ASX Announcement

March 2022 Quarterly Activity Report and Appendix 4C

- **Compelling preclinical kidney cancer results for Zantrene, both on its own and in combination with existing kidney cancer treatments**
- **Zantrene in combination with decitabine was shown to be highly effective in a mouse model of extramedullary AML**
- **Race announces a supply agreement with Astex Pharmaceuticals for ASTX727 (oral decitabine and cedazuridine) for extramedullary AML & MDS clinical trial**

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21 April 2022 - The March 2022 quarter (Q3 FY 2022) was highlighted by positive preclinical findings that Zantrene® (bisantrene dihydrochloride) was found to kill kidney cancer cells both on its own and synergistically in combination with known anti-cancer drugs (ASX announcement: 10 March 2022).

A second highlight was the results of preclinical work in extramedullary AML, where Zantrene in combination with decitabine was shown to be highly effective in killing a diverse range of AML cells as well as in a mouse model of extramedullary AML (ASX announcement: 17 March 2022). These results support the planned AML Phase 1 / 2 clinical trial (RAC-006) in extramedullary AML.

Our planned extramedullary AML clinical trial was further enhanced with news that Astex Pharmaceuticals has partnered via a supply agreement, under which its oral decitabine and cedazuridine formulation ASTX727 will be provided free of charge to Race (ASX announcement: 30 March 2022).

In sum, while the quarter saw some minor delays to planned programs, considerable progress has been made including post quarter Human Ethics approval and governance submission for the extramedullary AML clinical trial (ASX announcement: 6 April 2022).

Race continues to progress its Three Pillar Strategy to capitalise on the RNA therapeutics opportunity in cancer and cardioprotection provided by Zantrene.

Key events of the quarter

- On 18 January 2022, Race announced that it had received a $708,000 R&D tax refund for the financial year ended 30 June 2021. This reflects investment in Australian based R&D projects and encourages us to utilise Australian based resources, where possible.

- On 23 February 2022, Race announced that MD Anderson Cancer collaborators had published an AML Preclinical study on Zantrene in the Journal *Leukemia & Lymphoma.* The study confirmed that Zantrene, when used in combination with the AML drugs venetoclax, panobinostat, decitabine and olaparib showed synergies in killing AML cells. This work further supports our extramedullary AML clinical trial plans where Zantrene will be used in combination with decitabine and cytarabine, with the objective of treating extramedullary AML more effectively.

- On 10 March 2022, Race announced results of a preclinical study that confirmed compelling kidney cancer results for Zantrene, both on its own and in combination with known cancer agents. Greater cell killing synergies were observed when Zantrene was combined with lenvatinib, cabozantinib and pazopanib. These results support advancing Zantrene into human kidney cancer trials.

- On 17 March 2022, Race announced AML mouse model results, that showed excellent effectiveness for Zantrene when used in combination with Decitabine, to target extramedullary tumours as well as in the bone marrow and spleen. The results showed that low dose Zantrene used in combination with decitabine killed AML tumours and this supports the planned extramedullary AML trial and possibilities for improved treatment for extramedullary AML patients.

Other news from the quarter

- Race expanded the preclinical team through the employment of Emily Ryan as a Research Assistant. Emily is based at the University of Wollongong and is developing new formulations of Zantrene.

- Race signed a new supply contract signed with Laurus Laboratories (India) for the large-scale production of Zantrene over the next 2 years.

- Dr Daniel Tillett, Race CSO, visited the University of Wollongong (UOW) to formally launch the research collaboration between Race and UOW. This visit was covered by WIN Television News.

- Race signed an additional preclinical breast cancer research program with Nikki Verrills of the University of Newcastle exploring novel combinations of Zantrene and breast cancer drugs. The results of this program is expected in Q3 CY 2022.

- Race initiated of a number of preclinical animal studies exploring the use of Zantrene in AML, multiple myeloma, kidney cancer and breast cancer models with a range of international and Australian contract research organisations. The results of these studies are expected to be reported over the following two quarters.

Summary of cash flow and quarterly activity

As of 31 March 2022, Race held cash and equivalents of $35.68 million, compared with $37.10 million on 31 December 2021. The change in cash reserves reflects planned higher research expenditure, offset by an R&D grant of $708k (net change of $1.43m vs $1.79m in the prior quarter). There was a reduction in this quarter's administrative expense driven by timing differences.

Listing rule 4.7C.3

Payments during the quarter to Related Parties amounted to $153k, comprising payments of salaries and superannuation to executive directors of $110k and board fees to non-executive directors of $43k.

Shareholders by holding range

Race is pleased to report that shareholders totalled 9,423 as of 31 March 2022, showing continued shareholder interest in Race's progress.

Holding Ranges	Holders	Total Units	% Issued Share Capital
Above 0 up to and including 1,000	4,054	1,789,560	1.12%
Above 1,000 up to and including 5,000	2,808	6,896,667	4.32%
Above 5,000 up to and including 10,000	885	6,582,583	4.13%
Above 10,000 up to and including 100,000	1,434	43,432,711	27.23%
Above 100,000	242	100,818,261	63.20%
	9,423	**159,519,782**	**100.00%**

Post quarter news

- On 6 April 2022, Race announced receiving Human Ethics approval and submitting its governance application for its extramedullary AML & Myelodysplastic syndromes (MDS) trial. governance approval is the final step required before initiating the clinical trial and treating the first patient. Approval is expected Q2 CT 2022.

- On 12 April 2022, Race executives Mr Phillip Lynch (CEO & MD) and Dr Daniel Tillett (CSO & ED) agreed to increase their formal time commitment to 75% reflecting an increased in Race related workload over the last 12 months.

Expected news

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

- **Pre-clinical *in vitro* –** cell-based programs in breast cancer, multiple myeloma, melanoma, and kidney cancer, as well as in cardioprotection are underway and will report over the next two quarters.

- **Pre-clinical *in vivo*** – the melanoma animal study will report during this quarter, with results to be shared as soon as the relevant IP protection process is in place. Animal work assessing cardioprotection and how Zantrene may offset anthracycline and carfilzomib induced heart damage are underway with results to be reported in Q2/3 CY 2022.

- **Clinical** – an update on the relapsed / refractory AML trial in Israel which is in the dose escalation phase (6-12 patients) can be expected this quarter. Governance approval and first patient enrolment expected in Q2 CY 2022 for the extramedullary AML trial.

Management commentary

Race CEO Phillip Lynch said: "*We are moving through CY 2022 with a comprehensive program of activities that will increasingly move into the clinic with expected AML results from Israel and commencement of the RAC-006 trial in Australia. Our preclinical work is advancing to animal models, and we can expect this to support and guide clinical decisions. Importantly we remain well-resourced financially and in human capability to support our plans.*"

Race CSO Daniel Tillett said: *"It has been another busy quarter for Race, building on the new Three Pillar strategy. Zantrene continues to surprise us with positive results and I am looking forward to seeing its potential as we move to treating additional patients in the clinic."*

Race Chairman John Cullity said: "*The strategy for Zantrene continues to form as the drug talks to us through our preclinical and clinical programs. We are coming up to an exciting time, reporting the first glimpses of data from the AML trial in Israel. My thanks goes to our clinical collaborators who continue to strongly support our efforts to bring Zantrene back to market, and to the Race team who are working overtime to realise the drug's potential.*"

-ENDS-

About Race Oncology (ASX: RAC)

Race Oncology is an ASX listed precision oncology company with a Phase 2/3 cancer drug called Zantrene®.

Zantrene is a potent inhibitor of the Fatso/Fat mass and obesity associated (FTO) protein. Overexpression of FTO has been shown to be the genetic driver of a diverse range of cancers. Race is exploring the use of Zantrene as a new therapy for melanoma and clear cell renal cell carcinoma, which are both frequent FTO over-expressing cancers.

In breakthrough preclinical research, Race has also discovered that Zantrene protects from anthracycline-induced heart damage, while in tandem acting with anthracyclines and proteasome inhibitors to improve their ability to target breast cancer. Race is evaluating this discovery.

The Company also has compelling clinical data for Zantrene as a chemotherapeutic agent and is in clinical trial in Acute Myeloid Leukaemia (AML).

Race is pursuing outsized commercial returns for shareholders via its 'Three Pillar' strategy for the clinical development of Zantrene. Learn more at www.raceoncology.com

Release authorised by:

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of the Race Board of Directors

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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	31 March 2022

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	(1,705)	(3,146)
	(b) product manufacturing and operating costs	(116)	(386)
	(c) advertising and marketing	(41)	(176)
	(d) leased assets	-	-
	(e) staff costs	(122)	(384)
	(f) administration and corporate costs	(188)	(812)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	37	45
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	708	708
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,427)**	**(4,151)**

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)	-	29,700
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	34	1,293
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(24)	(463)
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**	**10**	**30,530**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	37,102	9,322
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,427)	(4,151)

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)	9	30,530
4.5	Effect of movement in exchange rates on cash held	(6)	(21)
4.6	**Cash and cash equivalents at end of period**	**35,678**	**35,680**

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	5,179	2,602
5.2	Call deposits	30,500	34,500
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)**	**35,679**	**37,102**

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	153
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:

- $43,200 payments for non-executive director fees for the period;
- $110,000 payments to executive directors for the period, including superannuation paid during the quarter.

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)	(1,427)
8.2	Cash and cash equivalents at quarter end (item 4.6)	35,679
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	35,679
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	25.01

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:
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

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.

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: 21 April 2022

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.