

IMAGION BIOSYSTEMS LIMITED

(ASX: IBX)

29 July 2020

Quarterly Activity Report – Period ending 30 June 2020

Q2 Highlights:

- Company announces plans for the Phase I first-in-human study to be undertaken in Australia with commencement expected in Q4
- Manufacturing of the MagSense™ HER2 nanoparticle formulation for use in a first in human study has proceeded on plan
- Cash balance of \$4.2M at 30 June 2020; subsequent to 30 June additional \$4.7M received (net of costs) from oversubscribed placement
- Additional funding provides capital to support company beyond Phase I study completion and accelerate additional product plans
- Di Angus appointed non-executive Director

MELBOURNE – Imagion Biosystems (ASX:IBX), a company dedicated to improving healthcare through the early detection of cancer, has today released its Appendix 4C Quarterly Cashflow report and update on company activities for the quarter ending 30 June 2020 (Q2 FY20).

Executive Chairman and CEO Bob Proulx said, “We continue to make significant strides forward in advancing our novel technology, soon to be tested in human subjects for the first time. The study, which allows us to concurrently test two modes of imaging, will help us to assess, more quickly, multiple commercial pathways.

“The strong support we have received from investors, means we now have sufficient funding to take us beyond completion of this initial study, accelerating our ability to work on additional indications and a subsequent study for regulatory and commercial clearance, with a strong balance sheet to provide security against any protracted impacts of the unfolding COVID-19 crisis.”

Summary of activities in Q2

During the quarter, Imagion Biosystems announced plans to initiate its Phase 1 study in Q4 2020, and confirmed it will undertake this trial in Australia. Imagion will also expand the study to include Magnetic Resonance Imaging (MRI) as an additional imaging mode, alongside the company's proprietary magnetic relaxometry technology.

A number of critical milestones have been completed in preparation for commencement of the study, including the scale up of manufacturing of MagSense™ HER2 nanoparticles under Good Manufacturing Practice (GMP) conditions.

Imagion also entered into a collaboration agreement with Siemens Healthineers in Australia to explore the utility of Imagion's MagSense™ technology as an MRI contrast agent. Siemens will be providing in-kind technical support for the upcoming clinical trial.

In May 2020, the Company appointed Ms Dianne Angus as a Non-Executive Director.

Payments to related parties for the current quarter consisted primarily of Mr Proulx's salary.

Imagion Biosystems Limited

ACN 616 305 027

Level 25, 525 Collins Street, Melbourne VIC 3000

www.imagionbiosystems.com

Summary of Q2 Cash Flows

At 30 June 2020, Imagion's cash balance stood at \$4.3M, an increase on the prior quarter reflecting the Company's receipt of \$2.2M in non-dilutive R&D tax incentives in April 2020, as well as a further \$2.4M raised (after costs) in a renounceable rights issue during the same month.

As required by Appendix 4C, the proceeds of the R&D tax receipt are reported under incoming operational cash flow as a government grant and tax incentive. Excluding the tax receipt the company estimates that (prior to undertaking a capital raise in July) it has three quarters of funding available, when adjusted to reflect normal operating cash flow. The Company expects to remain eligible for 2020 tax credits that would be received in 2021.

In-line with manufacturing activities increasing, R&D payments during Q2 were up on the prior quarter to \$1.0M.

Subsequent to the end of the quarter, Imagion announced it had raised \$5M (\$4.7M after costs) in an oversubscribed placement supported by existing domestic institutional and sophisticated investors, as well as new institutional investors from Australia and the UK. The additional funds raised provide the company with certainty it has sufficient funding past completion of the first-in-human study and accelerate our preparations towards a pivotal study for regulatory and commercial clearance of the HER2 test after based on a successful outcome of the Phase I study. It also allows Imagion to begin work on additional indications, such as prostate cancer, to build the MagSense™ product pipeline.

Looking ahead, Imagion expects operating cash outflows to increase as further investments are made in initiating the Phase 1 MagSense™ study for HER2 breast cancer. The Company is currently focused on securing HREC approval and contracting Australian study sites and will update the market on progress in Q3.

-ENDS-

About Imagion Biosystems

Imagion Biosystems is developing a new non-radioactive and safe diagnostic 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 Management 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 June 2020

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	26	76
1.2 Payments for		
(a) research and development	(1,036)	(1,528)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(64)	(111)
(d) leased assets	-	-
(e) staff costs	(588)	(1,430)
(f) administration and corporate costs	(341)	(703)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,197	2,197
1.8 Other (GST Refund)	22	45
1.9 Net cash from / (used in) operating activities	216	(1,454)
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 (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)	-	-
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)	2,262	2,262
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	(67)	(67)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(7)	(44)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	234	234
3.10	Net cash from / (used in) financing activities	2,422	2,385

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,698	3,402
4.2	Net cash from / (used in) operating activities (item 1.9 above)	216	(1,454)
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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,422	2,385
4.5	Effect of movement in exchange rates on cash held	(9)	(6)
4.6	Cash and cash equivalents at end of period	4,327	4,327

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	4,327	1,698
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)	4,327	1,698

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**

90

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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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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

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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)

216

8.2 Cash and cash equivalents at quarter end (Item 4.6)

4,327

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

4,327

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

20.03

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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:

- 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:

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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:29/07/2020.....

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.