IMAGION BIOSYSTEMS LIMITED

(ASX**: IBX**)

29 April 2021

Quarterly Activity Report – Period ending 31 March 2021

Q1 highlights:

- **A second clinical site was established for the Phase I HER2 Breast Cancer Study**
- **Initiation of research for prostate cancer imaging supported by CSIRO funds**
- **Secured new premises from November 2021 enabling increased manufacturing capabilities**

MELBOURNE – Imagion Biosystems (ASX:IBX), a company dedicated to improving healthcare through the early detection of cancer, today released its Appendix 4C Quarterly Cashflow report and update on company activities for the quarter ending 31 March 2021 (Q1 FY21).

Executive Chairman and CEO Bob Proulx said, "As signaled in our shareholder newsletter in March 2021, the COVID-19 pandemic has reduced the volume of potential eligible patients presenting to the clinic. As a result, we have gotten off to a somewhat slower start than we, and our investigators, had anticipated. During the quarter we added a second site which is now actively screening for patients and we expect a third site to be screening before the end of May. To-date none of the eligible patients screened have elected to enrol in the study."

"Although it is always a challenge to recruit patients recently diagnosed with cancer, our dedicated investigators are confident in their ability to recruit patients into the study."

"To facilitate an increased pace of recruitment, we are undertaking several concurrent initiatives. These initiatives include further expanding the number of sites, improving visibility to the study for patients through engagement with relevant medical professionals, breast cancer clinics and support groups, and also exploring options to expand the eligibility criteria for patients to enter the study. We remain focused on achieving our goal of demonstrating the safety and potential efficacy of our MagSense® HER2 imaging agent within - the previously stated timeline of - this year."

Summary of activities in Q1

Site initiation and training for a second clinical site for the Phase I Study of the MagSense® HER2 Breast Cancer imaging agent was completed and screening of patients for enrolment in the study is underway at both sites, with a third site currently being finalized and expected to commence patient screening in May.

The company also received approval for an Innovations Connections grant which is a Federal Government funding program delivered by the CSIRO aimed to facilitate connecting industry with researchers to help fast-track R&D projects. The $50,000 grant will be used to help support a preclinical research project between Imagion and researchers at Monash University's Biomedicine Discovery Institute with the aim of achieving an early proof of concept validation of a MagSense® prostate cancer imaging agent.

The Company recently executed a lease for new premises in San Diego with the move anticipated to occur in November 2021. The new premises will reduce our dependence on 3rd party service providers for supporting product development and commercial manufacturing and can be leveraged to provide commercial manufacturing services to third parties in the future.

Summary of Q1 Cash Flows

Imagion's cash balance remained relatively constant during the quarter reducing by $0.2 million to $13.0 million. Over $1.3 million was received upon the exercise of options partially offsetting operating cash outflows.

The Company reported an operating cash outflow of $1.4 million in the quarter, a slight improvement against the prior quarter's operating cash outflow of $1.5 million. Although research and development expenses were down quarter on quarter (mainly timing) this was partially offset by increases to both staff costs and administration and corporate costs.

As Imagion's Phase I clinical study progresses and the Company advances its development pipeline, the Company is planning for research and development expenditures and staff costs to increase in the coming quarters.

Offsetting the expected increased outflows in Q2 2021 will be the anticipated receipt of the Company's Research & Development tax credit and further receipts upon the exercise of options. Receipts from the exercise of options are unpredictable in nature and could therefore differ materially from the receipts in Q1 2021.

During the quarter, $93k was paid to related parties and their associates. These payments related to director fees and executive director salaries.

-ENDS

About Imagion Biosystems
Imagion Biosystems is developing a new non-radioactive and safe diagnostic imaging technology. Combining biotechnology and nanotechnology, the Company aims to detect cancer and other diseases earlier and with higher specificity than is currently possible. Imagion Biosystems listed on the Australian Securities Exchange (ASX) in June 2017.

For further information please visit www.imagionbiosystems.com

Authorisation & Additional information
This announcement was authorised by the Board of Directors of Imagion Biosystems Limited

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Appendix 4C

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

Name of entity	
Imagion Biosystems Limited	
ABN	**Quarter ended ("current quarter")**
42 616 305 027	31 March 2021

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	41	41
1.2	Payments for		
	(a) research and development	(490)	(490)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(51)	(51)
	(d) leased assets	-	-
	(e) staff costs	(595)	(595)
	(f) administration and corporate costs	(356)	(356)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	46	46
1.9	**Net cash from / (used in) operating activities**	**(1,408)**	**(1,408)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(20)	(20)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
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**	**(20)**	**(20)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,336	1,336
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(142)	(142)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,192**	**1,192**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	13,201	13,201
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,408)	(1,408)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(20)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,192	1,192
4.5	Effect of movement in exchange rates on cash held	42	44
4.6	**Cash and cash equivalents at end of period**	**13,007**	**13,007**

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	9,007	9,007
5.2	Call deposits	4,000	4,000
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)**	**13,007**	**13,007**

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	93
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.

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.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,408)
8.2	Cash and cash equivalents at quarter end (item 4.6)	13,007
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	13,007
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	9.24

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.

29 April 2021

Date: .....

By the Board of Imagion Biosystems Limited

Authorised by: .....
(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.