IMAGION BIOSYSTEMS LIMITED

(ASX**: IBX**)

27 October 2020

Quarterly Activity Report – Period ending 30 September 2020

Q3 highlights:

- **Raised $4.7M (after costs) in over-subscribed placement with funds to be used to complete Phase 1 study and accelerate technology pipeline developments**
- **Phase 1 study submitted for HREC review – approval received in early October**
- **Manufacturing and clinical site preparations remain on schedule for the commencement of the MagSense™ HER2 breast cancer Phase 1 study in the fourth calendar quarter as planned**

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 2020 (Q3 FY20).

Executive Chairman and CEO Bob Proulx said, “This is an exciting time for Imagion as we are on the cusp of commencing our MagSense™ HER2 breast cancer Phase 1 study.

“We enter this important phase with a stronger balance sheet, thanks to shareholders backing the capital raising during the quarter. We have the funds in place to see us through completion of the study and the opportunity to accelerate development of the technology and pipeline as we look to expand commercial opportunities for our MagSense™ technology.”

Summary of activities in Q3

During the quarter, Imagion raised $4.7M (after costs) in an oversubscribed placement. The raise was strongly supported by existing domestic and overseas institutional and sophisticated shareholders and provided an opportunity to welcome new Australian and UK institutional investors.

The funding will be used to complete the MagSense™ HER2 breast cancer Phase 1 study, which is on track to commence in calendar Q4 of 2020. Additionally, the funds will accelerate preparations for a larger pivotal study for commercial regulatory approval, to be undertaken after the successful completion of the Phase I study.

During the quarter the company submitted the study plan for Human Research Ethics Committee (HREC) review and approval in Australia. HREC approval was received in early October.

Manufacturing of the MagSense™ HER2 nanoparticle formulation for use in the study proceeded as expected in the quarter, as did preparations with study sites in anticipation of HREC approval.

During the quarter Imagion became a member of the Nanosystems Engineering Research Centre at Boston University, giving the Company access to new magnetic technology research. The university is developing ultrasensitive magnetic sensors that could eventually simplify Imagion’s MagSense™ detection system and expand commercial opportunities.

Research from the University of Sydney was published in the quarter which demonstrates that Imagion’s iron oxide nanoparticles enable low-field magnetic resonance imaging. This finding could lead to a reduced cost and improved accessibility of MRI.

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Subsequent to the end of the quarter, Imagion has also announced the appointment of Geoff Hollis as Chief Financial Officer, commencing 1 December 2020.

Summary of Q3 Cash Flows

Imagion's cash balance increased to $8.3M during the quarter with $4.7M received, excluding transaction related costs, from the oversubscribed placement. A further $1.56M was received from the exercise of options. An additional $142,200 from the exercised options was received subsequent to the end of the quarter.

The company reported an operating cash outflow of $1.8M in the quarter. While research and development costs were down slightly in the quarter, reflecting timing of certain study preparation costs, R&D expenditures are expected to increase in the coming quarters as the trial commences and the company advances its development pipeline.

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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 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

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Name of entity	
Imagion Biosystems Limited	
ABN	**Quarter ended ("current quarter")**
42 616 305 027	30 September 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	82	158
1.2	Payments for		
	(a) research and development	(794)	(2,321)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(32)	(144)
	(d) leased assets	-	-
	(e) staff costs	(545)	(1,976)
	(f) administration and corporate costs	(508)	(1,210)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(9)	(10)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	22	2,219
1.8	Other (GST Refund)	26	71
1.9	**Net cash from / (used in) operating activities**	**(1,758)**	**(3,212)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(4)	(4)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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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**	**(4)**	**(4)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	7,262
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,568	1,568
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(596)	(664)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(173)	(217)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	234
3.10	**Net cash from / (used in) financing activities**	**5,799**	**8,183**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,327	3,402
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,758)	(3,212)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)

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)	5,799	8,183
4.5	Effect of movement in exchange rates on cash held	(18)	(23)
4.6	**Cash and cash equivalents at end of period**	**8,346**	**8,346**

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	8,346	4,327
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)**	**8,346**	**4,327**

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	115
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.

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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)	(1,758)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,346
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,346
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.75

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:

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:

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:

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.

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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: .....27/10/2020.....

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.

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