29 January 2018

ASX Announcement

QUARTERLY REVIEW - Q2 FY2018

Quarter highlights

- **DMX-200 Phase 2a in Chronic Kidney Disease sub-group analysis was released in November showing compelling efficacy signals in the Diabetic Nephropathy sub-group.**
- **Trial data was presented at the ASN Kidney Week in New Orleans, BIO- Europe in Berlin, the World Congress in Clinical Trials in Diabetes in Berlin and, post quarter, to meetings with investors, analysts and potential partners in San Francisco during the JP Morgan Healthcare week.**
- **An Entitlement Offer 'Rights Issue' was opened during December and closed, post quarter in January 2018, raising AU$3m – proceeds will be used to fund the next phase of clinical development for the DMX-200 program.**
- **Intellectual Property strengthened with the development of an extended release DMX-200 tablet, following completion of a dose optimisation study, to be used in next phase of DMX-200.**

MELBOURNE, Australia, 29 January 2018: Dimerix Limited (ASX: DXB) (Dimerix or the Company), a clinical stage biotechnology company is pleased to release its Appendix 4C Quarterly Report for the three-month period ending 31 December 2017, together with a review of activities and developments from the quarter.

The quarter focused on the release of sub-group data relating to the recently completed Phase 2a clinical trial of the Company's lead program, DMX-200 in Chronic Kidney Disease (CKD). The sub-group data followed the announcement of top-line data in July 2017, where Dimerix announced the trial had achieved its primary endpoint (safety and tolerability) for all patients. Importantly, 6 of the 24 patients with a variety of kidney diseases were classified as "responders", showing a greater than 50% reduction in proteinuria (protein in the urine) over and above the standard of care treatment.

Following the release of these additional data during the quarter, discussions with potential partners and scientific collaborators were accelerated, resulting in input important to guiding and shaping the next steps in the DMX-200 clinical program.

Key activities and developments during the quarter are discussed in detail below:

Phase 2a sub-group data release
The new sub-group data was based on a *post hoc* analysis of individual patients by their primary renal (kidney) diagnosis. Five of the 6 patients (83%) that responded to treatment had a primary diagnosis of diabetic nephropathy, and one patient (17%) had a primary diagnosis of IgA nephropathy. This indicates a particularly compelling efficacy signal for patients with diabetic nephropathy given there were only 10 patients with this diagnosis enrolled into the study.

Patient responses to DMX-200 were measured using the Albumin Creatinine Ratio (ACR) reduction. Encouragingly, in the diabetic nephropathy sub-group of 10 patients, the average ACR was reduced by 35.6%. This is almost double the reduction in ACR seen in competing drug development programs by industry peers.

Given the strong diabetic nephropathy patient responder group, Dimerix believes it may have the potential to develop DMX-200 not just for Focal Segmental Glomerulosclerosis as previously planned, but also for diabetic nephropathy, a huge disease area where patient numbers are surging driven by obesity and diabetes.

Two provisional patent applications have been filed on the back of the Phase 2a data, and plans are now advancing to take the DMX-200 program into the planned Phase 2b study for FSGS patients.

Partnering discussions and conference presentations
The DMX-200 Phase 2a data was presented as a poster during the period at the leading medical conference at the American Society of Nephrology Kidney Week, in New Orleans. The conference was attended by over 10,000 kidney specialists and potential pharmaceutical partners from around the globe.

The Company also presented at BIO-Europe in Berlin; the World Congress for Clinical Trials in Diabetes in Berlin; and, post the quarter, in January 2018, Dimerix was in San Francisco during the JP Morgan Healthcare week. At each of these events, the Company met with a range of potential investors, strategic partners and Key Opinion Leaders (KOLs). Feedback from potential partners has been extremely positive and a number of commercial discussions are ongoing.

Additional funding initiatives underway for Phase 2b studies
To progress the DMX-200 program, Dimerix announced a 1:2 Entitlement Offer 'Rights Issue' at AU$0.12 to raise up to AU$5.5m to help fund ongoing development.

The structure of the raise encouraged existing shareholders to participate at an attractive entry point (a 31% discount to the 15-day Volume Weighted Average Price preceding the offer) before any new shareholders or strategic partners. Pleasingly, existing shareholders responded positively, with the total amount of AU$3 million raised in the Rights Issue. The board is continuing in discussions with potential investors to place the remaining shares in the near term.

The next Phase 2 trial for DMX-200 is scheduled to begin in Q1 CY18, and will be focussed on patients with the orphan disease, FSGS.

The recent Rights Issue has provided funding to undertake the Phase 2b clinical trial for FSGS, and to complete the work required to file an Investigational New Drug application (IND) with the US Food and Drug Administration (FDA). The Company will also formalise the development planning for a potential diabetic nephropathy partnering opportunity.

Extended release tablet
Shortly after quarter end in January 2018, Dimerix announced the successful completion of a Phase 1 pharmacokinetic study to optimise the dose used in later studies.

The study showed the newly formulated extended release tablet of DMX-200 increases the duration of release of DMX-200 in the human body. The tablet is intended to provide sustained release and be taken twice daily versus three times daily for the previous formulation.

The tablet was manufactured in a Good Manufacturing Practice (GMP) facility, enabling the tablet to be used for future clinical studies, including the upcoming Phase 2b trial.

On the back of these results Dimerix has applied for a provisional patent application for the extended release formulation. This strengthens the Company's patent portfolio around the DMX-200 program which already includes a granted patent for the use of CCR2 antagonists in conjunction with, or sequential to, administration of angiotensin receptor blockers (ARB's) inclusive of treatment in CKD. These patents cover the USA, Australia and Japan, with applications pending in a number of major jurisdictions.

Medical Advisory Board
In October 2017 Dimerix appointed a Medical Advisory Board (MAB) to help guide the Company's DMX-200 clinical program.

The MAB is being led by Associate Professor David Packham, (MD, MB, BS (Hons), FRCP, FRACP) as Chair. Further members of the MAB are:

- Professor David Power, MD, MB, BS, PhD, MRCP(UK), FRACP
- Daniel Cattran, MD, FRCP (C)
- Alessia Fornoni, MD ,PhD, FASN
- Jonathan Hogan, MD

Research and Development Tax Refund
During the quarter, the Company received a Research and Development (R&D) Tax Incentive refund of $545,771 for the 2016/2017 financial year.

Cash position
Dimerix ended the December quarter with AUD$1.1m cash as at 31 December 2017.

Post quarter end, the Company raised AUD$3m from the December 2017 announced Rights Issue.

Share consolidation
A 20:1 consolidation of Dimerix' shares came into effect over the quarter.

Analyst equity research coverage
Baker Young Stockbrokers initiated research coverage on Dimerix in October 2017 and followed with a flash note report relating the Dimerix Phase 2a results announcement in November 2017.

NDF Research updated its research report in November 2017. Stuart Roberts, Senior Research Analyst also interviewed Kathy Harrison, Dimerix CEO, during the recent JP Morgan Healthcare week in San Francisco in January 2018.

Analyst reports and video interviews can be found on the Company's website at http://dimerix.com/investors/.

Looking forward
The completion of the dose optimisation study for DMX-200 sets Dimerix up for Phase 2b clinical trials to begin for FSGS in Q1 of CY 2018.

The Company intends to place shortfall shares from the Entitlement Offer within the maximum 3 months period following close of the Entitlement Offer under ASX Listing Rule 7.2. The outcome of placing shortfall shares will further shape development activities for DMX-200. The Company will keep the market informed about progress made.

Dimerix is grateful for the ongoing support of our shareholders and looks forward to an exciting 2018.

-END-

For more information please contact:

At the Company	Investors
Kathy Harrison	Glen Zurcher
Dimerix Limited	IR Department
Chief Executive Officer	Account Director
Tel: +61 419 359 149	Tel: +61 420 249 299
E: kathy.harrison@dimerix.com	E: glen.zurcher@irdepartment.com.au

Media (Australia)	Media (International)
Andrew Geddes	Sue Charles/ Gemma Harris
Tel: +61 408 677 734	Tel: +44 20 7866 7860
E: ageddes@citypublicrelations.com.au	E: dimerix@instinctif.com

About Dimerix Bioscience Pty Ltd

Dimerix Limited's (ASX: DXB) wholly owned subsidiary Dimerix Bioscience Pty Ltd is a clinical-stage pharmaceutical company committed to discovering and developing new therapeutic models identified using its proprietary assay, termed Receptor-Heteromer Investigation Technology (Receptor-HIT). This assay enables the identification of pairs of receptors that function in a joint manner (interact) when ligands, small molecule drugs, peptides or antibodies, bind to them.

The Receptor-HIT technology was used to identify DMX-200 in an internal drug development program, initially for the treatment of a subset of patients with chronic kidney disease. In addition to its own therapeutic programs, the company also earns revenue by providing this technology to global pharmaceutical companies.

For more information see www.dimerix.com

About the DMX-200 program

DMX-200 which successfully completed a Phase 2a clinical trial in humans, is being developed as an adjunct therapy, adding propagermanuim to a stable dose of irbesartan. Irbesartan is an off-patent angiotensin II type I receptor blocker indicated for the treatment of hypertension and nephropathy in Type II diabetic patients. Propagermanium (PPG) is a chemokine receptor (CCR2) blocker, which has been used for the treatment of Hepatitis B in Japan and is available in the USA for its anti-inflammatory properties. DMX-200 has been shown to improve the outcome of chronic kidney disease by reducing proteinuria by more than 50 per cent in animal models [(1)].

Dimerix released the results of its Phase 2a clinical trial in humans for DMX-200 in July 2017. The trial met its primary endpoint of safety and tolerability in the participating patient group, which included patients with diabetic nephropathy (10), IgA nephropathy (6), and other proteinuric diseases (11). As a secondary endpoint, DMX-200 was shown to reduce levels of proteinuria in a number of patients. This was deemed a "clinically meaningful" result by leading clinicians. Preparations for a Phase 2b trial are underway which will test for efficacy and is expected to start early in 2018.

About Chronic Kidney Disease

Chronic Kidney Disease (CKD) is a disorder in which patients show progressive loss of renal function usually accompanied by excess protein in the urine (proteinuria). Levels of proteinuria predict rate of decline of renal function (higher levels = more rapid decline). In part this is believed to reflect direct toxicity, or damage, to the kidneys by proteinuria itself. This establishes a cycle of worsening renal function leading in turn to increasing proteinuria and further kidney damage. Many CKD patients progress to a need for renal replacement therapy or dialysis and / or experience excessive morbidity and mortality from cardiovascular-related diseases.

The prevalence of CKD is rising and as such there is urgent need for treatments that can benefit CKD patients, including reducing proteinuria. In most cases of CKD residual proteinuria continues even with optimal use of existing therapies. Accordingly, therapies designed to further reduce, or abolish, proteinuria, are eagerly sought.

The rationale behind the DMX-200 program is to provide patients with a therapy that can reduce proteinuria in addition to that achieved with standard best therapy. The unmet need of CKD patients is reinforced by Dimerix's Orphan Drug Designation.

(1) Functional interaction between angiotensin II receptor type 1 and chemokine (C-C motif) receptor 2 with implications for chronic kidney disease. Ayoub MA, Zhang Y, Kelly RS, See HB, Johnstone EK, McCall EA, Williams JH, Kelly DJ, Pfleger KD. PLoS One. 2015 Mar 25;10(3):e0119803. doi: 10.1371/journal.pone.0119803.

Appendix 4C

+Rule 4.7B

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

DIMERIX LIMITED

ABN	**Quarter ended ("current quarter")**
18 001 285 230	**31/12/2017**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.0	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) research and development	(659)	(878)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs	(113)	(273)
	(f) administration and corporate costs	(305)	(598)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	6
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	546	546
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(528)**	**(1,197)**

2.0	**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		
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**	**-**	**-**

3.0	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	63	63
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		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.1	**Net cash from / (used in) financing activities**	**63**	**63**

4.0	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,576	2,245
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(528)	(1,197)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	63	63
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of quarter**	**1,111**	**1,111**

	Reconciliation of cash and cash equivalents	**Current quarter**	**Previous quarter**
5.0	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	32	26
5.2	Call deposits	1,079	1,550
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)**	**1,111**	**1,576**

6.0	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	57
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	

Payments represent director's fees.

7.0	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	

8.0	**Financing** facilities available *Add notes as necessary for an understanding of the position*	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.		

9.0	Estimated cash outflows for next quarter	$A'000
9.1	Research and development	(596)
9.2	Product manufacturing and operating costs	
9.3	Advertising and marketing	
9.4	Leased assets	
9.5	Staff costs	(138)
9.6	Administration and corporate costs	(349)
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows**	**(1,083)**

10.0	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: JK Holzer

Date: 29 January 2018

Company secretary/ Director

Print name:

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.