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Market Announcements Platform
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**ASX Announcement**

**TERMS OF PERFORMANCE SHARES**

Race Oncology Ltd (**Company**) confirms that the terms and conditions of the performance shares it will have on issue upon listing (**Performance Shares**) are as follows:

(a) (**Performance Shares**): each Performance Share is a share in the capital of the Company;

(b) (**General Meetings**): the Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Company's shareholders. Holders have the right to attend general meetings of the Company;

(c) (**No Voting Rights**): the Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms;

(d) (**No Dividend Rights**): the Performance Shares do not entitle the Holder to any dividends;

(e) (**No Rights on Winding Up**): the Performance Shares may not participate in the surplus profits or assets of the Company;

(f) (**Transfer of Performance Shares**): the Performance Shares are not transferable;

(g) (**Reorganisation of Capital**): in the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated;

(h) (**Application to ASX**): the Performance Shares will not be quoted on ASX. If admitted to the Official List of ASX, then upon conversion of the Performance Shares into fully paid ordinary shares (**Shares**) in accordance with these terms, the Company must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion;

(i) (**Participation in Entitlements and Bonus Issues**): subject always to the rights under item (g) (Reorganisation of Capital), holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues;

(j) (**Amendments required by ASX**): the terms of the Performance Shares may be amended as necessary by the Company's board in order to comply with the ASX

Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated;

(k) (**No Other Rights**): the Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms;

**Conversion of the Performance Shares**

(a) (**Milestones**): the Performance Shares will convert into Shares (on a one for one basis) upon satisfaction of following milestones:

(i) 5,000,000 Performance Shares shall convert upon the Company satisfying the following milestones within a period of 24 months from the date of issue of the Performance Shares (**Issue Date**):

(A) the Company having received approval under section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act 1938 which allows the use of information from historical clinical trials not conducted by the Company or Update Pharma; and

(B) the Company having received approval for, and commenced, a bridging study on a medical product to extrapolate foreign clinical trial data on safety, efficacy and dose response within a new region; and

(ii) 5,000,000 Performance Shares shall convert if, within a period of 24 months from the date of issue of the Performance Shares, the Company has received approval to distribute unauthorised medications to physicians and named patients with unmet medical needs under an early access program,

(each, a **Milestone**);

(b) (**Conversion of Performance Shares**): in the event a Milestone is satisfied, all of the Performance Shares held by the Holder will convert into an equal number of Shares;

(c) (**No Conversion if Milestone not Achieved**): any Performance Share not converted into a Share within 3 years from the Issue Date will be automatically redeemed by the Company for a sum of $0.0000001 per Performance Share within 10 Business Days;

(d) (**After Conversion**): the Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for the official quotation of the Shares issued upon conversion;

(e) (**Conversion Procedure**): the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares; and

(f) (**Ranking of Shares**): the Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

These terms differ from the terms in the prospectus dated 11 May 2016 (**Prospectus**) in relation to the milestones of the Performance Shares. The terms in the Prospectus refer to Update Pharma achieving the milestones, with the second milestone needing to be met within 24 months from the launch date. This announcement corrects the terms to refer to the Company achieving the milestones within 24 months from the date of issue of the Performance Shares.