

Rhythm Biosciences December 2017 Quarterly Update

Highlights

- Rhythm Biosciences (ASX: RHY) lists on ASX following \$9 million Initial Public Offer (IPO)
- Rhythm Biosciences is developer of the ColoSTAT™ antibody-based blood test targeting the accurate and early detection of colorectal cancer
- Research contract signed with CSIRO to complete development of the key reagents needed for ColoSTAT™
- \$8.79M cash on hand at 31 December 2017

Rhythm Biosciences ("Rhythm", ASX:RHY), developer of the ColoSTAT™ antibody-based blood test targeting the accurate and early detection of colorectal cancer, is pleased to provide an update on its activities for the quarter ended 31 December 2017 and its Appendix 4C.

Rhythm commenced trading on the Australian Securities Exchange (ASX) on 7 December 2017 following completion of a successful Initial Public Offering (IPO) in which it raised \$9 million via the issue of 45 million new shares at a price of \$0.20 per share. Upon listing, Rhythm had 100,750,000 shares on issue, giving it a market capitalisation of \$20.6 million.

The IPO was strongly supported by new and existing investors, including various institutional, sophisticated and professional investors from Australia and Asia.

March Quarter Outlook

- Reagent development within the CSIRO research program. In the first half of calendar 2018 Rhythm expects to know whether the antibody development arm of the program has the capacity to yield antibodies with sufficient target specificity to be of use in the ColoSTAT™ product.
- Develop technologies to facilitate commercially viable, scalable protein target production. These antibodies and proteins will ultimately form key components of ColoSTAT™ in vitro diagnostic test kits.
- Initiate the development of its own quality management systems. This will be a critical step for the company towards achieving ISO 13485 accreditation.

The Directors are very pleased with progress since the IPO and continue to be excited by Rhythm's prospects. Rhythm's Chairman, Mr Shane Tanner said *"After receiving an overwhelming response to the IPO; and subsequently quoted on ASX, we remain driven at achieving key deliverables under the Company's business plan to expedite the development and commercialisation of ColoSTAT. We are fully funded and remain on track to achieve such strategic objectives under the business plan"*.

For further information, please contact:

TREVOR LOCKETT
MANAGING DIRECTOR
0418 647 490

SHANE TANNER
CHAIRMAN
0411 107 099

About Rhythm Biosciences

Rhythm Biosciences is developing and commercialising Australian medical diagnostics technology for sale across national and international markets.

Rhythm's lead product, ColoSTAT™, is intended to provide the accurate and early detection of colorectal cancer, acting as either a 'first-step' screening test or within the triage of persons with a positive faecal immunochemical test (FIT) or colonoscopy. As well as being of value to those with risk factors associated with colorectal cancer, ColoSTAT™ provides an alternative for those who choose not to or are unable to be assessed using standard screening programs.

Being developed to be an affordable and effective diagnostic, ColoSTAT™ has the potential to play an important role in reducing morbidity, mortality and healthcare costs associated with colorectal cancer.

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

RHYTHM BIOSCIENCES LIMITED

ABN

59 619 459 335

Quarter ended ("current quarter")

31 DECEMBER 2017

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	(82)	(186)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(33)	(58)
(f) administration and corporate costs	(136)	(301)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
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	(250)	(544)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		(4)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	(3)	(311)
	(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	(3)	(315)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	9,000	9,042
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	(885)	(885)
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)		
3.10	Net cash from / (used in) financing activities	8,115	8,157

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	931	1,495
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(250)	(544)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(315)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,115	8,157

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	8,793	8,793

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	8,793	931
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)	8,793	931

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
58
0

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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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	594
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	102
9.6 Administration and corporate costs	244
9.7 Other (provide details if material)	115
9.8 Total estimated cash outflows	1,055

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:  Date:31 January 2018.....
(Company secretary)

Print name:Adrien Wing.....

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.