

27 April 2021

ASX Announcement

March 2021 Quarterly Activity Report and Appendix 4C

- "Three Pillar" strategy update released detailing programs and activities
 - Pre-clinical programs in melanoma, kidney cancer and extramedullary Acute Myeloid Leukemia initiated
 - Leadership strengthened via additional Board appointment and post quarter the appointment of an Australian based Chief Medical Officer
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Race makes significant progress on its Three Pillar strategy

The March 2021 quarter (Q3 FY 2021) was highlighted by initiation of a broad based pre-clinical program, and updates regarding Race's clinical plans for progressing the Three Pillar strategy. We were also pleased to add capability to the Board via the appointment of Mary Harney as an independent Non-Executive Director (ASX announcement: 8 February 2021), and to announce plans for an Australian-based Chief Medical Officer (CMO) who joined post the quarter (ASX announcement: 20 April 2021).

The Three Pillar strategy continues to demonstrate effective leverage of our legacy credentials in breast cancer and Acute Myeloid Leukemia (AML), while pursuing outsized returns against Pillar 1 where Bisantrone is being advanced as a potent inhibitor of the Fat Mass and Obesity associated protein (FTO).

The new pre-clinical programs are Pillar 1 focused, exploring the use of Bisantrone as a novel FTO-directed treatment for melanoma and kidney cancer with the University of Newcastle. A further program under Pillar 3 will investigate extramedullary AML, using an extramedullary AML mouse model to support a clinical AML program planned to start in 2021, focused on a US FDA approval pathway.

Key events of the quarter

- On 8 February 2021, Race announced that Mary Harney was appointed as an independent Non-Executive Director (NED). Ms Harney is an accomplished NED and executive with a deep academic and applied life science understanding, as well as biopharmaceutical, regulatory affairs, and commercialisation capability. Her appointment adds an independent Director and balances the Board's executive Directors.
- On 19 February 2021, Race announced that Professor Borje Andersson would retire as Chief Medical Officer (CMO) but retain his important role as Chair of the Clinical Advisory Board. Race shared plans to search for a full time Australian based CMO, which would allow us to execute upon the expanded clinical program shared in the Three Pillar strategy (ASX announcement: 30 November 2020).

- On 12 March 2021, S&P Dow Jones announced that as of March 22 2021 Race ASX:RAC was added to the All Ordinaries index.
- On 19 March 2021, Race initiated a pre-clinical collaboration study with the University of Newcastle to explore the use of Bisantrane as a novel FTO-directed treatment for Melanoma. The study will assess drug combinations that may improve the current standard of care for patients with a particular focus on overcoming immune checkpoint resistance. This project seeks to capitalise on Bisantrane's FTO inhibiting properties in melanoma where FTO is overexpressed in approximately 50% of all metastatic melanoma cancers.
- On 25 March 2021, Race initiated a pre-clinical program with the University of Newcastle exploring the use of Bisantrane as a novel FTO-directed treatment for the kidney cancer clear cell renal cell carcinoma (ccRCC). Study results will support a proposed Phase II human trial of Bisantrane in ccRCC scheduled to begin in Australia in 2022.
- On 30 March 2021, Race announced a pre-clinical collaboration with the University of Newcastle to investigate extramedullary AML using a mouse model developed by Associate Professor Nicki Verrills' team. This program will support the 2021 Australian extra medullary AML-focused clinical trial plan (Pillar 3), focused on a US FDA registration pathway for Bisantrane.
- On 31 March 2021, Race shared updates to its Three Pillar strategy detailing intended programs and activities. The updates to respective pillars included:
 - **Pillar 1** – pre-clinical programs confirmed in melanoma and ccRCC. A potential Phase 1 FTO-focused dose escalation clinical safety study is currently under feasibility consideration.
 - **Pillar 2** – a two path program investigating breast cancer was developed with advice from George Clinical. An Australian clinical study focused on late-stage metastatic breast cancer has enlisted a principal investigator with a proposed start date in late 2021. A secondary clinical program involving a potential opportunity to assess Bisantrane's heart-safety profile is undergoing full feasibility evaluation in anthracycline naïve patients by George Clinical.
 - **Pillar 3** –
 - i) Race has committed to a Phase I/II clinical trial of Bisantrane in combination with clofarabine and fludarabine in relapsed or refractory (r/r) AML in Israel, starting as early as Q4 FY 2021 at Chaim Sheba Medical centre, led by Professor Arnon Nagler who also led the earlier 2020 Phase II study (ASX announcement: 16 June 2020).
 - ii) A Phase I/II trial of Bisantrane in extramedullary AML with in principle agreement from Associate Professor Anoop Enjeti, Director of Haematology Calvary Mater Newcastle and John Hunter Hospitals. This trial has an estimated 2021 start date and seeks to demonstrate efficacy of Bisantrane in fit patients or in combination with a hypomethylating agent in less fit patients. This trial will potentially enable Race to pursue FDA/EMA approvals for this indication.
 - iii) A further opportunity in paediatric r/r AML is under feasibility assessment. This study is being shaped with input from the Children's Oncology Group in the USA and has the potential for both US FDA registration and a Priority Review Voucher award.

Summary of cash flows and quarterly activity

As of 31 March 2021, Race held cash and equivalents of \$6.47 million, compared with \$5.58 million on 31 December 2020. The minimal outflows were supported by \$1.594 million received from the conversion of options. Cash used in operating activities was \$0.705 million, similar to the previous quarter's \$0.728 million.

Listing Rule 4.7C.3

Payments during the December quarter to Related Parties amounted to \$199k, comprising payments for services to executive and non-executive directors.

Shareholders by holding range

Race is pleased to share news that our shareholders grew from 3,425 at 31 December 2020 to 8,990 holders at 31 March 2021, a reflection of the positive response to Race's Three Pillar strategy and progress through Q3 FY 2021.

Holding Ranges	Holders	Total Units	% Issued Share Capital
Above 0 up to and including 1,000	4,147	1,856, 175	1.34%
Above 1,000 up to and including 5,000	2,753	6,751,754	4.88%
Above 5,000 up to and including 10,000	786	6,044,401	4.37%
Above 10,000 up to and including 100,000	1,112	36,044,084	26.04%
Above 100,000	192	87,709,429	63.37%
	8,990	138,405,843	100.00%

Post quarter news

- On 16 April 2021, Race shared news of Professor Jianjun Chen of California's City of Hope Hospital joining the Race Scientific Advisory Board. Prof Chen is a leader in the m⁶A RNA methylation field and his laboratory discovered Bisantrone's FTO-inhibiting activity.
- On 20 April 2021, Race confirmed the appointment of Dr David Fuller as Chief Medical Officer. Dr Fuller is a former Senior Vice President of Clinical Development at Syneos Health and has over 30 years' experience in oncology, international markets, listed businesses and is a highly experienced pharmaceutical physician.

Expected news

In the current quarter, shareholders can expect Race to provide updates on the following activities:

- Pillar 1** - update on the proposed Phase 1 dose escalation study and further updates on FTO-directed preclinical programs
- Pillar 2** – initiation of the Australian-based, late-stage metastatic study and a decision on the anthracycline naïve patient clinical trial opportunity, and

- **Pillar 3** – initiation and updates on the extramedullary and r/r AML clinical programs.

Management commentary

Race CEO Phillip Lynch said: *"The team has made considerable progress in moving its Three-Pillar strategy into specific actions and opportunities for proving up Bisantrene's potential. We also enhanced our capability at a Board, Executive and partnership level with Prof Chen's high calibre appointment. Dr David Fuller is joining at an opportune time as we embark on an expanded clinical program and his experience will ensure we do so optimally."*

Race CSO Daniel Tillett said: *"The last quarter has been a time of impressive progress for Race as we put our Three Pillar program into action. The prospects of all three Pillars continue to grow and I am looking forward to working with all our partners in advancing Bisantrene through the laboratory and into the clinic."*

Race Chairman John Cullity said: *"Via considered and purposeful steps taken during CY Q1, Management has positioned the company for substantial growth. With no small amount of expectation, we look forward to delivering for Race shareholders."*

-ENDS-

About Race Oncology (ASX: RAC)

Race Oncology is an ASX listed precision oncology company with a Phase II/III cancer drug called Bisantrene.

Bisantrene is a potent inhibitor of the Fat mass and obesity associated (FTO) protein. Over-expression of FTO has been shown to be the genetic driver of a diverse range of cancers. Race is exploring the use of Bisantrene as a new therapy for melanoma and clear cell renal cell carcinoma, which are both frequent FTO over-expressing cancers. The Company also has compelling clinical data for the use of Bisantrene as a chemotherapeutic agent with reduced cardiotoxicity in Acute Myeloid Leukaemia (AML), breast and ovarian cancers and is investigating its use in these areas.

Race is pursuing outsized commercial returns for shareholders via its 'Three Pillar' strategy for the clinical development of Bisantrene.

See more at www.raceoncology.com.

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

61 149 318 749

Quarter ended ("current quarter")

31 March 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	-	-
1.2 Payments for		
(a) research and development	(383)	(943)
(b) product manufacturing and operating costs	(66)	(445)
(c) advertising and marketing	(31)	(139)
(d) leased assets	-	-
(e) staff costs	(87)	(258)
(f) administration and corporate costs	(143)	(558)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	437
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(705)	(1,889)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,452	3,659
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(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)	142	142
3.10	Net cash from / (used in) financing activities	1,594	6,616

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,578	1,731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(705)	(1,889)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	1,594	6,616
4.5	Effect of movement in exchange rates on cash held	(1)	8
4.6	Cash and cash equivalents at end of period	6,466	6,466

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	2,466	328
5.2	Call deposits	4,000	5,250
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)	6,466	5,578

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	199
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.

Payment to related parties as disclosed in item 6.1 as follows:

- \$37,000 payments for non-executive director fees for the period;
- \$162,087 payments to executive directors for the period (payment include amounts to Professor Borje Andersson, Prof. Andersson resigned as an executive director on 10 December 2020).

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.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(705)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,466
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,466
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.17
<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.

Date: 27 April 2021

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.