

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

RACE ONCOLOGY LIMITED (RAC)

ABN

61 149 318 749

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(285)	(451)
(b) business development and marketing	(232)	(348)
(d) leased assets	-	-
(e) staff and board remuneration	(42)	(120)
(f) administration and corporate costs	(72)	(261)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(624)	(1,164)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments - shares	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	101
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	101
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(264)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(5)
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	-	(269)
4.	Net increase / (decrease) in cash and cash equivalents for the period	(624)	(1,332)
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,643	4,349
4.2	Net cash (used in) operating activities (item 1.9 above)	(624)	(1,164)
4.3	Net cash from investing activities (item 2.6 above)	-	101
4.4	Net cash (used in) financing activities (item 3.10 above)	-	(269)
4.5	Effect of movement in exchange rates on cash held	26	28
4.6	Cash and cash equivalents at end of quarter	3,045	3,045

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	3,045	3,643
5.2 Call deposits	-	-
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)	3,045	3,643

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	97
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment to related parties are for salary, director fees and reimbursement of expenses.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	470
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	120
9.4 Leased assets	-
9.5 Staff and board remuneration	86
9.6 Administration and corporate costs	54
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	730

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Performance Shares

Number of Performance Shares at the beginning of the quarter was 10,000,000.

No Performance Shares were converted or cancelled during the quarter.

No Performance Share milestones were met during the quarter.

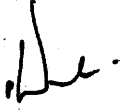
The Performance Shares will convert into Shares (on a one for one basis) upon satisfaction of the following milestones:

- (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).

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.

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.



Sign here:
(Company secretary)

Date: 20 January 2017

Print name: Peter Webse

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.