IMAGION BIOSYSTEMS LIMITED

(ASX**: IBX**)

29 July 2022

Quarterly Activity Report – quarter ending 30 June 2022

Highlights:

- **MagSense® HER2 imaging agent passes stability milestone**
- **Research collaboration with University of Sydney expands brain cancer project**
- **Research agreement with Massachusetts General Hospital focuses on MRI**

MELBOURNE – Imagion Biosystems (ASX:IBX), a company dedicated to improving healthcare through the early detection of cancer, today released its Appendix 4C Quarterly Cashflow report and update on company activities for the quarter ending 30 June 2022 (Q2 FY2022).

Executive Chairman and CEO Bob Proulx commented, "During the second quarter, patent recruitment and enrolment has progressed, and we remain encouraged by the preliminary results we are seeing. Revisions to the study protocol that were noted in our Annual General Meeting have been approved and we look forward to continuing to work with our sites to achieve our enrolment objective. Additionally, our efforts to expand the pipeline of clinical imaging applications for our nanoparticle technology into new areas has also progressed with two new research agreements, one to expand our brain cancer imaging initiative and one in cardiovascular imaging. These projects build on the success we have achieved to-date with the MagSense® HER2 breast cancer program and are value-adding to our mission of transforming how medical imaging can improve patient care."

Summary of Activities

MagSense® HER2 breast cancer study

Enrolment into the MagSense® HER2 Breast Cancer Phase I study has continued during the quarter with results in line with prior patients. In the prior quarter, the Company had released findings from the first five patients who completed the study. The previously noted interim results noted that there had been no safety or tolerability issues reported related to the imaging agent and that there was evidence that the MagSense® imaging agent is successfully reaching the patient's lymph nodes, the target site for this study. Additionally, during the quarter an amendment to the study protocol was approved by the Human Research Ethics Committee (HREC) and is now being implemented at each of the study sites. The amendment provides more flexibility for the investigator to schedule study related procedures and reduces in the number of times participants are required to visit the clinical site, which may facilitate enrolment.

MagSense® HER2 imaging agent stability milestone

During the quarter 3rd party testing of the MagSense® HER2 Breast Cancer imaging agent showed that it had passed the 18-month stability benchmark. Additional Company R&D data supports the benchmark finding and indicates the product could have a shelf-life of up to 3 years. This data, together with the Company's pilot manufacturing experience, supports the Company's plans to develop nanoparticle-based imaging agents that can be made reproducibly with long stable shelf-life. This technical achievement bolsters the growing opportunity for the Company to market its nanoparticles to commercial partners and to service larger scale pivotal clinical trials.

Brain cancer project expanded
In May 2021 the Company initiated a collaboration with Patrys Limited (ASX: PAB) to explore combining Imagion's MagSense® nanoparticle technology with Patrys' DNA-targeting PAT-DX1 molecule to develop an imaging agent for hard-to-diagnose cancers such as brain cancer.

Imagion's in-house research has demonstrated that the DX1 molecule can be combined with the Company's nanoparticles and remain biofunctional. As a result, both Imagion and Patrys have jointly expanded the collaboration through an engagement with The University of Sydney.

This research collaboration will further explore the potential for a MagSense® DX1 imaging agent to detect brain cancers using the University of Sydney's expertise in models of Glioblastoma Multiforme. The companies expect to report on the progress of these studies in 2023.

Massachusetts General Hospital to help with research focused on MRI
As disclosed in the previous Quarterly Activity Report as a subsequent event, during this reporting period the Company entered into a Sponsored Research Agreement with researchers at Massachusetts General Hospital (MGH) to investigate the potential for Imagion's iron oxide nanoparticle technology to be used in conjunction with conventional Magnetic Resonance Imaging (MRI).

Gadolinium-based Contrast Agents (GBCAs) are the primary contrast media products approved for use with magnetic resonance imaging for cardiovascular applications. Market reports indicate that the global market for contrast agents was $4.7 billion in 2019 and growing at a CAGR of 5.0%. Certain patient populations such as patients with chronic kidney disease, pregnant women and pediatric patients often avoid use of GBCAs due the side effects. An iron oxide nanoparticle-based agent would be a safe alternative for vascular imaging applications where contrast media are required.

The Company's research program aims to leverage our underlying know-how with iron oxide nanoparticle technology to investigate their possible use for vascular imaging. Unlike the Company's MagSense® imaging agents that uses antibodies or other ligands to specifically target binding of the magnetic nanoparticles to diseased tissue, an iron oxide nanoparticle for vascular imaging would be a non-targeted nanoparticle with properties providing for it to remain in circulation to enhance the visualization of arterial and venous blood flow which is important in diagnosing and treating certain cardiovascular diseases.

Dr. Matt Rosen, the Principal Investigator of this new Sponsored Research Agreement, has previously published results demonstrating Imagion's iron oxide nanoparticles produced high-contrast images with ultra-low field MRI and will now work with Imagion to optimize performance across conventional commercial MRI systems. Progress of this research is expected to be released in the coming quarters.

Summary of cash flows

Imagion's cash balance at 30 June 2022 was $8.5 million, a decrease of $2.1 million from the prior quarter. The Company reported an operating cash outflow of $2.5 million in the quarter, 10% up on the prior quarter's operating cash outflow and in line with the Company's expectations.

Research and development costs, administration and corporate costs, and staff costs increased slightly on the prior quarter. Repayment of borrowings and interest costs increased during the quarter. These increases relate to the allocation of rent for our San Diego facility, in line with the lease accounting provisions of the accounting standards.

As previously mentioned, as the MagSense® HER2 Breast Cancer Study progresses and the Company advances its development pipeline, research and development expenditures and staff costs are expected to increase in the coming quarters.

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About Imagion Biosystems
Imagion Biosystems is developing a new non-radioactive and precision diagnostic molecular imaging technology. Combining biotechnology and nanotechnology, the Company aims to detect cancer and other diseases earlier and with higher specificity than is currently possible. Imagion Biosystems listed on the Australian Securities Exchange (ASX) in June 2017.

For further information please visit www.imagionbiosystems.com

Authorisation & Additional information
This announcement was authorised by the Board of Directors of Imagion Biosystems Limited

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Appendix 4C

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

Name of entity	
Imagion Biosystems Limited	
ABN	**Quarter ended ("current quarter")**
42 616 305 027	30 June 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	143	237
1.2	Payments for		
	(a) research and development	(956)	(1,793)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(27)	(67)
	(d) leased assets	-	-
	(e) staff costs	(1,059)	(2,047)
	(f) administration and corporate costs	(586)	(1,077)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(43)	(59)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,527)**	**(4,804)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(24)	(206)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
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)	39	39
2.6	**Net cash from / (used in) investing activities**	**15**	**(167)**

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	-	-
3.6	Repayment of borrowings	(236)	(289)
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**	**(236)**	**(289)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	10,629	13,394
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,527)	(4,804)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	15	(167)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(236)	(289)
4.5	Effect of movement in exchange rates on cash held	641	388
4.6	**Cash and cash equivalents at end of period**	**8,522**	**8,522**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	8,522	10,629
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,522**	**10,629**

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

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

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

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

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,512)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,522
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,522
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3.4

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.

29 July 2022

Date: .....

By the Board of Imagion Biosystems Limited

Authorised by: .....
(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.