



ASX Announcement

March Quarterly Activity Report & Appendix 4C

22 April 2020

Summary of cash flows and quarterly activity

At 31 March 2020, Race held cash and cash equivalents of \$2.56 million, compared with \$1.55 million at 31 December 2019. Net cash of \$0.67 million was used in quarterly operating activities and this was offset by a fundraising in March 2020, which netted funds of \$1.69 million. During the quarter, Race continued its progress towards implementation of its 5-Path strategy for its chemotherapeutic drug Bisantrone.

Key events in the quarter

- On 18 March, Race announced the completion of patient recruitment in the Bisantrone Phase II trial in Israel. The trial (“Bisantrone for relapsed/refractory AML”) was conducted at the Sheba Medical Center in Israel and led by Professor Arnon Nagler. The first patient in the trial was treated in July 2019 with the trial finishing recruitment in 8 months. The Company currently awaits receipt of the report outlining the trial outcomes. The Company expects to receive this report soon and will update shareholders once it is provided.
- On 6 March, Race completed a strategic placement to raise \$1.8m (before costs) in new equity following the issue of six million ordinary shares at an issue price of \$0.30 per share. The placement was cornerstoned by the biotechnology focused Merchant Opportunities Fund (Merchant). Merchant is a boutique fund with a strong track record as an early stage biotech investor and has a number of long-term strategic investments in the biotech industry. The placement fortifies the Company’s cash position and provides Race with sufficient resources to actively advance its 5-path clinical development strategy through at least the end of calendar 2020. In conjunction with the placement, the Board of Directors authorised the sale of four million shares by Dr Bill Garner at a price of \$0.30 per share to Merchant. This allowed Merchant to become a substantial shareholder in the Company, while avoiding the unnecessary dilution of shareholders.
- There were important Board developments during the quarter. On 28 January, Professor Borje Andersson was appointed as a non-executive director to the Board, in addition to his role as Chair of Race’s Clinical Advisory Board. Prof Andersson is an internationally acclaimed leader in the field of leukaemia and stem cell transplantation research at the MD Anderson Cancer Centre in Houston, Texas. Prof. Andersson’s appointment further strengthens Race’s Board in advancing the 5-Path strategy.
- On 6 March, Dr John Cullity was appointed as Non-Executive Chairman, with Dr Bill Garner transitioning to a Non-Executive Director role. Dr Cullity has been a Non-Executive Director of RAC since April 2018 and is an Australian haematology-oncologist with considerable pharmaceutical industry experience and a successful background in

investment banking. Between 2010 and 2018, Dr Cullity was a principal at leading life science investment firm, Torrey Partners in New York, and has been involved in over 100 licensing and M&A transactions with a combined value in excess of US\$10B. Dr Cullity's extensive expertise and industry contacts will allow the Company to rapidly advance its 5-path strategy and achieve its goal of securing licensing partnerships with leading pharmaceutical partners.

- During the quarter and in support of its 5-Path strategy, Race strengthened its clinical advisory board (CAB) with the appointments of leading international haematology oncologists, Professor Jaap-Jan Boelens (20 February) and Professor Didier Blaise (10 March) to the CAB. Prof Boelens is a professor at Memorial Sloan Kettering Cancer Centre in New York and a leading leukaemia specialist with over 192 publications in major medical journals. Prof Blaise is Professor of Medicine at the Aix-Marseille University in Marseille, has conducted numerous national and international clinical trials in haematology oncology and is the author of more than 500 peer-reviewed papers in the field.
- On 17 February, Race announced the appointment of Dr Marinella Messina as Australian Clinical Program Director, to spearhead local clinical trials in Australia as a key part of the 5-Path strategy. Dr Messina has extensive experience managing a range of clinical trials across all development phases and has worked with a number of listed and unlisted pharmaceutical companies, as well as a range of research investigators. Dr Messina holds a PhD from the Faculty of Medicine at the University of Sydney, and a Bachelor of Science (Honours) from the Department of Microbiology at the University of Sydney. She is also a Certified Medical Publication Professional and has published extensively in a broad range of peer-reviewed publications.

Listing Rule 4.7C.3

There were payments during the March quarter to Related Parties amounting to \$144,013, comprising payments for services to executive and non-executive directors.

Impact of COVID-19

Race advises that the COVID-19 crisis has not hampered the overall progress of its 5-path strategy. Race's employees remain in good health and day-to-day operations are continuing. Race has implemented appropriate risk management policies, which include remote working practises and postponement of all travel, amongst other initiatives.

Management commentary

Race CEO Peter Molloy said: "Race achieved important goals during the quarter, setting a solid foundation to advance our 5 Path clinical strategy to bring Bisantrene towards a pharmaceutical deal. Importantly, we attracted investment support from a successful, institutional biotechnology investor with a solid track record in the biotech sector. As a result, Race is now sufficiently funded for calendar 2020."

"We made important Board and management additions, as well as appointing two internationally renowned haematology oncologists to our CAB, who will greatly assist us in trial design and initiation. These appointments represent a significant validation of Race's plans and future potential."

“On behalf of the Board, I would like to take this opportunity to welcome Dr John Cullity as Non-Executive Chairman and thank Dr Bill Garner for his guidance and leadership over the last four years. Bill was instrumental in Race’s inception and growth.”

“Race is entering an important phase with several exciting initiatives underway across the business and I look forward to providing regular updates to our shareholders over the coming months.”

- ENDS -

About Race Oncology (RAC: ASX)

Race Oncology (RAC) is a drug development biotech with a Phase II/III cancer drug called Bisantrene. RAC has compelling clinical data for Bisantrene in acute myeloid leukaemia (AML) as well as breast and ovarian cancer. RAC is pursuing an exciting ‘5-Path’ clinical development strategy that involves parallel US and Australian clinical trials in AML, breast and ovarian cancers.

Release authorised by:

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Appendix 4C

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

Name of entity

RACE ONCOLOGY LIMITED (RAC)

ABN

61 149 318 749

Quarter ended ("current quarter")

31 March 2020

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	15	15
1.2 Payments for		
(a) research and development	(426)	(939)
(b) product manufacturing and operating costs	(62)	(185)
(c) advertising and marketing	(37)	(66)
(d) leased assets	-	-
(e) staff costs	(72)	(211)
(f) administration and corporate costs	(89)	(296)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	159
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(666)	(1,515)
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 (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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,800	3,246
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	10	10
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(119)	(150)
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 (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,691	3,106

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,549	989
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(666)	(1,515)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

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)	1,691	3,106
4.5	Effect of movement in exchange rates on cash held	(15)	(21)
4.6	Cash and cash equivalents at end of period	2,559	2,559

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	2,559	1,549
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)	2,559	1,549

6. Payments to related parties of the entity and their associates

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

Current quarter \$A'000
144
-

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 are for salary and non-executive director fees.

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

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)	(666)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,559
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,559
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4

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

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

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

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: 22 April 2020

Authorised by: ...By the Board.....
(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.