

December 2017 Quarterly Report

- XanADu trial continues to make good progress. The trial is on target with 63 patients enrolled at the year end, representing over a third of the full study enrolment
- Actinogen fully funded to complete XanADu trial following oversubscribed Placement raising \$5.28 million
- An interim analysis of XanADu to be undertaken by an independent Data Safety and Monitoring Board (DSMB) on the first 50 patients to complete the trial in 1H CY18.
- Key Xanamem patents now granted across all major markets, including the USA, UK, EU, Japan, China, Australia and Canada

Sydney, 31 January 2018: Actinogen Medical (ASX: ACW) has today submitted its Appendix 4C for the three-month period ended 31 December 2017 and is pleased to release its Quarterly Activities Report.

XanADu Alzheimer's study on target with enrollment

XanADu, the Phase II trial of Xanamem in Alzheimer's disease continues to make good progress. The trial is on target with 63 patients enrolled as at 31st December 2017, representing a third of the total study cohort. Additionally, at least 26 patients had completed the study. XanADu is expected to enroll the final patient in Q4 2018, with topline results expected in Q2 2019.

Clinical Trial Progress

During the quarter, Actinogen announced that it would commission an independent Data Safety Monitoring Board to undertake an interim analysis on the first 50 patients completing the XanADu trial. The Company anticipates the interim analysis will be complete during Q2 CY18.

Conference Participation

During the December quarter, the Company enhanced its promotional activities among the investor and scientific community attending and presenting at a number of conferences including; the AC4R (Australasian Consortium of Centres for Clinical Cognitive Research) Annual Scientific Meeting; the 8th Australian MicroCap Conference; Australia Biotech Invest; Ausbiotech Invest; Ausbiotech national conference and the 17th Alzheimer's Australia Biennial National Dementia Conference.

Post the quarter end, Chairman, Dr Geoff Brooke, and CEO Dr Bill Ketelbey attended the JP Morgan Healthcare conference in San Francisco in January 2018. This is the preeminent healthcare conference bringing together the global biotech and pharma industries and an excellent forum for meeting with potential future commercial partners to assist with the ongoing development of Xanamem.

Intellectual Property Portfolio Expanded

Following the grant on the Canadian patent in October, which represents the final major market patent to be granted for Xanamem, the Company now holds key patents for Xanamem in all major markets, including the USA, UK, EU, Japan, China, Canada and Australia, until at least 2031.

Corporate and Financial Update

Industry Expert Appointed to the Board

During the quarter, Dr George Morstyn was appointed to the Board as Non-Executive Director. Dr Morstyn (MBBS, PhD, FRACP) brings extensive drug development experience, having developed and launched a number of new drugs during his tenure with Amgen. Prior to joining Actinogen, Dr Morstyn was Senior Vice President of Development and Chief Medical Officer at US biotech giant, Amgen.

Successful Placement Fully Funds Completion of XanADu Trial

During the quarter, the Company launched a successful and oversubscribed Placement to raise \$5.28 million before costs. The proceeds from the Placement fully funds the completion of the XanADu trial. Funds were raised via subscriptions for 132 million fully paid ordinary shares at \$0.04 per share.

\$3.66 million was raised through the issue of 91.5 million shares (Tranche 1 Placement Shares) under the Company's 15% placement capacity on 8 December 2017. The issue of the additional 40.5m shares (Tranche 2 Placement Shares) raised \$1.62 million following shareholder approval received at the General Meeting on 18 January 2018. All Placement shares were entitled to free attaching options on a 1:2 basis exercisable at \$0.06 before 31 March 2019 (Placement Options), which were subsequently issued on 22 January 2018. Additionally, existing shareholders as at 7 December 2017 received 2:15 free loyalty bonus options, on the same basis as the Placement Options (Loyalty Options).

Actinogen Medical ended the quarter with \$5.5 million cash in the bank, having received \$3.66 million from Tranche 1 Placement Shares and a \$1.22 million R&D Tax Incentive Rebate, during the quarter. The \$1.62 million from the Tranche 2 Placement Shares was received in January 2018.

Outlook

Alzheimer's disease has now risen to become the leading cause of death in Australian women and is the second leading cause of death in Australians overall. This sobering statistic highlights the urgent need to identify new and effective drugs to treat this awful disease.

XanADu is assessing the efficacy and safety of Xanamem in mild Alzheimer's disease and if the study is able to replicate the results seen in the animal models of Alzheimer's disease, Xanamem could prove to be the most significant advance in the management of this disease in decades. XanADu had enrolled 63 patients by year end, representing over a third of the total patient cohort on the trial and continues on track to fully enrol the trial in Q4 CY2018. Additionally, an interim analysis is scheduled for Q2 2018.

Importantly, the successful Placement completed during the December 2017 quarter fully funds the XanADu trial.

"The potential for Xanamem, should it prove to be effective in the treatment of Alzheimer's disease, is substantial. Alzheimer's disease is a growing global health crisis and never before has it been more pertinent that new and novel treatments are developed. I am delighted that our XanADu trial sites are continuing to successfully enrol patients and I look forward to completing the enrolment before the end of the year and to reporting out the study results." said Dr Bill Ketelbey, CEO of Actinogen Medical.

ENDS

Actinogen Medical

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About Actinogen Medical

Actinogen Medical (ASX: ACW) is an ASX-listed biotech company focused on innovative approaches to treating cognitive decline that occurs in chronic neurodegenerative and metabolic diseases. Actinogen Medical is developing Xanamem a promising new therapy for Alzheimer's disease, a condition with a multibillion dollar market potential. In the US alone, the cost of managing Alzheimer's disease is estimated to be US\$250bn and is set to increase to US\$2tn by 2050, outstripping the treatment costs of all other diseases. Alzheimer's disease is now the leading cause of death in the UK and second only to ischaemic heart disease in Australia

About Xanamem™

Xanamem's novel mechanism of action sets it apart from other Alzheimer's treatments. It works by blocking the excess production of cortisol - the stress hormone – through the inhibition of the 11β-HSD1 enzyme in the brain. This enzyme is highly concentrated in the hippocampus and frontal cortex, the areas of the brain most affected by Alzheimer's disease. There is a strong association between chronic stress and excess cortisol that leads to changes in the brain affecting memory, and to the development of amyloid plaques and neural death – all hallmarks of Alzheimer's disease.

About XanADu

XanADu is a Phase II double-blind, 12-week, randomised, placebo-controlled study to assess the safety, tolerability and efficacy of Xanamem in subjects with mild dementia due to Alzheimer's disease. XanADu, will enrol 174 patients at 20 research sites across Australia, the UK and the USA. The trial is registered on www.clinicaltrials.gov with the identifier: NCT02727699, where more details on the trial can be found, including the study design, patient eligibility criteria and the locations of the study sites.

Actinogen Medical encourages all current investors to go paperless by registering their details with the designated registry service provider, Link Market Services.

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

ACTINOGEN MEDICAL LIMITED

ABN

14 086 778 476

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(6 months)
		\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(1,411)	(2,769)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(82)	(125)
(d) leased assets	-	-
(e) staff costs	(37)	(66)
(f) administration and corporate costs	(82)	(244)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	9
1.5 Interest and other costs of finance paid	(5)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,216	1,216
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(395)	(1,985)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	11	(2)

Consolidated statement of cash flows	Current quarter	Year to date (6 months)
	\$A'000	\$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)	12	30
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	23	28
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3,660	3,660
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	(220)	(220)
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 (provide details if material)	30	30
3.10 Net cash from / (used in) financing activities	3,470	3,470
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	2,404	3,989
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(395)	(1,985)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	23	28
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,470	3,470

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,502	5,502

Note: The Company expects to receive an estimated \$1.2 million R&D Rebate in the near term, pending final review and approval by the ATO.

5. Reconciliation of cash and cash equivalents	Current quarter	Previous quarter	
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000	
5.1	Bank balances	4,245	1,187
5.2	Call deposits	1,227	1,217
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	30	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,502	2,404

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	139
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	

Directors' fees, salaries including superannuation benefits and professional consultancy fees. All payments are on normal commercial terms.

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	

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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.		

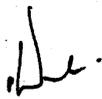
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,630
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	96
9.4 Leased assets	-
9.5 Staff costs	27
9.6 Administration and corporate costs	118
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,871

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:
Company Secretary

Date: 31 January 2018

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.