ASX Announcement

June 2022 Quarterly Activity Report and Appendix 4C

- **Zantrene found to protect the hearts of mice from the permanent damage caused by the chemotherapeutic anthracycline doxorubicin**
- **R/R AML trial in Israel advances to Phase 2 with encouraging clinical results in a very heavily pre-treated patient population**
- **Extramedullary AML clinical trial received all ethics and regulatory approvals and is expected to recruit first patient in Q3 CY 2022**
- **Highly promising preclinical melanoma results obtained showing Zantrene overcomes immunotherapy resistance and synergises with BRAF & MEK inhibitors**
- **On-market share buyback launched for up to 4 million ordinary Race shares.**

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22 July 2022 - The June 2022 quarter (Q4 FY 2022) was highlighted by the successful completion of the Phase 1b stage of the relapsed or refractory Acute Myeloid Leukaemia (R/R AML) trial of Zantrene® (bisantrene dihydrochloride) running at the Chaim Sheba Medical Centre, Israel (ASX announcement: 27 May 2022). Encouraging clinical responses were observed in a very heavily pre-treated AML patient population with 3 of the 6 patients bridged to a stem cell transplant. The study led by Professor Arnon Nagler now advances to the Phase 2 efficacy stage with the intention of recruiting up to 17 patients.

A second highlight was the discovery that Zantrene protects the hearts of mice from the damaging effects of anthracyclines (specifically doxorubicin) - even when the chemotherapeutic dose was increased and without significant additional toxicity or bone marrow suppression (ASX announcement: 30 June 2022).

Our extramedullary AML clinical trial received all ethics and regulatory approvals and is expected to treat the first patient in the current quarter - Q3 CY 2022 (ASX announcements: 6 April 2022 and 12 May 2022). This is the first clinical trial in the world to investigate the targeting of FTO as a potential cancer therapy.

Highly promising melanoma preclinical results in cells, organoids and mice was announced, showing Zantrene is able to aid overcoming immune therapy resistance, and synergise with BRAF and MEK kinase inhibitors (ASX announcements: 22 June 2022; 28 June 2022).

Race announced an on-market share buyback for up to 4 million Race Oncology ordinary shares over the next 12 months (ASX announcement: 9 June 2022). The on-market buyback allows the company to take advantage of share price volatility through opportunistic share purchases during periods when the share price does not reflect the robust outlook for the company.

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

Management commentary

Race CEO Phillip Lynch said: "*We were particularly pleased to see the human heart cell data corroborated in a whole mouse model, confirming that Zantrene when used with doxorubicin protects from cardiac damage, while also improving anti-cancer efficacy. We are now developing clinical programs as we pursue realisation of this high value opportunity for Zantrene.*"

Race CSO Daniel Tillett said: *"Race made major advances this quarter, both in the clinic and in the lab. Advancement of the relapsed / refractory AML clinical trial at Chaim Sheba from Phase 1 to Phase 2 and progressing the EMD AML trial through the regulatory process were important clinical milestones achieved in the quarter. The mouse cardioprotection, melanoma immunotherapy and kinase inhibitor results have further highlighted the outstanding potential of Zantrene."*

Race Chairman John Cullity said: "*The Race team has again delivered for Shareholders. While preclinical, the reported cardioprotection data are groundbreaking. As a former clinician, I'm entirely alert to the impact that select chemotherapies have on the heart. It is remarkable that Zantrene might both enhance cancer cell kill while protecting the heart – so potentially reshaping cancer therapeutics. We possess an obligation to take this program forward with all purpose.*"

Key events of the quarter

- On 6 April 2022, Race announced that it had human ethics approval for its open label clinical trial of Zantrene in patients with extramedullary Acute Myeloid Leukaemia (AML) or high-risk Myelodysplastic Syndrome (MDS)(BISECT). This is the first clinical trial in the world to investigate the targeting of FTO as a potential cancer therapy.
- On 12 May 2022, Race announced it had received Research Governance Office (RGO) approval from the Calvary Mater Newcastle Hospital for its open label clinical trial of Zantrene in patients with extramedullary Acute Myeloid Leukaemia or high-risk Myelodysplastic Syndrome (BISECT). A site meeting was scheduled for 31 May 2022 to initiate the trial and allow recruitment of the first patient.
- On 18 May 2022, Race announced that it had appointed Dr James Guy Breitenbucher to its Scientific Advisory Board (SAB). Dr Breitenbucher brings to Race an extensive drug discovery and clinical development history, having spent more than 26 years in scientific leadership positions at a range of large and small pharmaceutical companies, including Johnson & Johnson, Convelo Therapeutics, Libra Therapeutics, Dart Neuroscience, Axys Pharmaceuticals, and Bristol Myers Squibb.

- On 27 May 2022, Race announced results from the dose escalation Phase 1b stage of the relapsed or refractory Acute Myeloid Leukaemia (R/R AML) trial running at the Chaim Sheba Medical Centre, Israel. Phase 1b successfully completed after the treatment of the first six patients. Encouraging clinical responses were observed in this very heavily pre-treated AML patient population with 3 of the 6 patients bridged to stem cell transplants. The study led by Professor Arnon Nagler now advances to the Phase 2 efficacy stage with the intention of recruiting up to 17 patients.
- On 8 June 2022, Race announced it was expanding the FTO-targeted BISECT (RAC-006) clinical trial in extramedullary Acute Myeloid Leukaemia (EMD AML) and Myelodysplastic Syndromes (MDS) to include five additional trial sites in Spain and Italy and had also signed a new clinical support agreement with global Clinical Research Organisation, Parexel International to support the additional trial monitoring activities. The total study costs are expected to be in the range of A$7.7 million to a maximum of A$15.4 million. The final cost is dependent on the location and number of patients screened and enrolled in the trial.
- On 9 June 2022, Race announced the Board has approved an on-market share buyback for up to 4 million Race Oncology ordinary shares over the next 12 months. All committed clinical and preclinical programs as outlined in the November 2021 Share Purchase Plan remain fully funded. The structure of an on-market buyback allows the company to take advantage of share price volatility through opportunistic share purchases during periods in which the share price does not reflect the robust outlook for the company.
- On 21 June 2022, Race announced that two peer reviewed research poster abstracts detailing new preclinical data on the anti-cancer uses of Zantrene (also known as bisantrene or CS1) had been published in the prestigious scientific journal, Cancer Research. Publication followed their recent presentation at the American Association of Cancer Research (AACR) Annual Conference in New Orleans, from April 8 – 13, 2022. The first abstract demonstrates Zantrene's ability to target FTO in the suppression of pancreatic cancer. The second abstract discusses the potential use of Zantrene as an adjunctive treatment to 5-FU based chemotherapy for colorectal cancer patients. These independent results add to Race's own reported preclinical and clinical data, showing Zantrene's potential in targeting FTO in AML, melanoma and kidney cancer.
- On 22 June 2022, Race announced further interim results from its preclinical melanoma research program (ASX announcement: 19 March 2021). Used at low concentrations, Zantrene was found to enhance cancer immunotherapy in three distinct and complementary ways: (1) direct killing of melanoma cells; (2) activation of immune cells targeting the tumour, and (3) reducing the expression of immune evasion genes in the tumour. The results were supportive of future clinical trials using Zantrene in combination with immune therapy treatments to potentially improve melanoma patient outcomes.
- On 28 June 2022, Race announced final results of the preclinical melanoma research program in collaboration with the University of Newcastle. Zantrene in combination

with BRAF and MEK protein kinase inhibitors was found to improve the killing of human melanoma cells and to better target melanoma in organoid and animal tumour models. These discoveries offer potential non-immunotherapeutic pathways for the use of Zantrene in melanoma treatment.

- On 30 June 2002, Race announced additional interim results from our preclinical cardioprotection program in collaboration with researchers from the University of Newcastle (ASX announcement: 28 April 2021). Zantrene was found to protect the hearts of mice from the damaging effects of anthracyclines (specifically doxorubicin) - even when the chemotherapeutic dose was increased - without significant additional toxicity or bone marrow suppression.

Other news from the quarter

- Chief Executive Officer (CEO) Phillip Lynch and Chief Scientific Officer (CSO) Daniel Tillett moved to 0.75 FTE level from 1 April 2022. Bonus and Option conditions remain unchanged and will be assessed according to the company's incentive scheme and assessment of performance versus established goals.
- Dr Daniel Tillett, Race CSO, presented at the Gold Coast Investment Showcase on 22 and 23 June 2022, and met with both existing and new shareholders through the event.

Summary of cash flow and quarterly activity

As of 30 June 2022, Race held cash and equivalents of $33.54 million, compared with $35.68 million on 31 March 2022. The net change in cash reserves of $2.14 million reflects continued research expenditure, an expansion of Zantrene inventory for clinical trials, and advancement of other drug development programs.

Listing rule 4.7C.3

Payments during the quarter to Related Parties amounted to $208k, comprising payments of salaries and superannuation to executive directors of $165k and board fees to non-executive directors of $43k.

Shareholders by holding range

Race is pleased to report that shareholders totalled 9,302 as of June 30, 2022, showing continued shareholder interest in Race's progress. The Race team thanks shareholders for their ongoing support.

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	3,953	1,751,272	1.10%
above 1,000 up to and including 5,000	2,765	6,787,815	4.26%
above 5,000 up to and including 10,000	903	6,772,472	4.25%
above 10,000 up to and including 100,000	1,444	44,940,478	28.17%
above 100,000	237	99,267,745	62.23%
Totals	9,302	159,519,782	100.00%

Expected news

In H2 CY 2022, shareholders can expect updates on the following activities:

- **Pre-clinical *in vitro* –** cell-based programs in AML, breast cancer, multiple myeloma, and kidney cancer, as well as in cardioprotection are underway and are expected to be reported in Q3/4 CY 2022.
- **Pre-clinical *in vivo*** – animal studies in breast cancer, multiple myeloma and kidney cancer are expected during this quarter, with results to be shared as soon as the relevant IP protection is in place. Animal work assessing cardioprotection from carfilzomib-induced heart damage is underway with results expected to be reported in Q3/4 CY 2022.
- **Clinical** – first patient treatment in the extramedullary AML clinical trial is expected to occur in Q3 CY 2022. Updates are also expected on progress of the combination AML Phase 2 trial at Chaim Sheba, Israel, as well as on the clinical trial plan for cardioprotection in breast cancer patients and FTO-focused solid tumour trials.

-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.

The Company also has compelling clinical data for Zantrene as a chemotherapeutic agent and is in multiple clinical trials 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	30 June 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(1,329)	(4,475)
	(b) product manufacturing and operating costs	(494)	(881)
	(c) advertising and marketing	(33)	(209)
	(d) leased assets	-	-
	(e) staff costs	(139)	(524)
	(f) administration and corporate costs	(169)	(981)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	54
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	708
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,155)**	**(6,308)**

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 (12 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	-	1,293
3.4	Transaction costs related to issues of equity securities or convertible debt securities	38	(426)
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**	**38**	**30,567**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	35,679	9,322
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,155)	(6,308)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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)	38	30,567
4.5	Effect of movement in exchange rates on cash held	(21)	(42)
4.6	**Cash and cash equivalents at end of period**	**33,541**	**33,539**

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	6,041	5,179
5.2	Call deposits	27,500	30,500
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)**	**33,541**	**35,679**

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	208
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;
- $165,000 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)	(2,155)
8.2	Cash and cash equivalents at quarter end (item 4.6)	33,541
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	33,541
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	15.56

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: 22 July 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.