

ASX RELEASE

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KAZIA RAISES A\$3.4 MILLION TO PROGRESS R&D PROGRAMS

Sydney, Thursday, 18 October 2018 – Kazia Therapeutics Limited (ASX: KZA; NASDAQ: KZIA), an Australian oncology-focused biotechnology company, is pleased to announce the completion of a placement of KZA shares, primarily to sector-specialist institutional investors in Australia and internationally, at a price of A\$0.38 per share. The placement will raise approximately A\$3.4 million (exclusive of costs).

In addition, Kazia will launch a Share Purchase Plan (SPP) to allow eligible existing holders of KZA securities the opportunity to acquire new fully-paid ordinary shares on the same terms as the placement. The SPP will open on Tuesday 23 October 2018, and documentation will be separately mailed to eligible shareholders at that time.

Key Points

- High-quality specialist institutional investors lead this investment and strengthen the Company's registry, motivated by corporate transformation, quality of management, and significant potential of pipeline
- Capital raised secures Company's ability to progress GDC-0084 and Cantrixil programs through four critical value-driving inflection points during calendar 2019
- Placement of \$3.4 million, at a small discount to market price of 11.6% and with no warrants, strengthens balance sheet while safeguarding interests of existing shareholders
- SPP provides opportunity for existing shareholders to augment their holding at the same price as the institutional placement, and directors intend to participate

Kazia Chairman, Iain Ross, commented, "the ability of the Company to now command the interest of professional institutional investors is a powerful endorsement both of the quality of our pipeline and of the work that has been done over the past several years to move it forward. The next twelve months or so is a tremendously important period for Kazia, and today's placement positions us to advance GDC-0084 and Cantrixil through their phase IIa and phase I studies respectively, providing four important data read-outs across the two programs."

Board of Directors

Mr Iain Ross Chairman, Non-Executive Director

Mr Bryce Carmine Non-Executive Director

Mr Steven Coffey Non-Executive Director

Dr James Garner Chief Executive Officer, Managing Director

He added, “the Board has been determined to respect the support and commitment of existing shareholders and, to that end, today’s modest placement has been conducted at a small discount and without the issuance of warrants. In addition, we have signaled our intent to provide via a Share Purchase Plan the ability for existing shareholders to enjoy the same opportunity as institutional shareholders. Each of the directors have indicated their intention to participate in the SPP.”

Over the previous twelve months, Kazia has secured orphan designation from the US Food & Drug Administration (FDA) for its lead program, GDC-0084, which was followed by successful commencement of a phase IIa clinical trial in the United States. The phase IIa trial aims to provide safety and efficacy data supporting future use of the drug in glioblastoma, the most common and most aggressive form of primary brain cancer, which is estimated to represent a commercial market opportunity in excess of US\$ 1 billion. The mechanism of the drug is well-validated, given two approved products already in the class, but GDC-0084 is uniquely differentiated by its ability to cross the blood-brain barrier. In September 2018, the Company announced a clinical collaboration with St Jude Children’s Research Hospital in the United States to explore GDC-0084 in the treatment of an aggressive form of childhood brain cancer.

Institutional Placement

Under the terms of the placement, approximately 8.9 million new KZA fully-paid ordinary shares have been allocated to institutional, professional, and sophisticated investors at a price of A\$0.38 per share, representing an 11.6% discount to the last closing price on Friday 12 October 2018 (A\$0.43). Settlement and issuance of shares is expected to occur in several tranches during the week beginning Tuesday 23 October 2018, and will be fully disclosed to the ASX at that time. The placement has been led by WG Partners, LLP.

The proceeds from the placement and SPP will be used to fund the Company’s R&D activities and provide working capital into 2020, yielding four critical value-driving data read-outs across the GDC-0084 and Cantrixil programs.

No shareholder approval is required for the placement. The placement shares will be allocated using the Company’s available placement capacity under its 15% limit in accordance with ASX Listing Rule 7.1 and its additional 10% limit in accordance with ASX Listing Rule 7.1A. The placement shares will rank equally with the Company's existing shares on issue. The placement will not be underwritten.

Share Purchase Plan (SPP)

Following settlement of the placement, the Company intends to offer an SPP to existing eligible shareholders.

Under the SPP, eligible shareholders of ASX securities, listed on the Kazia register at 7:00 pm (Sydney time) on the record date of Wednesday 17 October 2018, will be offered the opportunity to apply for up to A\$15,000 of fully paid ordinary shares in Kazia without incurring brokerage or other transaction costs. This will be subject to certain eligibility criteria and other

terms and conditions of the SPP which will be set out in the SPP booklet and dispatched to eligible shareholders. The indicative timetable is as follows:-

Record Date for Eligible Shareholders	Wednesday 17 October 2018
SPP Opens	Tuesday 23 October 2018
SPP Closes	Friday 16 November 2018
SPP Shares Issued	Friday 23 November 2018
SPP Shares Commence Trading on ASX	Tuesday 27 November 2018

The issue price of shares under the SPP will be equal to the Placement price of A\$0.38. Shares issued under the SPP will rank equally with the Company's existing shares on issue. The SPP will not be underwritten. The Directors have not set a cap or a target for the amount to be raised under the SPP, however under Listing Rule 7.2 Exemption 15, the maximum number of shares issued under the SPP will be 30% of the Company's issued share capital, which at the issue price of \$0.38 amounts to \$6,533,297.

[ENDS]

About Kazia Therapeutics Limited

Kazia Therapeutics Limited (ASX: KZA, NASDAQ: KZIA) is an innovative oncology-focused biotechnology company, based in Sydney, Australia. Our pipeline includes two clinical-stage drug development candidates, and we are working to develop therapies across a range of oncology indications.

Our lead program is GDC-0084, a small molecule inhibitor of the PI3K / AKT / mTOR pathway, which is being developed to treat glioblastoma multiforme, the most common and most aggressive form of primary brain cancer in adults. Licensed from Genentech in late 2016, GDC-0084 entered a phase II clinical trial in March 2018. Initial data is expected in early calendar 2019. GDC-0084 was granted orphan designation for glioblastoma by the US FDA in February 2018.

TRX-E-002-1 (Cantrixil), is a third-generation benzopyran molecule with activity against cancer stem cells and is being developed to treat ovarian cancer. TRX-E-002-1 is currently undergoing a phase I clinical trial in Australia and the United States. Initial data was presented in June 2018 and the study remains ongoing. Cantrixil was granted orphan designation for ovarian cancer by the US FDA in April 2015.

Summary Information

The following disclaimer applies to this announcement and any information contained in it (the **Information**). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Kazia's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making

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Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on Kazia's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Kazia, which could cause actual results to differ materially from such statements. Kazia makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

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