

IMAGION BIOSYSTEMS LIMITED

(ASX: IBX)

28 October 2021

Quarterly Activity Report – quarter ending 30 September 2021

Q3 highlights:

- **Sites added for MagSense® HER2 Breast Cancer Phase I Study**
- **Experienced Chief Development Officer added to Management Team**
- **Joint Development Agreement established with Global Cancer Technology to develop nanocrystals for treating breast cancer**

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 September 2021 (Q3 FY2021).

Executive Chairman and CEO Bob Proulx said, “We are pleased to report that we now have four sites across three states actively screening patients for recruitment into the MagSense® Study with multiple cancer patients having been enrolled. As we see how the end of lock downs affects cancer screening, we will have a better indication over Q4 as to the likely cadence of recruitment going forward.”

Summary of activities in Q3

The Company added the Royal Brisbane Women’s Hospital as the third clinical site for its MagSense® Study mid-quarter and a fourth site, the Lake Macquarie Private Hospital (part of Ramsay Health Care) was added subsequent to the close of the quarter.

On 16 March the company announced it had received a CSIRO Federal Government grant that would be used to fund preclinical research for a MagSense® prostate cancer imaging agent in collaboration with researchers from Monash University’s Biomedicine Discovery Institute. During the third quarter the Monash University researchers completed the first round of animal studies with results now being analyzed. The company plans to continue the collaboration as funds from the grant remain available. Prostate cancer is the second most common cancer in men with a clear unmet medical need for improved diagnostic imaging technology to identify high at-risk localized prostate cancer.

Imagion employed Dr Yalia Jayalakshmi as Chief Development Officer during Q3. Dr Jayalakshmi comes to Imagion with deep background, knowledge and leadership in cancer imaging and nanotechnology at a depth that is not regularly seen in the industry. Her experience spans drug, device nanoparticle delivery and diagnostic imaging products in oncology, ophthalmology and other therapeutic areas. We look forward to her providing leadership for our current MagSense® HER2 breast cancer Phase I study, and all our future clinical programs.

During the quarter the Company announced it had entered into a Joint Development Agreement with Global Cancer Technology (GCT), to develop GCT’s novel nanoscintillator technology for the treatment of breast cancer, leveraging Imagion’s nanoparticle expertise. Scintillating nanocrystals are nontoxic minerals and rare earth elements that emit photons (light) when activated by a low dose of gamma radiation. Photocleavable linkers release a drug payload when exposed to the small burst of light from the scintillating photons. Employing nanocrystals to deliver a drug payload enables a controlled release of the therapeutic agent. This next generation approach, known as x-ray induced photodynamic therapy, has the potential to deliver a more localized and effective dose of drug product to treat cancers and improve the

Imagion Biosystems Limited

ACN 616 305 027

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utility of low dose radiation for the treatment of solid tumours. Under the terms of the Agreement Imagion will be paid for certain R&D services while gaining an ownership interest in the GCT nanoscintillator product being developed. Work on the project commenced during the quarter.

Summary of Q3 Cash Flows

Imagion's cash balance reduced during the quarter by \$1.9 million to \$12.0 million. During the quarter \$0.1 million was received upon the exercise of options with total year-to-date receipts of \$1.7 million.

The Company reported an operating cash outflow of \$2.2 million in the quarter, an increase against the prior quarter's adjusted operating cash outflow of \$1.9 million (excluding the \$2.6 million R&D tax incentive received in Q2). The increase was mainly attributable to administration and corporate costs with the upfront payment of D&O insurance during the quarter accounting for a large proportion of the increase.

As previously mentioned as the MagSense® Phase I clinical study progresses and the Company advances its development pipeline, research and development expenditures and staff costs are expected to increase in the coming quarters.

During Q4 2021 the Company anticipates further receipts from the exercise of options and in particular the IBXO listed options that are due to expire on 26 November 2021.

During the quarter, \$138k was paid to related parties and their associates. These payments related to director fees and executive director salaries.

-ENDS

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

42 616 305 027

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	34	123
1.2 Payments for		
(a) research and development	(640)	(1,775)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(91)	(183)
(d) leased assets	-	-
(e) staff costs	(744)	(2,156)
(f) administration and corporate costs	(736)	(1,557)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	13
1.5 Interest and other costs of finance paid	(2)	(15)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,612
1.8 Other (provide details if material)	-	46
1.9 Net cash from / (used in) operating activities	(2,179)	(2,892)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(95)	(116)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	(91)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
2.6	Net cash from / (used in) investing activities	(95)	(207)

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	134	1,723
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(75)	(283)
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	59	1,438

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,928	13,201
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,179)	(2,892)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(95)	(207)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	59	1,438
4.5	Effect of movement in exchange rates on cash held	273	446
4.6	Cash and cash equivalents at end of period	11,986	11,986

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	11,986	13,928
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)	11,986	13,928

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	138
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	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)	(2,179)
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,986
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	11,986
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.5
<i>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.</i>		
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		
<i>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.</i>		

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.

28 October 2021

Date:

By the Board of Imagination 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.