



Imagion Biosystems September 2018 Quarterly Update

Highlights:

- Imagion Biosystems hits nanoparticle formulation milestone
- Appointment of Dr John Hazle as Non-Executive Director
- Pro-Rata Non-Renounceable Rights Issue to fund first-in-human study for metastatic breast cancer

MELBOURNE — 30 October 2018 — Imagion Biosystems Limited (ASX: IBX), a company dedicated to improving healthcare through the earlier detection of cancer, is pleased to provide an update on its activities for the quarter ended 30 September 2018 and an update on business progress.

Operational highlights

During September Imagion Biosystems achieved a key milestone in its drive to first-in-human testing, successfully optimising the nanoparticle formulation for its first intended clinical product. Imagion Biosystems will now move its product toward clinical development, first with a test for the detection of HER2 breast cancer cells in the lymph nodes.

Imagion Biosystems manufacturing partner will produce the first batch of the HER2 nanoparticle test reagent, to be used in a toxicology study required ahead of the intended first-in-human study expected in early 2019.

During the remainder of 2018 and prior to the initiation of Imagion Biosystem's first-in-human study, the Company expects to:

- Undertake testing of nanoparticles for safety and toxicity
- Initiate production of a second batch of material for the initial human research study
- Seek regulatory and institutional approval for the first-in-human study

Corporate

During September Imagion Biosystems announced a pro-rata non-renounceable rights issue to shareholders, on the basis of 1 new share for every 2 Imagion shares held as at 7.00pm (Melbourne time) Friday 28 September 2018.

Pursuant to the Offer, the Company will issue up to 107,147,608 fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.04 each, to raise up to \$4.3 million (before costs). The entitlement to subscribe for New Shares under the Offer will be non-renounceable.

Imagion Biosystems is raising funds to support the first-in-human study, expected to be conducted at the MD Anderson Cancer Center in Texas, USA in early 2019. The study will commence following small scale production transfer and safety testing of the breast cancer test reagent.

The funds raised will ensure Imagion Biosystems has adequate resources to undertake and complete this early feasibility study which marks an important milestone in the product development and regulatory path.



During July, Imagion Biosystems appointed Dr John Hazle as Non-Executive Director of the Company. Dr Hazle is the Professor and Chair of the Department of Imaging Physics at The University of Texas MD Anderson Cancer Center. John will chair Imagion Biosystems Scientific Advisory Board.

About Imagion Biosystems

Imagion Biosystems is at the crossroads of biotechnology and nanotechnology. Its novel bioimaging and nanomagnetic detection systems have been developed specifically to detect cancer and other diseases earlier and with higher specificity than is currently possible. With MagSense™ technology, the company has the potential to optimize patient care and reduce mortality rates across various cancer indications. Imagion Biosystems listed on the Australian Securities Exchange (ASX) in June 2017.

For further information please visit www.imagionbiosystems.com

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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

Imagion Biosystems Limited

ABN:

42 616 305 027

Quarter ended ("current quarter")

30 September 2018

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	54	80
1.2 Payments for		
(a) research and development	(616)	(1,694)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(13)	(76)
(d) leased assets	-	(5)
(e) staff costs	(812)	(2,552)
(f) administration and corporate costs	(203)	(733)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	61
1.5 Interest and other costs of finance paid	1	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST Refund)	20	40
1.9 Net cash from / (used in) operating activities	(1,563)	(4,880)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(33)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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	-	(33)

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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(45)	(94)
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	(45)	(94)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,606	6,901
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,563)	(4,880)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(33)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(45)	(94)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(12)	92
4.6	Cash and cash equivalents at end of quarter	1,986	1,986

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	1,986	3,606
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)	1,986	3,606

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
99
-

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7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

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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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	568
9.2 Product manufacturing and operating costs	330
9.3 Advertising and marketing	18
9.4 Leased assets	9
9.5 Staff costs	671
9.6 Administration and corporate costs	330
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,926

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		

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: .....
Director

Date: 30 October 2018

Print name: Robert Proulx

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.