29 July 2021

ASX Announcement

June 2021 Quarterly Activity Report and Appendix 4C

- **"Three Pillar" strategy progressed with two Phase 2 clinical programs underway for R/R AML in Israel & EMD AML in Australia**
- **Oversubscribed Placement of $5.4 million was successfully completed with existing shareholders rewarded via a Loyalty Bonus Option issue**
- **Leadership team further strengthened with appointments of a Principal Scientist and a Chief Medical Officer, both of whom commenced in July 2021**

Race makes continued progress on its Three Pillar strategy

The June 2021 quarter (Q4 FY 2021) was highlighted by the initiation of two clinical programs in Acute Myeloid Leukemia (AML), the first being a Phase 2 combination drug study where Bisantrene will be trialled in patients with relapsed/refractory (R/R) AML. The study will be run in Israel led by Professor Anon Nagler who conducted the Bisantrene AML trial that reported in June 2020, demonstrating an overall clinical response rate of 40% (ASX announcement: 16 June 2020). Secondly, the Company signed an agreement with Parexel, a Clinical Research Organisation (CRO) to manage Race's Phase 2 AML program in Australia, focused on AML patients with the Extramedullary (EMD) form of the disease. No approved treatment options exist for EMD AML and this trial offers Bisantrene a pathway towards drug registration in an indication with large unmet clinical need.

Progressing the Pillar 1 FTO-focussed program, Race announced an extensive pre-Clinical study in collaboration with research from the University of Newcastle to explore the use of Bisantrene in Melanoma and Kidney Cancer. These programs are progressing satisfactorily, and Race expects to provide updates over the remainder of CY 2021.

Bisantrene was further highlighted by the University of Chicago as a highly potent inhibitor of the FTO protein, confirming in an independent laboratory Bisantrene's ability to target FTO (ASX announcement: 15 April 2021). Our Phase 2 EMD AML trial includes a strata (arm) that uses low dose Bisantrene to target FTO in patients who cannot tolerate high intensity chemotherapy.

Race successfully raised $5.4 million to support planned pre-clinical, clinical, and related manufacturing initiatives. In the quarter we recruited a Principal Scientist and a CMO to support the management of our growing clinical and pre-clinical programs. The expanded team is helping to progress the Three Pillar strategy, as Race makes concrete

steps on executing strategy. With key programs now fully funded, the Company looks forward to sharing results in future updates.

Key events of the quarter

- On 15 April 2021, Race announced that the journal *Nature Communication* had published details of independent work by the University of Chicago reconfirming Bisantrene as an effective inhibitor of the FTO protein in both cell culture and mice, so supporting earlier observations by the City of Hope (ASX announcement: 29 June 2020).
- On 16 April 2021, Race announced appointment of Professor Jianjun Chen of the City of Hope to Race's Scientific Advisory Board. Prof Chen and his team first identified Bisantrene as a potent FTO inhibitor and the important role of FTO in cancer via regulation of the m^6A RNA methylation pathway. His expertise will enhance and guide our FTO related clinical and preclinical plans.
- On 20 April 2021, Race announced the appointment of Dr David Fuller as Chief Medical Officer (CMO). Dr Fuller, a former Senior Vice President at the CRO Syneos Health has 30 years' experience in oncology, international pharma industry, and listed businesses. His background includes the design and execution of multiple Phase 1, 2 and 3 studies in multiple global markets, successful marketing and drug approvals.
- On 28 April 2021, Race initiated a Preclinical study to further explore Bisantrene's known low cardio toxicity profile. The study is being led by an experienced team at the University of Newcastle (UON). The study aims include identifying Bisantrene's underlying mechanism of action and the potential role of FTO inhibition in Bisantrene's low cardiotoxic profile.
- On 5 May 2021, Race issued announced it had received binding commitments for an oversubscribed placement of $5.4 million at an issue price of $3.00 per share, a 2% discount to the closing price. Additionally, Race commenced a bonus issue of unlisted loyalty options to eligible shareholders, at 1 option for every 20 shares held, with an exercise price of $4.50 expiring on 16 May 2022. Funds raised support an FTO-focused Phase 1 study, further preclinical work evaluating Bisantrene's heart safety, and related manufacturing investment to support future trial plans.
- On 7 May 2021, Race issued a letter to eligible, and ineligible shareholders outlining further detail of the issue of the pro-rata non-renounceable loyalty bonus options. This offer of 7,054,043 Bonus Options if fully exercised, will provide funds of approximately $31.7 million in CY 2022.
- On 10 May 2021, Race announced publication of a preclinical study by Professors Borje Andersson and Ben Valdez, that identified novel drug combinations showing synergy with Bisantrene in treating AML cells. The study, sponsored by Race, was published in the *Journal of Clinical & Experimental Oncology*, and underpins the Phase 2 AML trial at the Chaim Sheba Medical Center in Israel.

- On 20 May 2021, Race announced the appointment of Professor Michael Kelso as Principal Scientist. Prof Kelso brings 25 years of deep understanding in oncology, medicinal chemistry, drug development and chemistry. His most recent role was as Professor of Medicinal Chemistry at the University of Wollongong. Michael's appointment adds significant scientific experience and capability to the Race team.
- On 2 June 2021, Race announced the appointment of CRO Parexel, to support the Australian Phase 2 clinical trial of Bisantrene in AML patients with extramedullary disease. The study is led by Associate Professor Anoop Enjeti and supports future trials in the EU and USA with the aim of achieving FDA and EMA approval. The trial has two strata (arms), one applying Bisantrene in a high intensity chemotherapy setting in combination with azacitidine. The second strata will use Bisantrene as a low dose FTO targeted agent in combination with Inqovia® (oral decitabine and cedazuridine), for patients unable to tolerate intense chemotherapy.
- On 8 June 2021, Race signed a contract with Trialog Clinical trials for USD$801,247 to supply drug and other services to support the Phase 2 (R/R) AML trial at the Sheba Medical Center in Israel.
- On 22 June 2021, Race announced execution of a contract to commence the Phase 1b/2 R/R AML trial at the Chaim Sheba Medical Center. Professor Anon Nagler will lead this study that includes a novel drug combination shown in Race-sponsored pre-clinical studies to demonstrate high efficacy in AML cells (ASX announcement: 10 May 2021). The first patient is expected to be treated in Q3 CY 2021.
- On 30 June 2021, Race announced that Non-Executive Director Mary Harney had purchased 5,400 shares on market.

Summary of cash flows and quarterly activity

As at 30 June 2021, Race held cash and equivalents of $9.32 million, compared with $6.47 million on 31 March 2021. The higher than usual cash outflows in Q4 FY 2021 were driven by the Parexel CRO contract supporting the EMD AML trial and payments for pre-clinical trial programs. Cash used in operating activities was $2.807 million compared to $0.705 million in Q3 FY 2021. It is expected that operating expense will moderate over the remainder of CY 2021.

Listing Rule 4.7C.3

Payments during the quarter to Related Parties amounted to $201k, comprising payments for services to executive and non-executive directors.

Shareholders by holding range

Race is pleased to share that our shareholders grew from 8,990 holders at 31 March 2021 to 9,272 at 30 June 2021, reflecting continued interest in Race's progress through Q4 FY 2021.

Holding Ranges	Holders	Total Units	% Issued Share Capital
Above 0 up to and including 1,000	4,166	1,878,616	1.31%
Above 1,000 up to and including 5,000	2,916	7,220,808	5.03%
Above 5,000 up to and including 10,000	795	6,075,853	4.23%
Above 10,000 up to and including 100,000	1,193	38,379,065	26.72%
Above 100,000	202	90,096,501	62.72%
	9,272	**143,650,843**	**100.00%**

Post Quarter News

In July 2021, Race welcomed Michelle Huh to the Race team. Michelle is a registered pharmacist with extensive clinical trial experience which will be leveraged to support Race's EMD AML Clinical trial program.

In late July 2021, Trialog obtained all regulatory approvals required to import Bisantrene into Israel and the first shipment of Bisantrene was received. All prerequisites to allow the treatment of AML patients in Israel have now been satisfied with the first patient expected to be treated in the current quarter.

Expected News

In the current quarter, shareholders can anticipate updates on the following activities:

- **Pillar 1** - updates on the progress of FTO-directed preclinical programs;
- **Pillar 2** – preliminary results from the cardiotoxicity pre-clinical program and a decision to progress further animal studies, and
- **Pillar 3** – updates on the AML clinical programs including first patient treatment.

Management commentary

Race CEO Phillip Lynch said: *"The team has progressed key elements of the Three Pillar Strategy, in the most recent quarter, confirming clinical programs where we will study Bisantrene further in the Acute Myeloid Leukaemia setting. Importantly, we added critical appointments to the team to better support our ability to execute the breadth of our plans."*

Race CSO Daniel Tillett said: *"This quarter has been exceptionally busy and productive as we expand the Race team, initiated two clinical trials and four preclinical programs, and raised additional capital. The opportunities offered by FTO continue to grow with new indications identified in scientific literature on an almost weekly basis. Shareholders can expect significant news over the coming months as we make progress on all our programs."*

Race Chairman John Cullity said: "*The Board and Management remain committed to delivering outsized shareholder value via the maximisation of Bisantrene. We particularly thank shareholders for their support during the recent financing. I'm delighted to welcome David, Michael and Michelle to our expanding team. Each possesses thought leadership that will prove relevant to achieving our corporate growth objectives.*"

-ENDS-

About Race Oncology (ASX: RAC)

Race Oncology is an ASX listed precision oncology company with a Phase II/III cancer drug called Bisantrene.

Bisantrene is a potent inhibitor of the Fat mass and obesity associated (FTO) protein. Over-expression of FTO has been shown to be the genetic driver of a diverse range of cancers. Race is exploring the use of Bisantrene as a new therapy for melanoma and clear cell renal cell carcinoma, which are both frequent FTO over-expressing cancers. The Company also has compelling clinical data for the use of Bisantrene as a chemotherapeutic agent with reduced cardiotoxicity in Acute Myeloid Leukaemia (AML), breast and ovarian cancers and is investigating its use in these areas.

Race is pursuing outsized commercial returns for shareholders via its 'Three Pillar' strategy for the clinical development of Bisantrene.

See more at www.raceoncology.com.

Release authorised by:

Phil Lynch, CEO/MD on behalf

of the Race Board of Directors

phillip.lynch@raceoncology.com

Media contact:

Jane Lowe

+61 411 117 774

jane.lowe@irdepartment.com.au

RACE ONCOLOGY LIMITED (RAC)

Appendix 4C

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

Name of entity	
RACE ONCOLOGY LIMITED (RAC)	
ABN	**Quarter ended ("current quarter")**
61 149 318 749	30 June 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(2,069)	(3,012)
	(b) product manufacturing and operating costs	(205)	(650)
	(c) advertising and marketing	(63)	(202)
	(d) leased assets	-	-
	(e) staff costs	(93)	(351)
	(f) administration and corporate costs	(381)	(939)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	21
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	437
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,807)**	**(4,696)**

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

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,400	8,400
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	589	4,248
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(326)	(511)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (shares yet to be issued)	-	142
3.10	**Net cash from / (used in) financing activities**	**5,663**	**12,279**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,466	1,731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,807)	(4,696)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,663	12,279
4.5	Effect of movement in exchange rates on cash held	-	8
4.6	**Cash and cash equivalents at end of period**	**9,322**	**9,322**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,322	2,466
5.2	Call deposits	6,000	4,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**9,322**	**6,466**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	201
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payment to related parties as disclosed in item 6.1 as follows:

- $42,000 payments for non-executive director fees for the period;
- $159,587 payments to executive directors for the period (payment include amounts to Professor Borje Andersson who resigned as an executive director on 10 December 2020).

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

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

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,807)
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,322
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	9,322
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3.32

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

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

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:
N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:
N/A

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

Answer:
N/A

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: The Board of Race Oncology Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.