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ASX Announcement

September 2020 Quarterly Activity Report & Appendix 4C

29 October 2020

Key events in the quarter

- On 13th July, Race announced that it had received A$3 million (before costs) in new equity funding via a strategic placement of five million shares at an issue price of $0.60 per share. The placement was made to three prominent biotechnology investors, Kidder Williams' David Williams; EFM Asset Management's Jeff Emmanuel and the Merchant Opportunities Fund, following their initial $1.8m investment in March 2020.

- On 15th July, Race released an updated investor presentation, summarising the Israeli trial of Bisantrene for relapsed / refractory AML patients which reported an impressive 40% response rate. The presentation also covered the significance of the identification of Bisantrene as a potent inhibitor of the Fat mass and obesity-associated (FTO) protein by the City of Hope Hospital USA. This update provided a review of the 5-path strategy and update on expected near term clinical and preclinical news.

- On 22nd July, Race announced it had secured a new patent in the US. This fourth granted US patent supported additional claims around the use and therapeutic benefits of Bisantrene.

- On 12th August, Race announced that the strategic investors who had supported the July $3.0 million placement acquired 6 million unlisted options from the former Managing Director, Peter Molly, which were exercised 11 months early. This not only brought in $1.5 million in cash, but this investment removed a potential share overhang and provides Race with further capital to fund its clinical programs.

- On 2nd September, Race announced an expansion to its leadership team with the appointment of Phil Lynch as CEO & Managing Director. Mr Lynch, in partnership with Dr Daniel Tillett, the Chief Scientific Officer and Executive Director will together lead Race's strategic agenda. Dr John Cullity returned to his former role of Non-Executive Chairman with a continued focus on governance, pharma partnerships and commercial transactions.

- On 18th September, Race announced the appointment of the clinical and regulatory affairs advisor, CCS Associates (CCSA) to review Race's clinical programs. Their focus will be on identifying optimal development options for Bisantrene, targeting FTO. CCSA will also support the planned FDA IND process.

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Summary of cash flows and quarterly activity

As at 30 September 2020, Race held cash and cash equivalents of $5.66 million, compared with $1.73 million at 30 June 2020. The change in cash balance reflects proceeds received during the quarter from a $3 million private placement and a further $1.95 million received from conversion of options (inclusive of the $1.5 million from early exercise of former Managing Director options). Proceeds from the equity funding were net of transaction costs. Net cash used in operating activities was $0.843 million, a decrease from $0.944 million in the prior quarter. This was represented by a reduction in research and development costs of $127k an increase in product manufacturing and operating costs of $60k, a decrease in staff costs of $178k and an increase in administration and corporate costs of $55k (related primarily to an insurance and legal costs).

Shareholders by range

Given recent interest from shareholders, Race is pleased to provide an update on the current share register which continues to grow with increased investor outreach, the release of new Bisantrene clinical data and increasing market awareness of the FTO opportunity. A snapshot of the current share register (ordinary shares) as 30th September 2020 is below:

Holding Ranges	Holders	Total Units	% Issued Share Capital
Above 0 up to and including 1,000	230	149,396	0.12%
Above 1,000 up to and including 5,000	617	1,664,154	1.30%
Above 5,000 up to and including 10,000	348	2,758,560	2.16%
Above 10,000 up to and including 100,000	701	27,843,101	21.83%
Above 100,000	177	95,131,164	74.59%
	2073	**127,546,375**	**100.00%**

Listing Rule 4.7C.3

Payments during the September quarter to Related Parties amounted to $95k, comprising payments for services to executive and non-executive directors.

Post quarter event: Director resignations

On 28 October, Race announced that Dr Bill Garner and Mr Chris Ntoumenopoulos had resigned from their Non-Executive Director roles. Bill and Chris as founding directors have been an asset to Race and the Board thanks them both for their longstanding commitment to the Company.

Management commentary

Race CEO Phillip Lynch said: “I’m personally excited to be joining Daniel in leading the Race business and doing so at a pivotal time as we shape and move to executing our strategic plan. The team feels uniquely positioned to capitalise on the significant pre-clinical data published by City of Hope on the potential for Bisantrene to have a pivotal role as an FTO inhibitor, key to many forms of cancer. The team will be sharing proposed next steps on FTO and the broader Strategic plan at or before the forthcoming AGM.”

Race CSO Daniel Tillett said: “FTO represents a hugely exciting opportunity for the company. I am looking forward to sharing the results of the CCSA strategic review with all our shareholders in the very near future.”

Race Non-Executive Chairman John Cullity said: “I’m particularly pleased to see the new leadership team in Phil & Daniel taking charge and moving to capitalise on the FTO opportunity and related strategic opportunities. We are now well capitalised to pursue near in plans and look forward to updating the market in more detail at the forthcoming AGM.”

- 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 with clinical trials to begin in 2020.

Release authorised by:

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RACE ONCOLOGY LIMITED (RAC)

Appendix 4C

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

Name of entity

RACE ONCOLOGY LIMITED (RAC)

ABN	**Quarter ended ("current quarter")**
61 149 318 749	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(216)	(216)
	(b) product manufacturing and operating costs	(280)	(280)
	(c) advertising and marketing	(76)	(76)
	(d) leased assets	-	-
	(e) staff costs	(84)	(84)
	(f) administration and corporate costs	(216)	(216)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	25	25
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(843)**	**(843)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
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)	3,000	3,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,945	1,945
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(185)	(185)
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 be issued)	-	-
3.10	**Net cash from / (used in) financing activities**	**4,760**	**4,760**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,731	1,731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(843)	(843)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,760	4,760
4.5	Effect of movement in exchange rates on cash held	11	11
4.6	**Cash and cash equivalents at end of period**	**5,659**	**5,659**

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	309	1,731
5.2	Call deposits	5,350	-
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)**	**5,659**	**1,731**

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	95
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.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(843)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,659
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,659
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6.7

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: 29 October 2020

Authorised by: The Board of Race Oncology Limited
(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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