



**30 January 2020**

ASX Announcement

## December 2019 Quarterly Report

### Race completes transformational quarter

- **Five path strategy for Bisantrene launched – expands addressable market and defrays risk**
- **Prominent biotech investor and Director Dr Daniel Tillett appointed as Chief Scientific Officer**
- **Bisantrene trials in AML, breast cancer and ovarian cancer set to commence in 2020**
- **World-recognised research leader Prof Borje Andersson appointed Chair of Clinical Advisory Board**

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**30 January 2020** – Race Oncology Limited (ASX: RAC) is pleased to provide this update to shareholders and its Appendix 4C for the quarter ended 31 December 2019 (Q2 FY 2020).

Race launched its new 5-Path clinical strategy for Bisantrene, greatly expanding the addressable market for the drug while reducing clinical risks, and considerably strengthened its management team following the appointment of Dr Daniel Tillett as Chief Scientific Officer and Prof Borje Andersson as Chairman of the Company's Clinical Advisory Board (CAB).

**Race unveils new clinical strategy targeting five market segments:**

Race revealed its new 'five path' clinical strategy for Bisantrene. The strategy defines five opportunities for the clinical development of the drug and greatly expands the addressable market, while reducing risk. The strategy targets cancers beyond Acute Myeloid Leukaemia (AML) and builds on the embedded value of Bisantrene, from its use in over 40 prior human trials.

The new 5-Path strategy, which followed a company-wide strategy meeting in October, is based on two pillars: Bisantrene combination therapy in a range of cancers and elimination of Measurable Residual Disease (MRD) in AML. Race plans to progress the following trials for Bisantrene:

1. Phase II MRD trial to be undertaken in the USA to advance Bisantrene towards FDA approval under the 502(b)(2) pathway in adult AML patients who are in CR but are still MRD (+).
2. Phase I/II combination trial for adult R/R AML to be conducted in Australia.
3. Phase I/II combination trial for paediatric R/R AML to be undertaken in Australia and USA.
4. Phase I/II combination trial for breast cancer, which will be conducted in Australia.
5. Phase I/II combination trial for ovarian or other cancers to be undertaken in Australia.

The five path strategy has significant benefits for Race. It de-risks commercialisation of Bisantrene, provides the opportunity for faster clinical outcomes with multiple opportunities, extends

Bisantrene's potential beyond AML and focuses clinical initiatives on Australia, where Race will receive attractive R&D tax credits.

Planning for the clinical trials is currently underway. Board and management look forward to updating shareholders as developments progress.

**Race appoints Dr Daniel Tillett as Chief Scientific Officer:**

Dr Tillett assumed the role of Chief Scientific Officer and became an Executive Director. Dr Tillett is the founder and CEO of private Australian biotechnology company, Nucleics. He has over two decades of commercial experience in the biotech industry covering project management, sales and marketing, IP management and fundraising. Dr Tillett is now a major shareholder in the Company, having recently anchored an investment in Race (refer ASX announcement: 20 August 2019).

Dr Tillett agreed to receive no cash compensation, but was granted 2.5 million options priced at \$0.19 each, with a three-year expiry from the date of grant.

**Prof Borje Andersson to lead Race's Clinical Advisory Board:**

World recognised research leader, Prof Borje Andersson, has been appointed chair of Race's Clinical Advisory Board (CAB) to recruit and coordinate the 5-Path clinical trials. Prof Andersson is a leading researcher in the field of leukaemia and stem cell transplantation at the MD Anderson Cancer Centre in Houston, Texas. Prof Andersson is also the inventor of IV Busulfan, a drug used in stem cell transplantation, which received FDA approval in 1999. The development of IV Busulfan drastically improved the survival outlook for leukaemia patients, helping reduce the death rate in the first 100 days, post transplant from 30-40% to less than 3%.

**Management commentary:**

**CEO Peter Molloy said:** "The recent shift in understanding of AML and MRD is tremendously advantageous for Race and provides significant partnering and value creation opportunities for the company. We are also pleased that both Daniel and Borje will be part of the team that helps progress these trials. Both have exceptional experience in R&D and drug development, as well as impressive networks that Race can leverage to unlock value for shareholders."

**Financials**

The Company holds A\$1.55 million cash as at 31 December 2019.

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**About Race Oncology (RAC: ASX):**

Race Oncology is a specialty pharmaceutical company whose business model is to pursue later-stage drugs in the cancer field that have been overlooked by big pharma. The company's first drug is Bisantrene, a chemotherapy agent that was the subject of more than 40 clinical studies during the 1980s and 1990s before the drug was abandoned. Bisantrene has compelling clinical data in acute myeloid leukaemia (AML) as well as other cancers including breast and ovarian. Race is seeking to gain US FDA approval for Bisantrene. Bisantrene is the subject of three recently granted US patents owned by Race and has been awarded US Orphan Drug designation and a 'Rare Paediatric Disease' (RPD) designation that entitles Race to a valuable Priority Review Voucher (PRV) upon approval.

Release authorised by:

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

RACE ONCOLOGY LIMITED (RAC)

**ABN**

61 149 318 749

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(240)	(513)
(b) business development and marketing	(19)	(29)
(d) manufacturing and distribution	(43)	(122)
(e) staff and board remuneration	(87)	(139)
(f) administration and corporate costs	(91)	(208)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	159	159
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(320)</b>	<b>(849)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments - shares	-	-
	(d) intellectual property	-	-
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	555	1,446
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(11)	(31)
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 issued)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>544</b>	<b>1,415</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,328	989
4.2	Net cash (used in) operating activities (item 1.9 above)	(320)	(849)
4.3	Net cash from investing activities (item 2.6 above)	-	-
4.4	Net cash (used in) financing activities (item 3.10 above)	544	1,415

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(3)	(6)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,549</b>	<b>1,549</b>

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	349	1,328
5.2	Call deposits	1,200	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,549</b>	<b>1,328</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
114
-

Payment to related parties are for salary, non-executive director fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	385
9.2 Product manufacturing and operating costs	100
9.3 Advertising and marketing	35
9.4 Leased assets	-
9.5 Staff and board remuneration	72
9.6 Administration and corporate costs	61
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>653</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### 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.

Sign here:  .....  
(Company secretary)

Date: 30 January 2020 .....

Print name: Peter Webse

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.