interest income earned on temporary cash investments.

Gain (loss) from change in fair value of derivative liabilities. We recognized liabilities for financial instruments that are required to be accounted for as derivatives, as well as embedded derivatives in our debt agreements. Derivative liabilities are adjusted to fair value at the end of each reporting period until the contracts are settled, expire, or otherwise meet the conditions for equity classification. Changes in fair value are reflected as a gain or loss in our unaudited condensed consolidated statements of operations.

Employee retention credit. In response to the COVID-19 pandemic, the United States government has designed programs to assist businesses in dealing with the financial hardships caused by the pandemic. We recognize the right to receive governmental assistance payments in the period in which the related conditions on which they depend are substantially met.

Interest expense. The components of interest expense include the amount of interest payable in cash at the stated interest rate, and accretion of debt discounts and issuance costs (“DDIC”) using the effective interest method. DDIC arises from the issuance of debt instruments and other related contracts or agreements which possess certain terms and conditions resulting in additional financing costs arising from origination, exit and final fees, and other incremental and direct costs incurred to consummate the financing.

Critical Accounting Policies and Significant Judgments and Estimates

Overview

The discussion herein is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenue and expenses during the reporting periods. These items are monitored and analyzed for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ from these estimates under different assumptions or conditions.

With respect to our significant accounting policies that are described in Note 1 to our consolidated financial statements included in Item 8 of our 2022 Form 10-K, we believe that the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Accounting for Complex Financings

In order to account for complex financing transactions, we are required to make judgments, assumptions, and estimates to determine the appropriate amounts reported in our consolidated financial statements. These financing transactions typically involve entering into several distinct legal agreements, whereby we are required to identify and account for each freestanding financial instrument separately. The freestanding financial instruments may be classified as debt, temporary equity or permanent equity instruments depending on the results of our evaluation. In addition, we evaluate if any of the financial instruments contain embedded features that are required to be accounted for as derivatives at fair value. Each freestanding financial instrument is required to be recognized at fair value on the closing date of the financing. The fair value of warrants is generally determined using the Black-Scholes-Merton (“BSM”) valuation model and the fair value of common stock is based on the trading price of our shares on the closing date.

For financial instruments classified as debt, a discount is recognized if the stated principal balance exceeds the initial allocation of fair value as of the closing date. This discount is accreted to interest expense using the interest method that results in recognition of interest expense at a fixed rate through the expected maturity date.

Share-Based Compensation Expense

We measure the fair value of services received in exchange for all stock options granted based on the fair value of the award as of the grant date. We compute the fair value of stock options with time-based vesting using the BSM option-pricing model and recognize the

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cost of the equity awards over the period that services are provided to earn the award. For awards that contain a graded vesting schedule, and the only condition for vesting is a service condition, compensation cost is recognized on a straight-line basis over the requisite service period as if the award was, in substance, a single award. We recognize the impact of forfeitures in the period that the forfeiture occurs, rather than estimating the number of awards that are not expected to vest in accounting for share-based compensation. For stock options that are voluntarily surrendered by employees, all unrecognized compensation is immediately recognized in the period the options are cancelled.

Research and Development

R&D costs are expensed as incurred. Intangible assets related to in-licensing costs under license agreements with third parties are charged to expense unless we are able to determine that the licensing rights have an alternative future use in other R&D projects or otherwise.

Clinical Trial Accruals

Clinical trial costs are a component of R&D expenses. We accrue and recognize expenses for clinical trial activities performed by third parties based upon estimates of the percentage of work completed over the life of the individual study in accordance with agreements established with clinical research organizations and clinical trial sites. We determine the estimates through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. Nonrefundable advance payments for goods and services that will be used or rendered in future R&D activities, are deferred and recognized as expense in the period that the related goods are delivered, or services are performed.

Results of Operations

Three months ended December 31, 2022 and 2021

Revenue. As a clinical stage company, we did not generate any revenue for the three months ended December 31, 2022 and 2021. We are at an early stage of development and do not currently have any commercial products. Our existing product candidates will require extensive additional clinical evaluation, regulatory review, significant marketing efforts and substantial investment before they generate any revenues. We do not expect to be able to generate revenue from any of our product candidates for several years.

Research and development expenses. R&D expenses for the three months ended December 31, 2022 and 2021 were as follows (in thousands, except percentages):

	2022	2021	Increase	
			Amount	Percent
Total R&D expenses	\$ 10,945	\$ 9,452	\$ 1,493	16 %

The increase in R&D expenses of \$1.5 million for the three months ended December 31, 2022 was primarily attributable to compensation and benefits for our R&D workforce that increased by approximately \$1.6 million. Cash-based compensation and benefits increased by approximately \$1.2 million that was primarily attributable to an increase in the average number of R&D employees from 23 for the three months ended December 31, 2021 to 35 for the three months ended December 31, 2022. Share-based compensation and benefits increased by approximately \$0.4 million attributable to an increase in share-based compensation related to stock options granted in June 2022 where expense is recognized over the respective vesting periods. The increases in compensation were partially offset by a net decrease of clinical trial expenses for the three months ended December 31, 2022. Clinical trial costs decreased by \$0.1 million due to \$0.7 million in reduced spending on RZ358 as the Phase 2b study has concluded, offset by \$0.6 million of increased spending for RZ402 program related costs, primarily for Phase 2 readiness clinical costs that resulted in the initiation of a Phase 2 study in December 2022.

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General and administrative expenses. G&A expenses for the three months ended December 31, 2022 and 2021 were as follows (in thousands, except percentages):

	2022	2021	Increase	
			Amount	Percent
Total G&A expenses	\$ 3,447	\$ 2,697	\$ 750	28 %

The increase in G&A expenses of \$0.8 million for the three months ended December 31, 2022 was attributable to increases in (i) share-based compensation expense of \$0.4 million due to stock options granted in June 2022 where expense is recognized over the respective vesting periods, and (ii) cash-based compensation expense of \$0.4 million due to an increase in the average number of employees from 8 for the three months ended December 31, 2021 to 13 employees for the three months ended December 31, 2022.

Interest and Other Income. Interest and other income amounted to \$0.8 million for the three months ended December 31, 2022, compared to \$13,000 for the three months ended December 31, 2021. This increase was primarily due to (i) an increase in excess of \$100 million in cash balances held in interest bearing accounts, and (ii) an increase in interest rates for such temporary cash investments. The large increase in cash balances was attributable to the completion of equity financings from October 2021, May 2022 and July 2022.

Interest Expense. We did not incur any interest expense for the three months ended December 31, 2022, whereas we incurred \$0.4 million of interest expense for the three months ended December 31, 2021. Interest expense for the three months ended December 31, 2021 was solely attributable to the Loan Agreement and consisted of (i) interest expense of \$0.3 million based on the weighted average contractual rate of 9.0%, and (ii) accretion of discount of \$0.1 million. The Loan Agreement was repaid on June 30, 2022.

Income Taxes. For the three months ended December 31, 2022 and 2021, we did not recognize any income tax benefit due to our net losses, and our determination that a valuation allowance was required for all of our deferred tax assets.

Six months ended December 31, 2022 and 2021

Revenue. As a clinical stage company, we did not generate any revenue for the six months ended December 31, 2022 and 2021. We are at an early stage of development and do not currently have any commercial products. Our existing product candidates will require extensive additional clinical evaluation, regulatory review, significant marketing efforts and substantial investment before they generate any revenues. We do not expect to be able to generate revenue from any of our product candidates for several years.

Research and development expenses. R&D expenses for the six months ended December 31, 2022 and 2021 were as follows (in thousands, except percentages):

	2022	2021	Increase	
			Amount	Percent
Total R&D expenses	\$ 18,649	\$ 15,226	\$ 3,423	22 %

The increase in R&D expenses of \$3.4 million for the six months ended December 31, 2022 was primarily attributable to compensation and benefits for our R&D workforce that increased by approximately \$2.9 million. Cash-based compensation and benefits increased by approximately \$2.0 million which was primarily attributable to an increase in the average number of R&D employees from 23 for the six months ended December 31, 2021 to 35 for the six months ended December 31, 2022. In addition, approximately \$0.9 million of this increase was attributable to an increase in share-based compensation related to stock options granted in June 2022 where expense is recognized over the respective vesting periods. In addition to the increases in compensation and benefits, an increase of \$0.5 million was due to higher spending for RZ358 Phase 3 readiness manufacturing costs and RZ402 Phase 2 clinical trial costs.

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General and administrative expenses. G&A expenses for the six months ended December 31, 2022 and 2021 were as follows (in thousands, except percentages):

	2022	2021	Increase	
			Amount	Percent
Total G&A expenses	\$ 5,961	\$ 4,563	\$ 1,398	31 %

The increase in G&A expenses of \$1.4 million for the six months ended December 31, 2022 was primarily attributable to increases in (i) share-based compensation expense of \$0.8 million due to stock options granted in June 2022 where expense is recognized over the respective vesting periods and (ii) cash-based compensation expense of \$0.6 million that was primarily attributable to an increase in the average number of G&A employees from 8 for the six months ended December 31, 2021 to 13 for the six months ended December 31, 2022.

Interest and Other Income. Interest and other income amounted to \$1.2 million for the six months ended December 31, 2022, compared to \$13,000 of interest income for the six months ended December 31, 2021. The increase in interest income for the six months ended December 31, 2022 was primarily due to (i) an increase in excess of \$100 million in cash balances held in interest bearing accounts, and (ii) an increase in interest rates for such temporary cash investments. The large increase in cash balances was attributable to the completion of equity financings from October 2021, May 2022 and July 2022.

Employee Retention Credit. We did not generate any employee retention credit income for the six months ended December 31, 2022, compared to \$0.2 million for the six months ended December 31, 2021. The income in the prior year was a result of CARES Act benefits. For the six months ended December 31, 2022, governmental assistance was not available under the CARES Act.

Interest Expense. We did not incur any interest expense for the six months ended December 31, 2022 due to the repayment of the Loan Agreement on June 30, 2022, whereas we incurred \$0.9 million of interest expense for the six months ended December 31, 2021. Interest expense for the six months ended December 31, 2021 was solely attributable to the Loan Agreement and consisted of (i) interest expense of \$0.7 million based on the weighted average contractual rate of 9.0%, and (ii) accretion of discount of \$0.2 million.

Income Taxes. For the six months ended December 31, 2022 and 2021, we did not recognize any income tax benefit due to our net losses, and our determination that a valuation allowance was required for all of our deferred tax assets.

Liquidity and Capital Resources

Short-term Liquidity Requirements

As of December 31, 2022, we had cash and cash equivalents of \$146.7 million and working capital was approximately \$141.3 million. We have incurred cumulative net losses of \$232.6 million since our inception and as a clinical stage company we have not generated any meaningful revenue to date.

Our primary source of liquidity has historically been from the completion of private placements and public offerings of our equity securities, as well as proceeds from the issuance of debt securities. For the six months ended December 31, 2022, as discussed above under the caption *Recent Developments*, we issued common stock in the 2022 Private Placement that resulted in net proceeds of \$11.6 million. For the fiscal year ended June 30, 2022, we received net proceeds from the issuance of equity securities of \$165.2 million. The completion of these equity financings is the primary factor that resulted in our cash and cash equivalents balance of \$146.7 million as of December 31, 2022. For further information about the key terms and results of our debt and equity financing activities, please refer to the discussion below under the captions *2022 Registered Direct Offering*, *2021 Underwritten Public Offering* and *2021 Registered Direct Offering*.

Our most significant contractual obligations consist of milestone payments pursuant to licensing agreements with XOMA Corporation (“XOMA”) and ActiveSite Pharmaceuticals, Inc. (“ActiveSite”) discussed below. Based on our expectations for the dates when certain clinical and regulatory milestones will be achieved, we anticipate that \$5.0 million will be payable to XOMA within the next twelve

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months. In February 2023, \$3.0 million became payable to ActiveSite upon the dosing of the first patient in the Company's phase 2 clinical study.

Based on our cash and cash equivalents balance of \$146.7 million as of December 31, 2022, we believe we have adequate capital resources to meet all of our contractual obligations and conduct all planned activities to advance our clinical trials during through the fiscal quarter ending December 31, 2023.

Long-term Liquidity Requirements

Our most significant long-term contractual obligations consist of clinical and regulatory milestone payments up to \$35.0 million payable to XOMA and up to \$32.5 million in milestones payable to ActiveSite, for a total of \$67.5 million. As discussed above, we expect that \$5.0 million will be payable to XOMA within the next twelve months and \$3.0 million became payable to ActiveSite in February 2023. Accordingly, the remainder of \$72.5 million is considered a long-term liquidity requirement. Our current expectations are that we will incur additional milestone payments of \$5.0 million payable to XOMA for the fiscal year ending June 30, 2024. Due to uncertainties in the timing associated with clinical trial activities and regulatory approvals, there is even greater uncertainty in forecasting the milestone payments to XOMA and ActiveSite during the fiscal year ending June 30, 2024 and thereafter.

Our long-term contractual obligations also include (i) operating lease payments up to approximately \$0.7 million per year through calendar year 2027, and (ii) an exit fee of \$0.6 million if we enter into certain transactions (defined as "Exit Events") prior to April 13, 2031. Exit Events include, but are not limited to, sales of substantially all assets, certain mergers, change of control transactions, and issuances of common stock that result in new investors owning more than 35% of the Company's shares. As discussed above under the caption *Recent Developments*, on June 30, 2022 we terminated the Loan Agreement with SLR. However, we remain contingently obligated to pay the \$0.6 million exit fee.

The following discussion provides additional information about the ongoing requirements pursuant to our license agreements with XOMA and ActiveSite, along with additional information about our recent financing activities that impacted our liquidity and capital resources through December 31, 2022.

XOMA License Agreement

In December 2017, we entered into a license agreement (the "XOMA License Agreement") with XOMA through its wholly-owned subsidiary, XOMA (US) LLC, pursuant to which XOMA granted an exclusive global license to develop and commercialize XOMA 358 (formerly X358, now RZ358) for all indications. In January 2019, the XOMA License Agreement was amended with an updated payment schedule, as well as revised the amount we were required to expend on development of RZ358 and related licensed products, and revised provisions with respect to our diligence efforts in conducting clinical studies.

Upon the achievement of certain clinical and regulatory events, we will be required to make up to \$35.0 million in aggregate milestone payments to XOMA. The first such milestone payment of \$2.0 million was triggered upon dosing of the last patient in our ongoing phase 2 clinical study in January 2022. The next milestone payment of \$5.0 million will be due upon the dosing of the first patient in a Phase 3 study, which we believe will occur in the next twelve months. Additionally, upon the future commercialization of RZ358, we will be required to pay royalties to XOMA based on the net sales of the related products, and milestone payments up to an additional \$185.0 million if future annual sales related to RZ358 exceed targets ranging from \$100.0 million to \$1.0 billion. Through December 31, 2022, no events have occurred that would result in the requirement to make additional milestone payments and no royalties have been incurred.

ActiveSite License Agreement

In August 2017, we entered into a Development and License Agreement with ActiveSite ("ActiveSite License Agreement") pursuant to which we acquired the rights to ActiveSite's plasma kallikrein inhibitor portfolio (the "PKI Program"). We are planning to use the PKI Program to develop, file, manufacture, market and sell products for diabetic macular edema and other therapeutic indications. The ActiveSite License Agreement requires various milestone payments ranging from \$1.0 million to \$10.0 million when milestone events occur, up to an aggregate of \$46.5 million of aggregate milestone payments. The first milestone payment for \$1.0 million paid in December 2020 after completion of the preclinical work and submission of an IND to the FDA for RZ402. The next milestone payment for \$3.0 million became due upon dosing of the first patient in a Phase 2 study in February 2023. We will also be required to pay

royalties equal to 2.0% of any sales of products that use the PKI Program. Through December 31, 2022, no events have occurred that would result in the requirement to make additional milestone payments and no royalties have been incurred.

2022 Registered Direct Offering

On May 1, 2022, we entered into an underwriting agreement with Jefferies LLC, as representative of the underwriters listed therein, relating to the issuance and sale of equity securities in an underwritten registered direct offering (the “2022 RDO”). The 2022 RDO resulted in the issuance of (i) approximately 18.0 million shares of our common stock at a public offering price of \$3.80 per share, (ii) Class A pre-funded warrants (the “Class A PFWs”) to purchase up to 2.0 million shares of common stock at a public offering price of \$3.799 per Class A PFW, and (iii) Class B pre-funded warrants (the “Class B PFWs”) to purchase up to 10.9 million shares of common stock at a public offering price of \$3.799 per Class B PFW. On May 4, 2022, the 2022 RDO closed resulting in net proceeds of approximately \$110.1 million. The gross amount of the 2022 RDO was \$117.6 million, before deduction of an aggregate of \$7.1 million for underwriting discounts and approximately \$0.4 million for professional fees and other offering expenses payable by us. We believe the additional funding from the 2022 RDO along with the funding received in July 2022 from the 2022 Private Placement provides us with sufficient cash to fund a Phase 3 clinical program for RZ358, as well as a Phase 2 proof of concept study for RZ402.

2021 Underwritten Public Offering and Registered Direct Offering

In October 2021, we entered into an underwriting agreement with Oppenheimer & Co., Inc., as representative of the underwriters listed therein (the “2021 Underwriters”) for the planned issuance and sale of equity securities in an underwritten public offering (the “2021 Underwritten Offering”). On October 15, 2021, closing occurred for the 2021 Underwritten Offering resulting in the issuance of (i) 6,030,847 shares of common stock at \$6.50 per share for gross proceeds of \$39.2 million, and (ii) 1,661,461 pre-funded warrants to purchase 1,661,461 shares of common stock at an issuance price of \$6.49 per warrant (the “2021 PFWs”) for gross proceeds of \$10.8 million. The Company granted the Underwriters a 30-day option to purchase up to an additional 1,153,845 shares of its common stock in the 2021 Underwritten Offering at a public offering price of \$6.50 per share, less underwriting discounts and commissions (the “Underwriters’ Option”). In November 2021, the Underwriters’ Option was partially exercised for 116,266 shares resulting in gross proceeds of approximately \$0.8 million. The aggregate gross proceeds from the 2021 Underwritten Offering amounted to \$50.7 million, excluding the Underwriters’ Option, and before deductions for underwriting commissions of 6.0% of the gross proceeds and other offering costs of approximately \$0.3 million. After deducting total offering costs of \$3.3 million, the net proceeds of the 2021 Underwritten Offering amounted to approximately \$47.2 million.

Concurrently with the 2021 Underwritten Offering, Handok, an entity affiliated with a member of the Board of Directors, entered into a subscription agreement for a registered direct offering (the “2021 RDO”) pursuant to which we agreed to sell to the Handok an aggregate of 769,231 shares of our common stock at a purchase price of \$6.50 per share. The closing for the 2021 RDO occurred on October 27, 2021, whereby we received gross proceeds of \$5.0 million.

EDA and LPC Financings

In December 2020, we entered into an Equity Distribution Agreement (the “EDA”) with Oppenheimer & Co. Inc. as sales agent that provided for an “at the market offering” for the sale of up to \$50.0 million in shares of our common stock (the “Placement Shares”). For the six months ended December 31, 2021, we sold 138,388 Placement Shares for which aggregate net proceeds of approximately \$1.5 million were received. In August 2021, we entered into a purchase agreement (the “LPC Purchase Agreement”) with Lincoln Park Capital Fund, LLC (“LPC”), that provided for issuances up to an aggregate of \$20.0 million of shares of our common stock (the “Purchase Shares”). For the three months ended December 31, 2021, LPC purchased 115,708 shares of our common stock and we received net proceeds of \$1.2 million. In May 2022, we terminated the EDA and the LPC Purchase Agreement whereby no further equity securities are issuable under these agreements.

Loan Agreement

In April 2021, we borrowed \$15.0 million under the Loan Agreement discussed above under the caption Recent Developments. Outstanding borrowings under the Loan Agreement provided for interest at a floating rate equal to (a) 8.75% per annum plus (b) the greater of (i) the rate per annum published by the Intercontinental Exchange Benchmark Administration Ltd. for a term of one month

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and (ii) 0.12% per annum. On June 30, 2022, we paid off the outstanding loan amount of \$15.0 million and terminated the Loan Agreement in accordance with its terms. In addition to the repayment of principal and accrued interest, we paid (i) a prepayment fee equal to 2.00% of the outstanding principal balance for a total of \$300,000, and (ii) a final fee equal to 4.75% of the aggregate amount of the term loans funded for a total of \$712,500. The terminated Loan Agreement was secured by substantially all of our assets. The security interests and liens granted in connection with the terminated Loan Agreement were released on June 30, 2022.

Cash Flows Summary

Presented below is a summary of our operating, investing, and financing cash flows for the six months ended December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Net cash provided by (used in):			
Operating activities	\$ (15,082)	\$ (13,538)	\$ (1,544)
Investing activities	(153)	—	(153)
Financing activities	11,571	54,894	(43,323)

Cash Used in Operating Activities

For the six months ended December 31, 2022 and 2021, cash used in operating activities amounted to \$15.1 million and \$13.5 million, respectively. The key components in the calculation of our cash used in operating activities are as follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Net loss	\$ (23,387)	\$ (20,429)	\$ (2,958)
Non-cash expenses	3,758	2,228	1,530
Non-cash gains, net	—	(4)	4
Changes in operating assets and liabilities, net	4,547	4,667	(120)
Total	<u>\$ (15,082)</u>	<u>\$ (13,538)</u>	<u>\$ (1,544)</u>

For the six months ended December 31, 2022, our net loss was \$23.4 million compared to \$20.4 million for the six months ended December 31, 2021. For further discussion about changes in our operating results for the six months ended December 31, 2022 and 2021, please refer to *Results of Operations* above.

For the six months ended December 31, 2022 and 2021, our non-cash expenses of \$3.8 million and \$2.2 million, respectively, were primarily attributable to share-based compensation expense, accretion of debt discount and issuance costs, and non-cash lease expense. For the six months ended December 31, 2022, net changes in operating assets and liabilities increased operating cash flow by \$4.6 million, primarily driven by an increase of \$3.8 million in accounts payable and other accrued liabilities primarily due to \$2.2 million of accrued compensation related to 2022 calendar year performance bonuses. This increase was partially offset by a decrease in prepaid expenses and other assets of \$0.8 million. For the six months ended December 31, 2021, net changes in operating assets and liabilities increased operating cash flow by \$4.7 million, primarily driven by an increase in accounts payable of \$3.3 million, an increase in other accrued liabilities of \$1.1 million, and a decrease in prepaid expenses and other assets of \$0.3 million.

Cash Provided by Investing Activities

For the six months ended December 31, 2022, our net cash utilized in investing activities amounted to \$153,000, related to the purchase of furniture and equipment primarily for use in our new office location in Redwood City, California. We did not have any cash flows from investing activities for the six months ended December 31, 2021.

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Cash Provided by Financing Activities

Net cash provided by financing activities for the six months ended December 31, 2022 amounted to \$11.6 million. This amount consisted of proceeds of \$12.3 million from the 2022 Private Placement. The total proceeds from the 2022 Private Placement of \$12.3 million were partially offset by payments of \$0.8 million for underwriting commissions and other costs related to this offering.

Net cash provided by financing activities for the six months ended December 31, 2021 amounted to \$54.9 million. This amount consisted of proceeds of (i) \$50.7 million from the Underwritten Offering, (ii) \$5.0 million from the Registered Direct Offering, (iii) \$1.5 million from the EDA, and (iv) \$1.2 million from the Purchase Agreement. The total proceeds from equity financing activities of \$58.4 million were partially offset by payments of \$3.4 million for underwriting discounts and other costs related to equity offerings, and \$0.1 million of payments for debt issuance costs.

Recent Accounting Pronouncements

Please refer to Note 1 to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Report regarding the impact of recent accounting pronouncements.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet transactions for the periods covered by this Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive and financial officer), of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”). Based on that assessment under those criteria, our management has determined that our internal control over financial reporting was not effective due to a material weakness in the system of internal control. A material weakness is a deficiency, or combination of deficiencies, that creates a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected in a timely manner.

The material weakness identified by management is primarily that due to our limited number of employees, we have not adequately segregated certain duties to prevent employees from overriding the internal control system. During the fiscal year ended June 30, 2022, we implemented a more robust accounting software that is expected to result in stronger controls. In October 2022, we hired additional personnel, which will enable us to better segregate many functions. We cannot provide assurance that these or other measures will eventually result in the elimination of the material weakness described above.

Changes in internal controls over financial reporting

During the period covered by this Quarterly Report on Form 10-Q, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 1A. Risk Factors.

Our risk factors are set forth under “Item 1A. Risk Factors” in our 2022 Form 10-K (referred to as our “Legacy Risk Factor Disclosures”). As of the date of this Report, there have been no material changes with respect to Legacy Risk Factor Disclosures.

You should carefully consider the Legacy Risk Factor Disclosures in addition to the other information set forth in this Report and in our 2022 Form 10-K, including the *Management’s Discussion and Analysis of Financial Condition and Results of Operations* sections and the consolidated financial statements and related notes. These risks, some of which have occurred and any of which may occur in the future, can have a material adverse effect on our business, financial condition, results of operations or the prices of our publicly traded securities. The Legacy Risk Factor Disclosures are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may occur or become material in the future and adversely affect our business, reputation, financial condition, results of operations or the prices of our publicly traded securities. Therefore, historical operating results, financial and business performance, events and trends are often not a reliable indicator of future operating results, financial and business performance, events or trends.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits.

The following exhibits are incorporated by reference or filed as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Description of Exhibits
10.1*	Amended and Restated Employment Agreement of Nevan Elam, dated January 8, 2023
10.2*	Amended and Restated Employment Agreement of Brian Roberts, dated January 8, 2023
31.1*	Certification of Chief Executive and Principal Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1*	Certification of Chief Executive and Principal Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS*	Inline XBRL Instance Document
101.SC*	Inline XBRL Taxonomy Extension Schema
101.CA*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LA*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File, formatted in Inline XBRL (included as Exhibit 101)

* Filed herewith.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REZOLUTE, INC.

Date: February 10, 2023

By: /s/ Nevan Charles Elam

Nevan Charles Elam

Chief Executive Officer

(Principal Executive and Financial Officer)

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into effective as of January 8, 2023 (the "Effective Date") by and between Rezolute, Inc., (formerly AntriaBio, Inc.), a Delaware corporation, having an address of 275 Shoreline Drive, Suite 500, Redwood City, CA 94065 ("Rezolute" or the "Company"), and Nevan Elam ("Executive"). This agreement amends and replaces the Amended and Restated Employment Agreement entered into on February 23, 2015 between the Company and the Executive (the "Original Agreement") in its entirety.

In consideration of the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree as follows:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby offers and Executive hereby accepts employment.
2. Term. The Executive's employment hereunder shall commence effective as of January 8, 2023 and shall continue until terminated on the terms and conditions set forth herein. The Term of this Agreement is hereafter referred to as "the term of this Agreement" or "the term hereof."
3. Capacity and Performance.

During the term hereof, Executive shall serve as President and Chief Executive Officer of the Company (the "Position"). In addition, during the term of this Agreement the Company will recommend to its stockholders that Executive be elected to the Board of Directors of the Company (the "Board") at each meeting of stockholders or in connection with each action by written consent pursuant to which Executive may be elected. Executive shall report directly to the Board. Executive shall have all powers and duties consistent with his position, subject to the direction and control of the Board and shall perform such other duties and responsibilities on behalf of the Company as may reasonably be designated from time to time by the Board. Executive shall require the approval of the Board to pursue or enter into any transaction or group of related transactions that are not in the ordinary course of business and would be material to the Company. Executive shall devote sufficient time and his best efforts, business judgment, skill and knowledge to the advancement of the business and interests of the Company and to the discharge of his duties and responsibilities hereunder. Executive shall comply with all written policies of the Company in effect from time to time and shall observe and implement those resolutions and directives of the Board as made or issued from time to time. Executive agrees that under no circumstances shall he undertake any other form of employment or consulting that would conflict with the interests of the Company.

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4. Compensation and Benefits. As compensation for all services performed by Executive hereunder during the term hereof, and subject to performance of the Executive's duties and obligations pursuant to this Agreement:
 - (a) Base Salary. The Company shall pay Executive a base salary of Five Hundred Forty Three Thousand, Three Hundred Seventy Five Dollars (\$543,375) per annum, beginning on the Effective Date (the "Base Salary"), payable in accordance with the payroll practices of the Company for its executives, but no less than once per each month.
 - (b) Annual Bonus. During the term hereof, Executive shall have the opportunity to earn an annual performance bonus with a target equal to 60% of the Executive's salary ("Target Bonus") based upon performance criteria set by the Board in its sole discretion on an annual basis. By way of example, if Executive's annualized Base Salary is \$450,000, then Executive's target bonus shall be equal to \$270,000. It is understood and agreed that
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notwithstanding the Target Bonus, there shall be no minimum or maximum with respect to any potential annual bonus. The Board shall conduct a performance review of Executive at least once a year on or prior to February 1 of each year, commencing in 2016. The Company may, from time to time, pay such other bonus or bonuses to Executive as the Board or a compensation committee of the Board, in its sole discretion, deems appropriate. In order to receive the annual performance bonus, Executive must continue to be employed by the Company through the end of the period with respect to which the annual performance bonus has been earned. The annual performance bonus will be paid to Executive at such time as bonuses for the applicable period are regularly paid to senior executives of the Company; provided, however, in no event will the annual performance bonus be paid later than February 28 of the following calendar year.

- (d) Equity Incentives. Executive has been previously issued options to purchase shares of common stock of the Company at an exercise price and such options shall remain in full force and effect. Executive shall be eligible to participate in the Company's equity incentive plans, if any, and any options or restricted stock granted under such plan shall be deemed to be Stock Options for purpose of this Agreement. In addition, Executive shall be eligible to participate in the Company's Restricted Stock Unit Plan, if any. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any equity incentive plan at any time without providing Executive notice, and the right to do so is expressly reserved.
- (e) Vacations. During the term hereof, Executive shall be entitled to four (4) weeks of vacation per annum, to be taken at such times and intervals as shall be determined by Executive and subject to the reasonable business needs of the Company. Vacation time shall not cumulate from year to year.

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- (f) Employee Benefits. During the term hereof, Executive shall be entitled to participate in health, dental, life insurance, retirement, and other benefits ("Benefits") provided generally to similarly situated employees of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable Company policies and (iii) the discretion of the Board or any administrative or other committee provided for in or contemplated by such plan. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any employee benefit plan or policy at any time without providing Executive notice, and the right to do so is expressly reserved.
 - (g) Business Expenses. The Company shall pay or reimburse Executive for all reasonable business expenses incurred or paid by Executive in the performance of his duties and responsibilities hereunder, subject to any maximum annual limit and other restrictions on such expenses set by the Board for senior executives of the Company, and to such reasonable substantiation and documentation as may be specified by the Company from time to time.
5. Termination of Employment. Executive's employment hereunder may terminate as set forth below.
- (a) Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately terminate. In that event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by
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the Executive, to his estate, any earned and unpaid Base Salary through the date of termination plus an amount equal to his annual Target Bonus. The Company shall have no further obligation or liability to Executive or his estate.

- (b) Disability. In the event that Executive becomes disabled during his employment hereunder through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform the essential functions of his position hereunder, with or without reasonable accommodation, for at least eighty (80) days during any period of one-hundred eighty (180) consecutive calendar days, the Company may terminate the Executive's employment with thirty (30) day written notice. In that event, the Company shall pay to the Executive, any earned and unpaid Base Salary and his pro-rated annual Target Bonus through the date of termination. The Company shall have no further obligation or liability to the Executive.

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- (c) By the Company for Cause. Employment with the Company is not for a specific term and can be terminated by Executive or by the Company or its successors at any time for any reason, with or without Cause, subject to the following terms. As used herein, "Cause" shall mean (i) any act that materially violates this agreement or the employment policies of the Company, (ii) any failure by the Executive to perform assigned job responsibilities that continues unremedied for a period of thirty (30) days after written notice to Executive by the Company (iii) any willful misconduct by Executive that may result in material harm to the Company or its employees, consultants or directors, (iv) misappropriation (or attempted misappropriation) by Executive of any assets or business opportunities of the Company, (v) embezzlement or fraud committed (or attempted) by Executive, or at his direction, (vi) Executive's conviction of, indictment for, or pleading "guilty" or "no contest" to, (x) a felony or (y) any other criminal charge that has a material adverse impact on the performance of Executive's duties to the Company or otherwise result in material injury to the reputation or business of the Company. Upon the giving of notice of termination of the Executive's employment hereunder for Cause, the Company shall not have any further obligation or liability to the Executive, other than for Base Salary earned and unpaid through the date of termination. Any unvested stock options shall be forfeited and vested stock options not exercised prior to termination shall expire and no longer be exercisable.
- (d) By the Company without Cause. The Company may terminate the Executive's employment hereunder without Cause at any time upon fourteen (14) days advance written notice.
- (e) By the Executive. Executive may terminate his employment, without Cause or with Good Reason, at any time upon at least thirty (30) days' advance written notice to the Company. The term "Good Reason" shall mean a material reduction in Executive's duties or material reduction in compensation, except for a reduction in compensation that affects all members of management on the same percentage basis.
- (f) Change of Control. If the Company terminates Executive without Cause within twelve (12) months following a Change of Control or if Executive terminates for Good Reason within twelve (12) months following a Change of Control, provided Employee signs and does not revoke a general release of claims against the Company and its affiliates on a form substantially similar to the form attached to this Agreement as Exhibit A, and
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subject to Employee's compliance with each post-employment obligation under this Agreement or any Prior Agreement not superseded by this Agreement, in addition to the Severance Benefits specified in Section 4(g)(i)(A) and (C) below, all Stock Options that are subject to vesting shall have the vesting accelerate and become fully vested, any shares of capital stock of the Company that are subject to a right of repurchase shall have such right of repurchase lapse and units then held by Executive pursuant to a restricted stock unit plan shall immediately vest and become exercisable. All of Executive's equity in the Company that has vested upon such termination shall have an exercise period of twelve (12) months following Executive's termination of Employment without Cause or for Good Reason within twelve (12) months following a Change of Control. "Change in Control" means an event or occurrence set forth in any one or more of subsections below (including an event or occurrence that constitutes a Change in Control under one of such subsections but is specifically exempted from another such subsection):

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- (i) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (an "Acquiring Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Acquiring Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 50% or more of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company or (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or
 - (ii) the consummation of a merger, consolidation, reorganization, recapitalization or statutory share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), unless, immediately following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively.
- (g) Severance Benefits.
- (i) In the event that the Company terminates the Executive's employment without Cause (as defined above subject to the terms and conditions of this Section 5(g)) or Executive terminates his employment for Good Reason, provided Employee
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signs and does not revoke a general release of claims against the Company and its affiliates on a form substantially similar to the form attached to this Agreement as Exhibit A, and subject to Employee's compliance with each post-employment obligation under this Agreement or any Prior Agreement not superseded by this Agreement, (A) the Company will pay an amount equal to the Three times the Base Salary plus

150% of the annual Target Bonus as severance on a monthly basis to Executive and will provide the continuation of the benefits set forth in Section 4(e) for a period of twelve months (the "Severance Period") following Executive's termination, (B) any Stock Options that are subject to vesting shall have vesting accelerated with respect to the number of shares that would have vested during the eighteen (18) month period following the termination of Executive's employment without Cause or for Good Reason (and any shares of capital stock of the Company that are subject to a right of repurchase shall have such right of repurchase lapse with respect to the number of shares that would have lapsed during the eighteen (18) month period following the termination of Executive's employment without Cause or for Good Reason), and (C) accrued and unused vacation at the time of termination up to a maximum of four weeks shall be paid to Executive. All of Executive's equity in the Company that has vested as of the termination of Executive's employment without Cause or for Good Reason will also have an exercise period of twelve (12) months following the occurrence of the termination without Cause or for Good Reason.

- (ii) The severance amount and benefits continuation set forth in Section 5(f)(i) are referred to herein as the "Severance Benefits." The continuation of any group health plan benefits shall be to the extent authorized by and consistent with 29 U.S.C. § 1161 et seq. (commonly known as "COBRA"), with the cost of the regular employer portion of the premium for such benefits paid by the Company. The Executive's right to receive Severance Benefits under Subsection 5(f)(i) is conditioned upon (x) the Executive's prior execution and delivery to the Company of a reasonably satisfactory general release of any and all claims and causes of action of Executive against the Company and its officers and directors, excepting only the right to any compensation, benefits and/or reimbursable expenses due and unpaid under Sections 4 and/or 5(f)(i) of this Agreement, and (y) the Executive's continued performance of those obligations hereunder that continue by their express terms after the termination of his employment, including without limitation those set forth in Sections 8. Any Severance Benefits to be paid hereunder shall be payable in accordance with the payroll practices of the Company for its executives generally as in effect from time to time, and subject to all required withholding of taxes.

- 6. Effect of Termination. Upon termination of this Agreement, all obligations and provisions of this Agreement shall terminate except with respect to any accrued and unpaid monetary obligations and vesting acceleration provisions and except for the provisions of Section 7 through (and inclusive of) 20 hereof.
 - 7. Confidential Information; Assignment of Inventions.
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- (a) Executive acknowledges that the Company and its Affiliates will continually develop Confidential Information and Proprietary Information (as defined below), that Executive may develop

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Confidential Information and Proprietary Information for the Company or its Affiliates, and that Executive may learn of Confidential Information and Proprietary Information during the course of his employment with the Company. Executive agrees that, except as required for the proper performance of his duties for the Company, he will not, directly or indirectly, use or disclose any Confidential Information or Proprietary Information. Executive understands and agrees that this restriction will continue to apply after his employment terminates, regardless of the reason for termination.

- (b) Executive agrees that all Confidential Information and Proprietary Information, including, without limitation all work products, inventions methods, processes, designs, software, apparatuses, compositions of matter, procedures, improvements, property, data documentation, information or materials that the Executive, jointly or separately prepared, conceived, discovered, reduced to practice, developed or created during, in connection with, for the purpose of, related to, or as a result of his employment with the Company, and/or to which he has access as a result of his employment with the Company (collectively, the "Inventions") is and shall remain the sole and exclusive property of the Company.
- (c) Executive by his signature on this Agreement unconditionally and irrevocably transfers and assigns to the Company all rights, title and interest in the Inventions (as defined above, including all patent, copyright, trade secret and any other intellectual property rights therein) and will take any steps and execute any further documentation from time to time reasonably necessary to effect such assignment free of charge to the Company. Executive will further execute, upon request, whether during, or after the termination of, his employment with the Company, any and all applications for patents, assignments and other papers, which the Company may deem necessary or appropriate for securing such Inventions for the Company.
- (d) Except as required for the proper performance of his duties, Executive will not copy any and all papers, documents, drawings, systems, data bases, memoranda, notes, plans, records, reports files, data (including original data), disks, electronic media etc. containing Confidential Information or Proprietary Information ("Documents") or remove any Documents, or copies, from Company premises. Executive will return to the Company immediately after his employment terminates, and at such other times as may be specified by the Company, all Documents and copies and all other property of the Company and its Affiliates then in his possession or control.

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8. Enforcement of Covenants. Executive acknowledges that he has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed upon him pursuant to Section 7 hereof. Executive acknowledges that the covenants contained in Section 7 are
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reasonably necessary to protect the goodwill of the Company that is its exclusive property. Executive further acknowledges and agrees that, were he to breach any of the covenants contained in Section 7 hereof, the damage would be irreparable. Executive therefore agrees that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by Executive of any of said covenants, without having to post bond.

9. Conflicting Agreements. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which Executive is a party or is bound and that Executive is not subject to any covenants against competition or similar covenants that would affect the performance of his obligations hereunder. Executive will not disclose to or use any confidential or proprietary information of a third party without such party's consent.
10. Definitions. Words or phrases which are initially capitalized or are within quotation marks shall have the meanings provided in this Section 10 and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

(a) "*Affiliates*" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by either management authority or equity interest.

(b) "*Confidential Information*" means any and all information, inventions, discoveries, ideas, writings, communications, research, engineering methods, developments in chemistry, manufacturing information, practices, processes, systems, technical and scientific information, formulae, designs, concepts, products, trade secrets, projects, improvements and developments that relate to the business of the Company or any Affiliate and are not generally known by others, including but not limited to (i) products and services, technical data, methods and processes, (ii) marketing activities and strategic plans, (iii) financial information, costs and sources of supply, (iv) the identity and special needs of customers and prospective customers and vendors and prospective vendors, and (v) the people and organizations with whom the Company or any Affiliate has or plans to have business relationships and those relationships. Confidential Information also includes such information that the Company or any Affiliate may receive or has received belonging to customers or others who

do business with the Company or any Affiliate and any publication or literary creation of the Executive, developed in whole or in part while Executive is employed by the Company, in whatever form published the content of which, in whole or in part, relates to the business of the Company or any Affiliate. Confidential Information shall not include any information or materials that Executive can prove by written evidence (i) is or becomes publicly known through lawful means and without breach of this Agreement by Executive; (ii) was rightfully in Executive's possession or part of Executive's general knowledge prior to the Effective Date; or (iii) is disclosed to Executive without confidential or proprietary restrictions by a third party who rightfully possesses the information or materials without confidential or proprietary restrictions.

(c) "*Person*" means an individual, a corporation, an association, a partnership, an estate, a trust and any other entity or organization.

(d) "*Proprietary Information*" means any and all intellectual property subject to protection under applicable copyright, trademark, trade secret or patent laws if such property is similar in any material respect with the products and services offered by the Company or any Affiliate.

11. Withholding. All payments made under this Agreement shall be reduced by any tax or other amounts required to be withheld under applicable law.
12. Assignment. Neither the Company nor Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; *provided, however,* that the Company may assign its rights and shall assign its obligations under this Agreement without the consent of Executive in the event that the Company shall hereafter effect a reorganization, or consolidate with or merge into any other Person, or transfer all or substantially all of its properties or assets to any other Person. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, and their respective successors, executors, administrators, heirs and permitted assigns.
13. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
14. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

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15. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person or by overnight courier or delivery service, or three business days after being deposited in United States mail, postage prepaid, registered or certified, and addressed to Executive at his last known address on the books of the Company or, in the case of the Company, at the Company's principal place of business, to the attention of the Chairman of the Board, or to such other address as either party may specify by notice to the other actually received.
 16. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment.
 17. Amendment. This Agreement may be amended or modified only by a written instrument signed by Executive and an expressly authorized representative of the Company.
 18. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.
 19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.
 20. Governing Law. This Agreement shall be construed and enforced under and be governed in all respects by the laws of the State of Colorado, without regard to the conflict of laws principles thereof.
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21. Tax Matters.

- (a) In the event of an event constituting a change in the ownership or effective control of Company or ownership of a substantial portion of the assets of Company described in Code Section 280G(b)(2)(A) (i) (a “280G Transaction”), Company shall cause its independent auditors or another person or entity approved by the Company and Executive promptly to review all payments, accelerations, distributions and benefits that have been made to or provided to, and are to be made, or may be made, to or provided to, Executive under this Agreement, the 2012 Plan and any other arrangements providing for payments or benefits contingent on the occurrence of a 280G Transaction (irrespective of whether such payments or benefits are then payable to

Executive at that time), and any other agreement or plan under which Executive may individually or collectively benefit (collectively the “Original Payments”), to determine the applicability of Code Section 4999 to Executive in connection with such event. Company’s independent auditors or such other approved party will perform this analysis in conformity with the foregoing provisions and will provide Executive with a copy of their analysis and determination. Notwithstanding anything contained in this Agreement to the contrary, to the extent that the Original Payments would be subject to the excise tax imposed under Code Section 4999 (the “Excise Tax”), the Original Payments shall be reduced (but not below zero) to the extent necessary so that no Original Payment shall be subject to the Excise Tax, but only if, by reason of such reduction, the net after-tax benefit received by Executive shall exceed the net after-tax benefit received by him if no such reduction was made. For purposes of this Agreement, “net after-tax benefit” shall mean (a) the Original Payments which Executive receives or is then entitled to receive from Company that would constitute “parachute payments” within the meaning of Code Section 280G, less (b) the amount of all federal, state and local income taxes payable with respect to the foregoing calculated at the maximum marginal income tax rate for each year in which the foregoing shall be paid to Executive (based on the rate in effect for such year as set forth in the Code as in effect at the time of the first payment of the foregoing), less (c) the amount of the Excise Tax imposed with respect to the payments and benefits described in (a) above. If a reduction is to occur pursuant to this Section 24(a), the payments and benefits shall be reduced in the following order: any cash severance to which Executive becomes entitled (starting with the last payment due), then other cash amounts that are parachute payments (starting with the last payment due), then any stock option awards that have exercise prices higher than the then-fair market value price of the stock (based on the latest vesting tranches), then restricted stock and restricted stock units based on the latest awards scheduled to be distributed, and then other stock options based on the latest vesting tranches. The fees and expenses of Company’s auditor or any other party for services in connection with the determinations and calculations contemplated by this provision will be borne by Company.

- (b) The intent of the parties is that payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (“ Code Section 409A”) and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If Executive notifies the Company (with specificity as to the reason therefor) that he believes that any provision of this Agreement (or of any award of any compensation or benefits) would cause him to incur any additional tax or interest under Code Section 409A and the Company concurs with such belief or the
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Company independently makes such determination, the Company shall, after consultation with the Executive, to the extent legally permitted and to the extent it is possible to timely reform the provision to avoid taxation under Code Section 409A, reform such provision to attempt to comply with Code Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Code Section 409A. To the extent that any provision hereof is modified in order to comply with or be exempt from Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to both Executive and the Company of the applicable provision without violating the provisions of Code Section 409A.

- (c) For purposes of the application of Treasury Regulation § 1.409A-1(b)(4) (or any successor provision), each payment in a series of payments will be deemed a separate payment.
- (d) If the termination of employment giving rise to the severance benefits described in Sections 5 or 6 is not a “separation from service” within the meaning of Treasury Regulation § 1.409A-1(h)(1), then to the extent necessary to avoid the imposition of any accelerated or additional tax under Code Section 409A, such benefits will be deferred without interest until Executive experiences a separation from service.

If at the time of Executive’s separation from service, (i) he is a specified employee (within the meaning of Code Section 409A and using the identification methodology selected by the Company from time to time), and (ii) the Company makes a good faith determination that an amount payable to Executive constitutes deferred compensation (within the meaning of Code Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Code Section 409A in order to avoid taxes or penalties under Code Section 409A (the “ Delay Period “), then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it in a lump sum on the first business day after such six-month period. To the extent that any benefits to be provided during the Delay Period is considered deferred compensation under Code Section 409A provided on account of a “separation from service,” and such benefits are not otherwise exempt from Code Section 409A, Executive shall pay the cost of such benefits during the Delay Period, and the Company shall reimburse Executive, to the extent that such costs would otherwise have been paid by the Company or to the extent that such benefits would otherwise have been provided by the Company at no cost to Executive, the Company’s share of the cost of such benefits upon expiration of the Delay Period, and any remaining benefits shall be reimbursed or provided by the Company in accordance with the procedures specified herein.

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- (e) To the extent an expense or in-kind benefit provided pursuant to this Agreement constitutes a “deferral of compensation” within the meaning of Code Section 409A (1) the expenses will be reimbursed to Executive as promptly as practical and in any event not later than the last day of the calendar year after the calendar year in which the expenses are incurred, (2) the amount of expenses eligible for reimbursement or in-kind benefits provided during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided in any other calendar year, (3) the right to
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payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

IN WITNESS WHEREOF, this Amended and Restated Agreement has been executed by Executive and the Company, as approved by the Board of Directors by Unanimous Written Consent, by its duly authorized representative, as of the date first above written.

Executive:

/s/ Nevan Elam
Nevan Elam

Rezolute, Inc.

By: /s/ Wladimir Hogenhuis
Wladimir Hogenhuis
Director

EXHIBIT A
SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS

This is a Separation Agreement and General Release of Claims ("**Agreement**") dated as of **[INSERT DATE]** between Rezolute, Inc. (the "**Company**"), and Nevan Elam ("**Employee**"). Employee and the Company are referenced together herein as the "**Parties**."

RECITALS

A. WHEREAS, Employee's employment or other relationships with any of the Company Releasees (as defined below) will separate effective **[INSERT DATE]** ("**Separation Date**").

B. Though this Agreement, Employee and Company mutually desire to settle all claims Employee has or might have against the Company through the date of execution hereof, including but not limited to those arising out of or relating to Employee's prior service to the Company, and/or any Company Releasee, and/or the termination thereof.

TERMS AND SETTLEMENT

1. **Effective Date.** This Agreement shall become effective eight (8) days after the later of a) the Separation Date, or b) the date of signature date of this Agreement, if signed after the Separation date ("**Effective Date**").

2. **No Admission of Liability.** None of the Parties, by entering into and fulfilling this Agreement, admit to any wrongdoing or liability, and each party denies any allegation of wrongdoing. The Parties intend, by their actions pursuant to this Agreement, merely to avoid the expense, delay, uncertainty, and burden of potential litigation.

3. **Consideration by the Company.** In consideration for Employee's promises made herein, the Company agrees to the following, which Employee acknowledges and agrees is full and adequate consideration for Employee's execution of this Agreement:

3.1. **Severance.** Provided that Employee meets all of Employee's promises and obligations under this Agreement, including signing, and not revoking, the release of claims under the ADEA, the Company will pay Employee the gross amount of **[\$INSERT AMOUNT OF SEVERANCE]**, less all applicable withholdings and deductions, which amount shall be paid to Employee in 12 equal monthly payments of **[\$INSERT]**, less applicable taxes and withholding beginning on the first regular payroll date after the Effective Date. Furthermore, **[INSERT APPROPRIATE STOCK VESTING TERMS]**.

Employee agrees and acknowledges that Employee would have no right to the severance benefits provided by this Agreement but for Employee's execution and compliance with the terms of this Agreement, and that such severance includes all severance due and owing to Employee under the terms of Employee's **[INSERT DATE]** Amended and Restated Employment Agreement.

4. **Entire Consideration.** Employee agrees that the consideration set forth in Paragraph 3 and its subparts shall constitute the entire consideration provided in return for Employee's promises and agreements herein, and that Employee will not seek any further remuneration or payment from the Company for wage, damage, interest, penalty, expense, action, attorneys' fees or cost, either individually or as part of a class, in connection with the matters encompassed by the Agreement and/or arising out of Employee's services to the Company and/or the termination thereof.

5. **Taxes.** Employee shall pay in full and be solely responsible for all taxes, interest or penalties relating to the consideration, and agrees to indemnify the Company against any assessment, and is not relying on any representations by the Company on this subject matter.

6. Return of the Company's Property. Employee represents that as of the Separation Date, Employee has returned any and all confidential and/or proprietary information of the Company (including but not limited to those of its clients and prospective clients) and other property of the Company in Employee's possession. Such property includes, but is not limited to, all tangible and intangible property belonging to the Company and relating to Employee's services to the Company, including computer/network password(s). By executing this Agreement, Employee represents and warrants that Employee has not retained any copies, electronic or otherwise, of such property.
7. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation/paid time off, housing allowances, relocation costs, interest, severance, outplacement costs, fees, stock, stock options, vesting, commissions and any and all other benefits and compensation due to Employee, provided that the foregoing shall not relieve the Company of its obligation to pay Employee's earned and unpaid salary through the Separation Date. Such amounts are not consideration for this Agreement.
8. Release of Claims. In consideration for the promises set forth in this Agreement, Employee does hereby — for Employee and for Employee's heirs, spouse, representatives, attorneys, executors, administrators, successors, relatives and assigns — release the Company and all of its current and former corporate subsidiaries, brother/sister companies, affiliates, partners, predecessors, successors and assigns, and all of their current and former owners, directors, officers, supervisors or managers, employees, agents, representatives, and attorneys and all persons acting under, by, through, or in concert with any of them (collectively "Company Releasees"), from any and all claims, debts, liabilities, demands, obligations, liens, promises, acts, agreements, costs and expenses (including but not limited to attorneys' fees), damages, of whatever kind or nature, including but not limited to any statutory, civil, administrative, or common law claims, whether known or unknown, suspected or unsuspected, fixed or contingent, apparent or concealed, arising out of any act or omission occurring before the Effective Date of this Agreement, including but not limited to any claims based on, arising out of, or related to Employee's employment with Company or the termination thereof, any claims for any alleged physical or emotional injuries, and/or any claims arising from rights under federal, state, and/or local laws relating to the regulation of federal or state tax payments or accounting; federal, state or local laws that prohibit harassment, discrimination or retaliation on the basis of race, national origin, age, religion, sex, gender, age, marital status, bankruptcy status, disability, perceived disability, ancestry, sexual orientation, family and medical leave, or any other form of harassment, discrimination, or retaliation; statutory or common law claims of any kind, including but not limited to:
- a. Title VII of the Civil Rights Act of 1964, the Americans with Disability Act of 1990, as amended, the California Family Rights Act (Cal. Govt. Code § 12945.2 et seq.), the California Fair Employment and Housing Act (Cal. Govt. Code § 12900 et. seq.);
 - b. California Labor Code, including for penalties under Labor Code § 2699, et. seq., and the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1971, as amended;
 - c. Any statutory provision regarding retaliation/discrimination including retaliation prohibited by Labor Code §§ 1102.5, 232.5, and 132(a), the Occupational Safety and Health Act, as amended, the Sarbanes-Oxley Act of 2002;
 - d. Contract, tort, and property rights, breach of contract, breach of implied-in-fact contract, breach of the implied covenant of good faith and fair dealing, tortious interference with contract or current or prospective economic advantage, fraud, deceit, invasion of privacy, unfair competition, misrepresentation, defamation, wrongful termination, tortious infliction of emotional distress (whether intentional or negligent), breach of fiduciary duty, violation of public policy, or any other common law claim of any kind whatsoever; any claim for damages or declaratory or injunctive relief of any kind;
 - e. The federal Fair Credit Reporting Act and California Investigative Consumer Reporting Agencies Act;
 - f. Any common law claims whatsoever, claims for equity, stock options or any other benefits; and
-

- g. Any amounts allegedly due as wages, benefits, penalties or damages as a result of the employment relationship.

Nothing in this Agreement shall be construed to prohibit Employee from filing a charge or complaint, including a challenge to the validity of the waiver provision of this Agreement, with a government agency, including the National Labor Relations Board or the Equal Employment Opportunity Commission. However, Employee agrees he or she is waiving the right to monetary damages or other equitable or monetary relief as a result of such proceedings. Nothing in this agreement prohibits Employee from seeking a whistleblower award pursuant to Section 21F of the Securities Exchange Act.

9. No Worker's Compensation Pending. Employee expressly represents and warrants that Employee has not suffered any workplace injury during Employee's performance of services for the Company, and has not filed, and has no intention of filing and/or pursuing any claim for workers' compensation benefits against the Company. The Company expressly relies on Employee's representation as a material inducement to enter into this Agreement.

10. Civil Code Section 1542. In furtherance of this settlement, Employee expressly waives any rights Employee may have under California Civil Code Section 1542, or other state's similar statutes. Section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR
RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR
AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER,
WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE
DEBTOR OR RELEASED PARTY.

11. ADEA Release. Employee specifically agrees and acknowledges:

- a. That Employee's waiver of rights under this Agreement includes a release of all claims relating to Employee's age and is knowing and voluntary as required under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq. ("ADEA") and the Older Workers Benefit Protection Act ("OWBPA");
- b. That Employee understands the terms of this Agreement;
- c. That Employee has been advised to consult with an attorney prior to executing this Agreement;
- d. That Employee's waiver under this Agreement is in exchange for consideration which Employee is not otherwise entitled to;
- e. That the Company has given Employee a period of up to twenty-one (21) days within which to consider this Agreement;
- f. That, following Employee's execution of this Agreement, Employee has seven (7) days in which to revoke Employee's agreement to this Agreement by notifying the Company in writing and that, if Employee chooses not to so revoke, the Agreement shall then become effective and enforceable and the payment listed above shall then be made to Employee in accordance with the terms of this Agreement;
- g. This Agreement does not release ADEA and OWBPA claims occurring after the date of signing.

12. No Filings and Covenant Not to Sue. A "covenant not to sue" is a legal term that means a person promises not to file a lawsuit or other legal proceeding. It is different from the release of claims contained above. Besides waiving and releasing the claims above, Employee promises never to file or prosecute any legal claim of any kind against any of the Company Releasees identified in Paragraph 8 in any forum for any reason based on any act,

omission, event, occurrence, or nonoccurrence, from the beginning of time to the Effective Date, including but not limited to claims, laws or theories covered by the General Release. Excluded from this covenant not to sue (which means that Employee still may file certain charges) is the right to file charges with, or assist/participate in an investigation conducted by, any agency that expressly prohibits waiver of such rights, such as the U.S. Equal Employment Opportunity Commission. Employee understands and agrees that Employee is waiving, however, any right to monetary recovery, including but not limited to compensatory or punitive damages, attorneys' fees or costs, or other damages or recovery should such an agency, or any other person, entity or group, pursue any claim on Employee's behalf. Employee represents that, as of the date Employee executes this Agreement, Employee has not filed or caused to be filed any claims against any of the Company Releasees. Nothing in this agreement prohibits Employee from seeking a whistleblower award pursuant to Section 21F of the Securities Exchange Act.

13. Confidentiality. Employee agrees that Employee will not disclose the terms of this Agreement to any individual or entity, except to Employee's spouse, attorney, tax consultant, accountant, state and federal tax authorities, or as required by law. Employee also agrees to abide by the continuing obligations in any confidentiality, nondisclosure, or arbitration agreements executed during his or her employment, and specifically agrees to hold in the strictest confidence, and not to use or to disclose, to any person, firm or corporation, any non-public information that relates to the actual or anticipated business, research or development of the Company, or to the Company's technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding the Company's products or services and markets therefor, customer lists and customers, suppliers and vendors, software, developments, inventions, processes, formulas, technology, prototypes, designs, sketches, drawings, engineering, hardware configuration information, marketing plans, finances, pilot projects, and other business information ("**Company Confidential Information**"). Company Confidential Information does not include any of the foregoing items to the extent the same have become publicly known and made generally available through no wrongful act of Employee or others. Notwithstanding any other provision in this Agreement, nothing in this agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

14. Cooperation. Employee agrees to reasonably cooperate with the Company's reasonable requests for information after the Separation Date (including in connection with any pending litigation, arbitration, or other legal dispute which may relate to Employee's job duties or tasks during his employment). The Company will only make such requests when it deems necessary, and when the information sought is not otherwise available within the Company.

15. No Attorneys' Fees and Costs. The Parties agree that they shall bear their own respective costs and fees, including attorneys' fees, in the negotiation and execution of this Agreement.

16. Full and Independent Knowledge. The Parties represent that they have thoroughly discussed all aspects of this Agreement with their respective attorneys (or have been provided the right to do so), fully understand all of the provisions of the Agreement, and are voluntarily and knowingly entering into this Agreement.

17. Ownership of Actions. Employee has not transferred or assigned, or purported to transfer or assign, to any person or entity, any action described in this Agreement. Employee further agrees to indemnify and hold harmless each and all of the Company Releasees against any and all actions based upon, arising out of, or in any way connected with any such actual or purported transfer or assignment.

18. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California applicable to contracts made and to be performed entirely within California.

19. Severability. Should any provision in this Agreement be determined to be invalid, the validity of the remaining provisions shall not be affected thereby, and the invalid provision shall be deemed not to be part of this Agreement, and all remaining provisions shall remain valid and enforceable.

20. Entire Agreement. This Agreement sets forth the entire agreement between the Parties and supersedes any prior agreements between the Parties pertaining to the subject matter of this Agreement.

21. No Representations. The Parties acknowledge that, except as expressly set forth herein, no representations of any kind or character have been made by any other Party or that Party's agents, representatives, or attorneys to induce the execution of this Agreement. It is further understood and agreed that Employee has not relied upon any advice whatsoever from the Company or its counsel.
22. No Modification or Waiver. No modification or waiver of the terms of this Agreement shall be effective unless it appears in a writing signed by all Parties to this Agreement.
23. Interpretation of Agreement. The language of all parts in this Agreement shall be construed as a whole, according to fair meaning, and not strictly for or against any party. The headings provided in underline are inserted for the convenience of the Parties and shall not be construed to limit or modify the text of this Agreement.
24. Successors. This Agreement shall be binding upon the Parties, and their heirs, representatives, executors, administrators, successors, and assigns, and shall inure to the benefit of each and all of the Company Releasees, and to their heirs, representatives, executors, administrators, successors, and assignees.
25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Furthermore, signatures delivered via facsimile transmission or portable document format (PDF) shall have the same force effect as the originals thereof, except that any Party has the right to insist on receipt of the original signature of the other Party before complying with its own obligations under this Agreement.
26. Notification. Notice to be given under this Agreement shall be sent to the Company care of [INSERT] and to Employee at the addresses listed on the signature page hereto.

THE UNDERSIGNED STATE THAT THEY HAVE CAREFULLY READ THE AGREEMENT, HAVE BEEN ADVISED OF THEIR RIGHT TO CONSULT WITH COUNSEL CONCERNING THIS AGREEMENT, AND KNOW AND UNDERSTAND ITS CONTENTS.

AGREEING PARTIES

Dated: _____

Nevan Elam

Address: _____

Dated: _____ Rezolute, Inc.

Sign: _____

[COMPANY SIGNATORY]

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this “*Agreement*”) is entered into as of January 8, 2023 (the “*Effective Date*”) by and between Brian Roberts, (“*Employee*”), and Rezolute, Inc. (the “*Company*”). This agreement amends and replaces the Employment Agreement dated July 22, 2019 between the Company and the Employee in its entirety.

WHEREAS, the Company wishes to continue to employ Employee in accordance with the terms of this Agreement;

WHEREAS, Employee wishes to accept continued employment with the Company according to the terms of this Agreement; and

WHEREAS, this Agreement shall replace and supersede in its entirety any prior employment agreements or understandings between Employee and the Company (the “*Prior Agreement*”).

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Employment**. The Company hereby continues to employ Employee, and Employee hereby accepts continued employment by the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending pursuant to the termination procedures described in Section 4(a) (the “*Employment Period*”).

2. **Position and Duties**.

(a) During the Employment Period, Employee shall serve as the Vice President of Clinical Development, and in connection therewith Employee shall render services to the Company and have the responsibilities and authority which are consistent with Employee’s position, subject to the power and authority of the officers and the Board of Directors of the Company (the “*Board*”) to expand or limit such duties, responsibilities, functions and authority.

(b) Employee shall report to the Chief Executive Officer (or such other person as shall be designated by the Board). Employee shall perform Employee’s duties and responsibilities to the best of Employee’s abilities in a diligent, trustworthy, businesslike and efficient manner Employee shall devote Employee’s full business time, energies and attention (except for permitted vacation periods and periods of illness or other temporary incapacity) to the business and affairs of the Company. However, Employee may seek approval for external obligations from the Board by disclosing such activities on the Conflict of Interest Disclosure form attached hereto as Exhibit A. So long as Employee is employed by the Company, Employee shall not, without the prior written consent of the Board, accept other employment or perform other services for compensation or that interfere with Employee’s employment with the Company; *provided, however*, that Employee may serve as an officer or director of or otherwise participate in purely educational, welfare, social, religious and civic organizations so long as such activities

are not in competition with the Company or do not interfere with Employee's ability to carry out Employee's duties under this Agreement.

(c) Employee shall comply with all lawful rules, policies, procedures, regulations and administrative directions now or hereafter reasonably established by the Board for employees of the Company.

(d) The Company shall have the right to assign Employee new duties and to change Employee's title subject to Section 4 of this Agreement.

3. Salary and Benefits.

(a) Salary. During the Employment Period, the Company shall pay Employee a base salary at the annual rate of \$465,750, payable in regular installments in accordance with the Company's usual payment practices subject to required withholdings and taxes (the "*Salary*"). Employee may receive increases in Employee's Salary to the extent such an increase is approved in the sole discretion of the Board.

(b) Bonus. During the Employment Period, Employee will be eligible to receive an annual performance bonus of up to twenty-five (25%) of Employee's base salary (the "*Target Bonus*"). Determination of the actual bonus amount shall be based on the Company's performance as well as Employee's individual performance for the year. Employee's discretionary bonus, if any, will be earned on December 31st of each calendar year. In order to remain eligible to receive an annual performance bonus, Employee must continue to be employed by the Company, in good standing, through the date that the bonus is earned. Notwithstanding anything herein to the contrary, subsequent to the approval of the board of directors, any bonus amount due to Employee will be paid on or before February 15th of the year following the date that the bonus was earned.

(c) Benefits. During the Employment Period, Employee shall be entitled to paid vacation (to be scheduled at times mutually agreeable to the Employee and to the needs of the business), paid holidays and to participate in all employee benefit plans of the Company, including without limitation all health insurance plans, retirement plans (including 401(k)), life insurance plans and other perquisite plans and programs (collectively, the "*Benefit Plans*") for which employees of Employee's rank in the Company are generally eligible, in each case consistent with the Company's then-current practice. The foregoing shall not be construed to require the Company to establish such Benefit Plans or to prevent the modification or termination of such Benefit Plans once established, and no such action or failure thereof shall affect this Agreement. Employee recognizes that the Company and its affiliates have the right, in their sole discretion, to amend, modify or terminate any Benefit Plans without creating any rights in Employee.

(d) Business Expenses. During the Employment Period, the Company shall reimburse Employee for all reasonable business expenses incurred by Employee in the course of performing Employee's duties under this Agreement; *provided* such expenses are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses. As a condition to being issued such reimbursements, Employee shall submit

to the Company on a timely basis business expense reports, including substantiation in accordance with the Company's policy as in effect from time to time.

4. Employment Period.

(a) The Employment Period shall begin on the Effective Date and shall continue until Employee's employment hereunder is terminated in accordance with Section 4(b).

(b) The Employment Period and Employee's employment hereunder (i) shall terminate upon Employee's death or permanent disability or incapacity, (ii) may be terminated by the Company at any time with or without Cause (as defined in Section 4(g)), and (iii) may be terminated by Employee at any time with or without Good Reason (as defined in Section 4(h)).

(c) If Employee's employment hereunder is terminated by the Company for Cause or by Employee without Good Reason during the Employment Period, then Employee shall be entitled to receive only Employee's accrued, but unpaid Salary through the effective date of Employee's termination of employment (the "Termination Date"), any reimbursements owed for business expenses validly incurred on or prior to the Termination Date and reimbursable in accordance with Section 3(d), any earned but unpaid Bonuses or other incentive payments approved by the Board but not paid to Employee as of the Termination Date, and any accrued but unpaid benefits due and owing to Employee under the Benefit Plans (the "Accrued Obligations"). Board approval of the payment of Bonuses or other incentive payments as part of Accrued Obligations shall be subject to the Company's current financial condition as of the Termination Date.

(d) If Employee's employment hereunder is terminated without Cause by the Company during the Employment Period, then Employee shall be entitled to receive the Accrued Obligations and, provided Employee signs and does not revoke a general release of claims against the Company and its affiliates (through a form of release agreement substantially similar to that attached as Exhibit B, modified as necessary in the Company's sole reasonable discretion), and subject to Employee's compliance with each obligation pursuant to Section 5, Employee shall also be entitled to receive severance ("*Severance*") comprised of (i) twelve (12) months' Salary, (ii) a pro-rata bonus payment equal to the pro-rata bonus amount of the Target Bonus earned as of the date of termination without Cause and (iii) 12 months of Employee's COBRA premiums, collectively payable in equal monthly installments following the Termination Date, and any granted but unvested stock options under any relevant Company Stock Option Plan or Agreement will have 12 months of accelerated vesting (meaning that any of Employee's granted but unvested stock options that would otherwise vest over the next 12 months after the termination without Cause will immediately vest) and will also have an exercise period of 6 months following Employee's termination without Cause. The exercise of vested options, including those vested under this Section 4(e), shall otherwise be governed by the applicable Stock Option Plan or Agreement.

(e) If, within 12 months of a Change in Control Event as defined in Section 4(i), Employee's employment hereunder is terminated (i) by the Company without Cause or (ii) by Employee with Good Reason, then Employee shall be entitled to receive the Accrued Obligations and, provided Employee signs and does not revoke a general release of claims against the Company

and its affiliates (through a form of release agreement substantially similar to that attached as Exhibit B, modified as necessary in the Company's sole reasonable discretion), and subject to Employee's compliance with each post-employment obligation under this Agreement or any Prior Agreement not superseded by this Agreement, Employee shall also be entitled to receive severance ("*Severance*") comprised of (i) 18 months' Salary, (ii) a pro-rata bonus payment equal to the pro-rata bonus amount earned as of the date of termination without Cause and (iii) 18 months of Employee's COBRA premiums, collectively payable in equal monthly installments following the Termination Date, and all of Employee's granted but unvested stock options under any relevant Company Stock Option Plan or Agreement will immediately vest and will also have an exercise period of 6 months following Employee's termination without Cause, provided that before the Employee may terminate employment for Good Reason, the Company must fail to cure within the thirty day period provided in Section 4(h). The exercise of vested options, including those vested under this Section 4(e), shall be governed by the applicable Stock Option Plan or Agreement.

(f) If Employee's employment hereunder is terminated as a result of Employee's death, permanent disability or incapacity during the Employment Period, Employee or Employee's representatives or beneficiaries shall be entitled to receive only the Accrued Obligations and any rights to continuation of coverage and to benefits under any Benefit Plans required under applicable law.

(g) For purposes of the Agreement, "*Cause*" shall mean Employee's (i) commission or conviction of or entering a guilty plea or plea of no contest to any felony or any crime involving moral turpitude, dishonesty, fraud, misrepresentation, embezzlement, theft or sexual harassment, (ii) failure to perform the duties required of Employee by this Agreement, (iii) breach of this Agreement (or any other agreement entered into between Employee and the Company), (iv) dishonesty, fraud or misconduct with respect to the business or affairs of the Company or its affiliates, or any act of embezzlement or other misappropriation, (v) participation in any fraud or dishonesty against or affecting the Company or any subsidiary, affiliate, customer, supplier, client, agent, or employee thereof, (vi) breach of any fiduciary or similar duty owned to the Company or its affiliates, (vii) refusal to carry out the legitimate directives or instructions of the Board (or such other person to whom Employee reports as may be designated from time to time by the Board), or (viii) other act that the Company reasonably determines constitutes misconduct materially detrimental to the Company or any subsidiary, affiliate, customer, supplier, client, agent, or employee thereof, including, but not limited to, unethical practices, dishonesty, disloyalty, or any other acts harmful to the Company.

(h) For purposes of this Agreement, "*Good Reason*" shall mean Employee's resignation following the initial occurrence (without Employee's consent) of any of the following, provided Employee has provided the Company with written notice setting forth in reasonable detail the grounds for such resignation within 15 days following such initial occurrence, and provided further the Company has failed to remedy the stated grounds for such resignation within 30 days following its receipt of such notice: (i) the Company substantially reduces Employee's duties, authority or responsibilities; (ii) the Company substantially reduces the aggregate value of Employee's Salary or the benefits provided to Employee under the Benefit Plans; (iii) the Company requires that the Employee be based at any office or geographic location more than 75 miles from the Employee's primary work location; or (iv) any other action or inaction that constitutes a material breach of this Agreement by the Company. A resignation with Good Reason

may occur only within 60 days following the expiration of the Company's 30 day cure period described above.

(i) For purposes of this Agreement, "Change in Control Event" shall mean either the following: (i) sale of substantially all the Company's assets or (ii) merger, consolidation or reorganization resulting in a change in more than 50% of the board of directors combined with a transfer of majority ownership or equity of the Company.

(j) For purposes of this Agreement, Employee's permanent disability or incapacity shall be determined in accordance with the Company's long-term disability insurance policy, if such a policy is then in effect, or, if no such policy is then in effect, then such permanent disability or incapacity shall be deemed to have occurred upon Employee's inability to perform the essential functions of the position set forth in Section 2(a), after reasonable accommodation by the Company, for a period of at least 180 days, in the aggregate, during any period of 365 calendar days, unless further time is required as a reasonable accommodation under the Americans with Disabilities Act.

5. Confidentiality.

(a) Employee will not at any time (whether during or after Employee's employment with the Company) (x) retain or use for the benefit, purposes or account of Employee or any other person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals-concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company on a confidential basis ("*Confidential Information*") without the prior written authorization of the Board; *provided*, that Employee may disclose such information to Employee's legal and/or financial advisor for the limited purpose of enforcing Employee's rights under this Agreement so long as Employee requires that such legal and/or financial advisors not disclose such information and Employee shall be liable for any disclosure by such legal and/or financial advisors.

(b) Confidential Information shall not include any information that is: (i) generally known to the industry or the public other than as a result of Employee's breach of this covenant or any breach of other confidentiality obligations by third parties; (ii) made legitimately available to Employee by a third party without breach of any confidentiality obligation; or (iii) required by applicable law to be disclosed; *provided* that Employee shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(c) Employee acknowledges, agrees, and understands that (1) nothing in this Agreement prohibits Employee from reporting to any governmental authority or attorney

information concerning suspected violations of law or regulation, provided that Employee does so consistent with 18 U.S.C. 1833, and (2) Employee may disclose trade secret information to a government official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided that Employee does so consistent with 18 U.S.C. 1833.

(d) Except as required by applicable law, Employee will not disclose to anyone, other than Employee's spouse, legal or financial advisors or members of the Company's senior management, the existence or contents of this Agreement.

(e) Upon termination of Employee's employment with the Company for any reason, Employee shall: (x) cease and not thereafter commence use of any Confidential Information or intellectual property (including, without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (y) immediately return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Employee's possession or control (including any of the foregoing stored or located in Employee's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Employee may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information or are not related to the Company's business; and (z) notify and fully cooperate with the Company regarding the delivery of any other Confidential Information of which Employee is or becomes aware.

6. Intellectual Property.

(a) If Employee has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content or audiovisual materials) ("*Works*"), either alone or with third parties, prior to execution of this Agreement, that are relevant to or implicated by this employment ("*Prior Works*"), Employee hereby grants the Company a perpetual, non exclusive, royalty-free, worldwide, assignable, sub-licensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company's current and future business. Employee shall provide the Company with a list of all Prior Works within 15 days of the Effective Date.

(b) If Employee creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Employee's employment by the Company and within the scope of such employment and/or with the use of any Company resources ("*Company Works*"), Employee shall promptly and fully disclose the same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(c) Employee agrees to keep and maintain adequate and current written records (in the form of notes, sketches, drawings and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(d) Employee shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Employee's signature on any document for this purpose, then Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agent and attorney in fact, to act for and in Employee's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(e) Employee shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without prior written permission of such third party. Employee shall comply with all relevant policies and guidelines of the Company regarding the protection of confidential information and intellectual property and potential conflicts of interest. Employee acknowledges that the Company may amend any such policies and guidelines from time to time, and that Employee remains at all times bound by their most current version that has been communicated to Employee.

(f) In accordance with Sections 2870 and 2872 of the California Labor Code, this Section 6 does not require Employee to assign or offer to assign to the Company any Works that Employee developed entirely on his or her own time without using the Company's equipment, supplies, facilities or trade secret information, except for those inventions that either (i) relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company, or (ii) result from any work performed by Employee for the Company. To the extent a provision in this Agreement purports to require Employee to assign any Works otherwise excluded from being required to be assigned pursuant to this Section 6(f), the provision is against the public policy of the State of California and is unenforceable. Employee bears the burden of proving that any Works created by Employee should be excluded pursuant to this Section 6(f).

7. **Enforcement**. If, at the time of enforcement of Section 5 or Section 6, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period or scope reasonable under such circumstances shall be substituted for the stated period or scope. It is specifically understood and agreed that any breach of the provisions of Section 5 or Section 6 are likely to result in irreparable injury to the Company and the parties hereto agree that money damages would be an inadequate remedy for any such breach. Therefore, in the event of a breach or threatened breach of Section 5 or Section 6, the Company or its successors or assigns shall, in addition to other rights and remedies existing in their favor, be entitled to specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, Section 5 or Section 6.

8. Return of Company Property. At the termination of the Employment Period and at any other time upon the request of the Company, Employee shall deliver to the Company any and all of the Company's documents, plans, records, computer tapes, software, drawings, notes, memoranda, specifications, devices (including, without limitation, any cellular phone or computer), and formulas relating to the Company's business, together with all copies thereof, which is in the possession of Employee.

9. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Employee and the Company and their respective heirs, successors and permitted assigns. Neither party may assign any of its rights or assign or delegate any of its obligations hereunder without the prior written consent of the other party hereto; *provided, however*, that the Company shall be permitted to assign this Agreement to any successor to all or substantially all of its assets that agrees in writing to assume all of the Company's obligations hereunder.

10. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) on the date established by the sender as having been delivered personally, (b) on the date delivered by a private courier as established by the sender by evidence obtained from such courier, (c) on the date sent by facsimile or e-mail transmission (with acknowledgement of complete transmission), or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Notices, demands or communications to any party hereto will, unless another address is specified in writing pursuant to this Section 10, be sent to the addresses on file with the Company.

11. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be valid under applicable law; but, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but except as otherwise set forth in this Agreement, this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12. Complete Agreement. This Agreement embodies the complete agreement and understanding between the parties with respect to Employee's employment with the Company and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to Employee's employment with the Company in any way, excluding any Prior Agreement as defined above.

13. Signatures; Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. For purposes hereof, a facsimile signature, portable document format (.pdf) signature or signature sent by electronic transmission will be considered an original signature.

14. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of California, without giving effect to any choice of

law or conflict of law rules or provisions (whether of the State of California or any other jurisdiction).

15. Survival. The provisions of Section 5, Section 6, Section 7, Section 8, Section 9, Section 10, Section 11, Section 12, Section 14, this Section 15, Section 17, Section 18, Section 20, Section 21, and Section 22 shall survive the termination of Employee's employment and the termination of this Agreement for any reason.

16. Tax Withholdings. The Company shall deduct or withhold from any amounts owing from the Company to Employee any federal, state, local or foreign withholding taxes, excise tax, or employment taxes imposed with respect to Employee's compensation or other payments from the Company or Employee's ownership interest in the Company, if any (including, without limitation, wages, bonuses, dividends, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity).

17. Headings; No Strict Construction. The headings of the paragraphs and sections of this Agreement are inserted for convenience only and shall not be deemed a part of or affect the construction or interpretation of any provision hereof. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

18. Employee's Cooperation. During the Employment Period and thereafter, Employee shall, subject to the Company reimbursing Employee for out-of-pocket expenses, cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding as reasonably requested by the Company (including, without limitation, Employee being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into Employee's possession, all at times and on schedules that are reasonably consistent with Employee's other permitted activities and commitments).

19. Corporate Opportunity. During the Employment Period, Employee shall submit to the Board all business, commercial and investment opportunities or offers presented to Employee or of which Employee becomes aware which relate to the business of the Company at any time during the Employment Period ("*Corporate Opportunities*"). Unless approved by the Board, Employee shall not accept or pursue, directly or indirectly, any Corporate Opportunities on Employee's own behalf.

20. Section 409A Compliance. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "*Code Section 409A*") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Employee and the Company of the applicable provision without violating the provisions of Code

Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Employee by Code Section 409A or damages for failing to comply with Code Section 409A. Notwithstanding anything herein to the contrary, a termination of employment shall be deemed to have occurred at the time such termination constitutes a "separation from service" within the meaning of Code Section 409A for purposes of any provision of this Agreement providing for the payment of any amounts or benefits in connection with a termination of employment and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean a "separation from service." Notwithstanding any other provision to the contrary, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

21. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Employee, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

22. Read and Understood. Employee has read this Agreement carefully and understands each of its terms and conditions. Employee has sought independent legal counsel of Employee's choice to the extent Employee deemed such advice necessary in connection with the review and execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

The Company:

Rezolute, Inc.

By: /s/ Nevan Elam
Nevan Elam
CEO

Employee:

/s/ Brian Roberts
Brian Roberts

EXHIBIT A

**CONFLICT OF INTEREST
ACKNOWLEDGEMENT/DISCLOSURE FORM**

1 CONFLICTING ORGANIZATIONS

I am a director, trustee, officer, representative of, or have a financial or beneficial interest in the following organizations that have or may have a conflict with the interests of the Company:

Organization and Title or Interest:

2 CONFLICTING ACTIVITIES/OBLIGATIONS

I am involved in no activity or transaction, nor am I a party to any contract involving interests that are or could be found to be adverse to the Company, except for the following:

3 CONFLICTING BUSINESS OPPORTUNITIES/COMMITMENTS

I have not committed to, nor am I pursuing, any business opportunity that does or might adversely affect the Company, except for the following:

4 OTHER POTENTIAL CONFLICTS

Any other concerns I may have regarding actual or potential conflicts of interest are listed below:

To the best of my knowledge, I have accurately answered the above questions.

Signature

Date

EXHIBIT B

SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS

This is a Separation Agreement and General Release of Claims ("**Agreement**") dated as of **[INSERT DATE]** between Rezolute, Inc. (the "**Company**"), and Brian Roberts ("**Employee**"). Employee and the Company are referenced together herein as the "**Parties**."

RECITALS

A. WHEREAS, Employee's employment or other relationships with any of the Company Releasees (as defined below) will separate effective **[INSERT DATE]** ("**Separation Date**").

B. Though this Agreement, Employee and Company mutually desire to settle all claims Employee has or might have against the Company through the date of execution hereof, including but not limited to those arising out of or relating to Employee's prior service to the Company, and/or any Company Releasee, and/or the termination thereof.

TERMS AND SETTLEMENT

1. Effective Date. This Agreement shall become effective eight (8) days after the later of a) the Separation Date, or b) the date of signature date of this Agreement, if signed after the Separation date ("**Effective Date**").

2. No Admission of Liability. None of the Parties, by entering into and fulfilling this Agreement, admit to any wrongdoing or liability, and each party denies any allegation of wrongdoing. The Parties intend, by their actions pursuant to this Agreement, merely to avoid the expense, delay, uncertainty, and burden of potential litigation.

3. Consideration by the Company. In consideration for Employee's promises made herein, the Company agrees to the following, which Employee acknowledges and agrees is full and adequate consideration for Employee's execution of this Agreement:

3.1. Severance. Provided that Employee meets all of Employee's promises and obligations under this Agreement, including signing, and not revoking, the release of claims under the ADEA, the Company will pay Employee the gross amount of **[\$[INSERT AMOUNT OF SEVERANCE]]**, less all applicable withholdings and deductions, which amount shall be paid to Employee in 12 equal monthly payments of **[\$[INSERT AMOUNT]]**, less applicable taxes and withholding beginning on the first regular payroll date after the Effective Date. Furthermore, **[INSERT APPROPRIATE STOCK VESTING TERMS]**.

Employee agrees and acknowledges that Employee would have no right to the severance benefits provided by this Agreement but for Employee's execution and compliance with the terms of this Agreement, and that such severance includes all severance due and owing to Employee under the terms of Employee's **[INSERT DATE]** Amended and Restated Employment Agreement.

4. Entire Consideration. Employee agrees that the consideration set forth in Paragraph 3 and its subparts shall constitute the entire consideration provided in return for Employee's promises and agreements herein, and that Employee will not seek any further remuneration or payment from the Company for wage, damage, interest, penalty, expense, action, attorneys' fees or cost, either individually or as part of a class, in connection with the matters encompassed by the Agreement and/or arising out of Employee's services to the Company and/or the termination thereof.

5. Taxes. Employee shall pay in full and be solely responsible for all taxes, interest or penalties relating to the consideration, and agrees to indemnify the Company against any assessment, and is not relying on any representations by the Company on this subject matter.

6. Return of the Company's Property. Employee represents that as of the Separation Date, Employee has returned any and all confidential and/or proprietary information of the Company (including but not limited to those of its clients and prospective clients) and other property of the Company in Employee's possession. Such property includes, but is not limited to, all tangible and intangible property belonging to the Company and relating to Employee's services to the Company, including computer/network password(s). By executing this Agreement, Employee represents and warrants that Employee has not retained any copies, electronic or otherwise, of such property.

7. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation/paid time off, housing allowances, relocation costs, interest, severance, outplacement costs, fees, stock, stock options, vesting, commissions and any and all other benefits and compensation due to Employee, provided that the foregoing shall not relieve the Company of its obligation to pay Employee's earned and unpaid salary through the Separation Date. Such amounts are not consideration for this Agreement.

8. Release of Claims. In consideration for the promises set forth in this Agreement, Employee does hereby — for Employee and for Employee's heirs, spouse, representatives, attorneys, executors, administrators, successors, relatives and assigns — release the Company and all of its current and former corporate subsidiaries, brother/sister companies, affiliates, partners, predecessors, successors and assigns, and all of their current and former owners, directors, officers, supervisors or managers, employees, agents, representatives, and attorneys and all persons acting under, by, through, or in concert with any of them (collectively "**Company Releasees**"), from any and all claims, debts, liabilities, demands, obligations, liens, promises, acts, agreements, costs and expenses (including but not limited to attorneys' fees), damages, of whatever kind or nature, including but not limited to any statutory, civil, administrative, or common law claims, whether known or unknown, suspected or unsuspected, fixed or contingent, apparent or concealed, arising out of any act or omission occurring before the Effective Date of this Agreement, including but not limited to any claims based on, arising out of, or related to Employee's employment with Company or the termination thereof, any claims for any alleged physical or emotional injuries, and/or any claims arising from rights under federal, state, and/or local laws relating to the regulation of federal or state tax payments or accounting; federal, state or local laws that prohibit harassment, discrimination or retaliation on the basis of race, national origin, age, religion, sex, gender, age, marital status, bankruptcy status, disability, perceived disability, ancestry, sexual orientation, family and medical leave, or any other form of harassment, discrimination, or retaliation; statutory or common law claims of any kind, including but not limited to:

- a. Title VII of the Civil Rights Act of 1964, the Americans with Disability Act of 1990, as amended, the California Family Rights Act (Cal. Govt. Code § 12945.2 et seq.), the California Fair Employment and Housing Act (Cal. Govt. Code § 12900 et. seq.);
- b. California Labor Code, including for penalties under Labor Code § 2699, et. seq., and the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1971, as amended;
- c. Any statutory provision regarding retaliation/discrimination including retaliation prohibited by Labor Code §§ 1102.5, 232.5, and 132(a), the Occupational Safety and Health Act, as amended, the Sarbanes-Oxley Act of 2002;
- d. Contract, tort, and property rights, breach of contract, breach of implied-in-fact contract, breach of the implied covenant of good faith and fair dealing, tortious interference with contract or current or prospective economic advantage, fraud, deceit, invasion of privacy, unfair competition, misrepresentation, defamation, wrongful termination, tortious infliction of emotional distress (whether intentional or negligent), breach of fiduciary duty, violation of public policy, or any other common law claim of any kind whatsoever; any claim for damages or declaratory or injunctive relief of any kind;
- e. The federal Fair Credit Reporting Act and California Investigative Consumer Reporting Agencies Act;
- f. Any common law claims whatsoever, claims for equity, stock options or any other benefits; and
- g. Any amounts allegedly due as wages, benefits, penalties or damages as a result of the employment relationship.

Nothing in this Agreement shall be construed to prohibit Employee from filing a charge or complaint, including a challenge to the validity of the waiver provision of this Agreement, with a government agency, including the National Labor Relations Board or the Equal Employment Opportunity Commission. However, Employee agrees he or she is waiving the right to monetary damages or other equitable or monetary relief as a result of such proceedings. Nothing in this agreement prohibits Employee from seeking a whistleblower award pursuant to Section 21F of the Securities Exchange Act.

9. No Worker's Compensation Pending. Employee expressly represents and warrants that Employee has not suffered any workplace injury during Employee's performance of services for the Company, and has not filed, and has no intention of filing and/or pursuing any claim for workers' compensation benefits against the Company. The Company expressly relies on Employee's representation as a material inducement to enter into this Agreement.

10. Civil Code Section 1542. In furtherance of this settlement, Employee expressly waives any rights Employee may have under California Civil Code Section 1542, or other state's similar statutes. Section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

11. ADEA Release. Employee specifically agrees and acknowledges:

- a. That Employee's waiver of rights under this Agreement includes a release of all claims relating to Employee's age and is knowing and voluntary as required under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq. ("ADEA") and the Older Workers Benefit Protection Act ("OWBPA");
- b. That Employee understands the terms of this Agreement;
- c. That Employee has been advised to consult with an attorney prior to executing this Agreement;
- d. That Employee's waiver under this Agreement is in exchange for consideration which Employee is not otherwise entitled to;
- e. That the Company has given Employee a period of up to twenty-one (21) days within which to consider this Agreement;
- f. That, following Employee's execution of this Agreement, Employee has seven (7) days in which to revoke Employee's agreement to this Agreement by notifying the Company in writing and that, if Employee chooses not to so revoke, the Agreement shall then become effective and enforceable and the payment listed above shall then be made to Employee in accordance with the terms of this Agreement;
- g. This Agreement does not release ADEA and OWBPA claims occurring after the date of signing.

12. No Filings and Covenant Not to Sue. A "covenant not to sue" is a legal term that means a person promises not to file a lawsuit or other legal proceeding. It is different from the release of claims contained above. Besides waiving and releasing the claims above, Employee promises never to file or prosecute any legal claim of any kind against any of the Company Releasees identified in Paragraph 8 in any forum for any reason based on any act, omission, event, occurrence, or nonoccurrence, from the beginning of time to the Effective Date, including but not limited to claims, laws or theories covered by the General Release. Excluded from this covenant not to sue (which means that Employee still may file certain charges) is the right to file charges with, or assist/participate in an investigation conducted by, any agency that expressly prohibits

waiver of such rights, such as the U.S. Equal Employment Opportunity Commission. Employee understands and agrees that Employee is waiving, however, any right to monetary recovery, including but not limited to compensatory or punitive damages, attorneys' fees or costs, or other damages or recovery should such an agency, or any other person, entity or group, pursue any claim on Employee's behalf. Employee represents that, as of the date Employee executes this Agreement, Employee has not filed or caused to be filed any claims against any of the Company Releasees. Nothing in this agreement prohibits Employee from seeking a whistleblower award pursuant to Section 21F of the Securities Exchange Act.

13. Confidentiality. Employee agrees that Employee will not disclose the terms of this Agreement to any individual or entity, except to Employee's spouse, attorney, tax consultant, accountant, state and federal tax authorities, or as required by law. Employee also agrees to abide by the continuing obligations in any confidentiality, nondisclosure, or arbitration agreements executed during his or her employment, and specifically agrees to hold in the strictest confidence, and not to use or to disclose, to any person, firm or corporation, any non-public information that relates to the actual or anticipated business, research or development of the Company, or to the Company's technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding the Company's products or services and markets therefor, customer lists and customers, suppliers and vendors, software, developments, inventions, processes, formulas, technology, prototypes, designs, sketches, drawings, engineering, hardware configuration information, marketing plans, finances, pilot projects, and other business information ("**Company Confidential Information**"). Company Confidential Information does not include any of the foregoing items to the extent the same have become publicly known and made generally available through no wrongful act of Employee or others. Notwithstanding any other provision in this Agreement, nothing in this agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

14. Cooperation. Employee agrees to reasonably cooperate with the Company's reasonable requests for information after the Separation Date (including in connection with any pending litigation, arbitration, or other legal dispute which may relate to Employee's job duties or tasks during his employment). The Company will only make such requests when it deems necessary, and when the information sought is not otherwise available within the Company.

15. No Attorneys' Fees and Costs. The Parties agree that they shall bear their own respective costs and fees, including attorneys' fees, in the negotiation and execution of this Agreement.

16. Full and Independent Knowledge. The Parties represent that they have thoroughly discussed all aspects of this Agreement with their respective attorneys (or have been provided the right to do so), fully understand all of the provisions of the Agreement, and are voluntarily and knowingly entering into this Agreement.

17. Ownership of Actions. Employee has not transferred or assigned, or purported to transfer or assign, to any person or entity, any action described in this Agreement. Employee further agrees to indemnify and hold harmless each and all of the Company Releasees against any and all actions based upon, arising out of, or in any way connected with any such actual or purported transfer or assignment.

18. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California applicable to contracts made and to be performed entirely within California.
19. Severability. Should any provision in this Agreement be determined to be invalid, the validity of the remaining provisions shall not be affected thereby, and the invalid provision shall be deemed not to be part of this Agreement, and all remaining provisions shall remain valid and enforceable.
20. Entire Agreement. This Agreement sets forth the entire agreement between the Parties and supersedes any prior agreements between the Parties pertaining to the subject matter of this Agreement.
21. No Representations. The Parties acknowledge that, except as expressly set forth herein, no representations of any kind or character have been made by any other Party or that Party's agents, representatives, or attorneys to induce the execution of this Agreement. It is further understood and agreed that Employee has not relied upon any advice whatsoever from the Company or its counsel.
22. No Modification or Waiver. No modification or waiver of the terms of this Agreement shall be effective unless it appears in a writing signed by all Parties to this Agreement.
23. Interpretation of Agreement. The language of all parts in this Agreement shall be construed as a whole, according to fair meaning, and not strictly for or against any party. The headings provided in underline are inserted for the convenience of the Parties and shall not be construed to limit or modify the text of this Agreement.
24. Successors. This Agreement shall be binding upon the Parties, and their heirs, representatives, executors, administrators, successors, and assigns, and shall inure to the benefit of each and all of the Company Releasees, and to their heirs, representatives, executors, administrators, successors, and assignees.
25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Furthermore, signatures delivered via facsimile transmission or portable document format (PDF) shall have the same force effect as the originals thereof, except that any Party has the right to insist on receipt of the original signature of the other Party before complying with its own obligations under this Agreement.

26. Notification. Notice to be given under this Agreement shall be sent to the Company care of [INSERT] and to Employee at the addresses listed on the signature page hereto.

THE UNDERSIGNED STATE THAT THEY HAVE CAREFULLY READ THE AGREEMENT, HAVE BEEN ADVISED OF THEIR RIGHT TO CONSULT WITH COUNSEL CONCERNING THIS AGREEMENT, AND KNOW AND UNDERSTAND ITS CONTENTS.

AGREEING PARTIES

Dated: _____
_____ Brian Roberts

Address: _____

Dated: _____ Rezolute, Inc.

Sign: _____
[COMPANY SIGNATORY]

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Nevan Charles Elam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rezolute, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.
4. As the Registrant's certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. As the Registrant's certifying officer, I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 10, 2023

By: /s/ Nevan Charles Elam
Nevan Charles Elam
Chief Executive Officer
(Principal Executive and Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Rezolute, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nevan Elam, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 10, 2023

By: /s/ Nevan Charles Elam

Nevan Charles Elam

Chief Executive Officer

(Principal Executive and Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Rezolute, Inc. and will be retained by Rezolute, Inc. to be furnished to the Securities and Exchange Commission or its staff upon request.
