

31 October 2019

Lisa Banh
Senior Adviser, Listings Compliance (Sydney)
20 Bridge Street
Sydney
NSW 2000

Dear Lisa

In response to the Appendix 4C Query received earlier today, we are happy to provide the following information:

1. Does RGS expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes. Regeneus expects to continue to have negative operating cash flows. As announced to the market on 13 August 2019, Regeneus has restructured its operations, including reducing headcount and moving to smaller premises, to reduce its operating costs. This restructure resulted in higher negative operating cash flows for the quarter ended 30 September 2019, but has the effect of reducing recurring operating costs to approximately \$250,000 per month for future months.

2. Has RGS 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?

Regeneus has taken a number of steps in this regard as follows:

- As announced to the market on 30 August 2019, Regeneus has the ability to place the shortfall shares from the non-renounceable rights issue that closed on 27 August 2019. Regeneus is in the process of engaging with potential investors in relation to the shortfall shares. This process has not progressed to an announcement stage.
- As announced to the market on 13 August 2019, Regeneus is maintaining a focus on the commercialisation of its most mature technology platform – Progenza – and the completion of a Phase 2 clinical trial for the treatment of osteoarthritis, to bring the product to market. Regeneus remains in negotiations with a major Japanese company for a commercial licensing deal which, if completed, it is expected will take Progenza through a Phase 2 trial for osteoarthritis to commercialisation. Negotiations are ongoing and, while Regeneus expects to announce a positive outcome from these discussions in the near term, have not progressed to an announcement stage.
- Regeneus has previously secured an R&D loan facility against anticipated reimbursements under the Australian Government's Research and Development Tax Incentive Program. If additional short term funding is required, Regeneus is in preliminary discussions in relation to a similar facility and if required, Regeneus expects that it would be able to negotiate a further R&D loan facility to provide additional cash.

Regeneus is confident that a combination of these steps will enable it to source further cash to continue its operations and meet its business objectives.

2 Paddington Street, Paddington, NSW 2021

Ph: +61 2 9499 8010 • Fax: +61 2 9499 8020 • www.regeneus.com.au • ABN 13 127 035 358

For personal use only

3. Does RGS expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. As mentioned above Regeneus is maintaining a focus on the commercialisation of Progenza and expects to be able to continue its operations and meet its business objectives.

4. Please confirm that RGS is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

Regeneus confirms that it is in compliance with ASX Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

5. Please confirm that RGS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RGS with delegated authority from the board to respond to ASX on disclosure matters.

Regeneus confirms that its responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy and by its board.

If I can provide any further information, please do not hesitate to contact me.

Yours sincerely,



Sandra McIntosh
Company Secretary



31 October 2019

Reference: 09932

Ms Sandra McIntosh
Company Secretary
Regeneus Ltd
25 Bridge Street
Pymble NSW 2073

By email:

Dear Ms McIntosh

Regeneus Ltd ('RGS'): Appendix 4C Query

ASX refers to RGS's Appendix 4C quarterly report for the period ended 30 September 2019 lodged with the ASX Market Announcements Platform and released on 31 October 2019 (the 'Appendix 4C').

ASX notes that RGS has reported:

- negative net operating cash flows for the quarter of \$2,472,000;
- cash at the end of the quarter of \$1,012,000; and
- estimated cash outflows for the next quarter of \$730,000.

It is possible to conclude, based on the information in the Appendix 4C, that if RGS were to continue to expend cash at the rate indicated by the Appendix 4C, RGS may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks RGS to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does RGS expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has RGS 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?
3. Does RGS expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that RGS is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that RGS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RGS with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that RGS considers may be relevant to ASX forming an opinion on whether RGS is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Monday, 4 November 2019**.

For personal use only

If we do not have your response by then, ASX will have no choice but to consider suspending trading in RGS's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RGS's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to RGS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that RGS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RGS's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Lisa Banh
Senior Adviser, Listings Compliance (Sydney)