ASX ANNOUNCEMENT

Appendix 4C Quarterly Cash Flow and Activities Report for the Quarter Ending 30 September 2021

iQ3Corp Ltd ("iQ3" or "Company") (ASX:IQ3), releases its Quarterly Activity Report and associated Appendix 4C (Quarterly Cashflow Report) to the market.

Business Activities for the Quarter

During the First quarter, iQ3 continued to deliver on current projects, development of strategic new projects, and collaborations with US business partners.

The Company has delivered a solid performance during the quarter seizing the opportunities presented by the challenging market conditions which continue as a result of COVID-19. During the quarter company continued to realize various cost saving initiatives in order to generate an improved cash position compared to this time last year.

The key highlights are:

- Increase in receipts from customers of $182K. This represents an increase of 49% when compared to the previous quarter (Q1FY22: $556K, Q4FY21 $374K);

- During the quarter, the Company recovered $1,055K, provided $21K loan advances & repaid $371K (net) of its borrowings.

- Firm cash position for Q1 FY22 of $60K (Q4 FY21: $238K);

- An improvement of 32% in net operating cash outflows for Q1 FY22, when compared to the previous year quarter, Q1 FY21 (net operating outflows Q1 FY22: $839K, Q1 FY21: $1,242K). This significant improvement was achieved through the successful implementation of various cost saving initiatives in response to the challenging market conditions which continues to arise as a result of COVID-19.

The Company was able to further cushion the impact of COVID-19 through government supplementary funds received in the current quarter. The Company scaled its operations and still continued to deliver on the various capital raising projects to minimize the continued impact of COVID-19 on the business in 1HY FY22.

Payments to Related Parties and their Associates (Refer section 6 of Appendix 4C)

During the quarter, the Company paid $326K in relation to overhead reimbursement costs, consulting fees and directors' remuneration to its related parties and their associates.

About iQ3

iQ3Corp is a dedicated life science corporate finance and advisory firm.

www.iq3corp.com

About The iQ Group Global

The iQ Group Global is a consortium of companies that finds, funds and develops innovative bioscience intellectual property to create life-changing medical innovations. Through our unique business model, we mitigate industry-inherent risks to accelerate the commercialization of bioscience assets and maximize value for investors.

www.theiqgroupglobal.com

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Authorized by: Dr George Syrmalis, Director of iQ3Corp Ltd, 26th October 2021

Appendix 4C

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

Name of entity	
iQ3Corp Limited	
ABN	**Quarter ended ("current quarter")**
63 160 238 282	30 September 2021

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		556	556
1.2	Payments for			
	(a)	research and development	-	-
	(b)	product manufacturing and operating costs	(449)	(449)
	(c)	advertising and marketing	(9)	(9)
	(d)	leased assets	-	-
	(e)	staff costs	(966)	(966)
	(f)	administration and corporate costs	(194)	(194)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		-	-
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		223	223
1.8	Other		-	-
1.9	**Net cash from / (used in) operating activities**		**(839)**	**(839)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	entities		
	(b)	businesses		
	(c)	property, plant and equipment	-	-
	(d)	investments	-	-
	(e)	intellectual property		
	(f)	other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment		
	(j) investments		
	(k) intellectual property		
	(l) other non-current assets		
2.3	Cash flows from loans to other entities	1,034	1,034
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**1,034**	**1,034**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	864	864
3.6	Repayment of borrowings	(1,235)	(1,235)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**(371)**	**(371)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	238	238
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(839)	(839)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,034	1,034

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(371)	(371)
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	**Cash and cash equivalents at end of period**	**60**	**60**

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	60	238
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**60**	**238**

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	326
6.2	Aggregate amount of payments to related parties and their associates included in item 2	21

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

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	9,000	5,363
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	9,000	5,363

7.5	**Unused financing facilities available at quarter end**	3,637

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.

The Company has strategic partnerships with the following related parties to strengthen its position and allow for further development in its strategic projects:

- IQX Limited: a $6 million working capital facility with an interest rate of 9% per annum, expiring on 30 June 2022
- The IQ Group Global Ltd: a $3 million working capital facility with an interest rate of 9% per annum, expiring on 30 June 2023

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(839)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	60
8.3	Unused finance facilities available at quarter end (Item 7.5)	3,637
8.4	Total available funding (Item 8.2 + Item 8.3)	3,698
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	4.41

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:

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 as item 8.5 is greater than 2 quarters

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 as item 8.5 is greater than 2 quarters

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 as item 8.5 is greater than 2 quarters

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: 26th October 2021

Authorised by: Dr George Syrmalis, Director of iQ3Corp Ltd

(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.