

Exclusive

TDM ploughs \$50m into anti-cancer biotech QBiotics

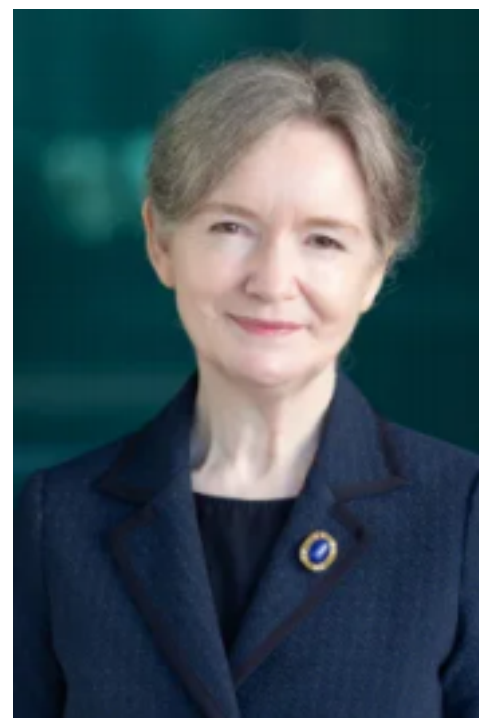


Yolanda Redrup
Reporter

Nicholas Moore-backed emerging pharmaceutical company QBiotics has brought on board TDM Growth Partners as its first institutional investor in a \$50 million funding round, which will see it through the critical clinical trials for its anti-cancer therapy.

The 21-year-old unlisted public company co-founded by former CSIRO scientists Dr Victoria Gordon and Dr Paul Reddell already has US Food and Drug Administration approval for its veterinary version of its cancer therapy for all grades of non-metastatic mast cell tumours in dogs and has completed phase one human safety trials of its small molecule drug for neck and head squamous cell carcinoma.

Small molecule drugs are compounds with low molecular weight, which are capable of controlling biochemical processes to treat diseases, or ailments, such as Aspirin.



Victoria Gordon's QBiotics is creating anti cancer drugs from a naturally occurring compound.

QBiotics' therapies use an ingredient called tigilanol tiglate, which comes from the seed of the fruit of the native Australian rainforest plant called *fontainea picrosperma*, or more commonly known as the blushwood tree.

Speaking to The Australian Financial Review, Dr Gordon said the compound was selected using the company's EcoLogic discovery platform and chosen from more than 100 candidates because it held the most promise as a naturally occurring, low toxicity compound.

"In the equivalent of a phase three trial in the veterinary space, which we ran with 123 dogs, there was 75 per cent had full tumour destruction, or a complete response," she said.

"That was a durable response, with around 86 per cent of those dogs still tumour free at 12 months, after some had a second injection (if the tumour was larger than originally thought, meaning a higher dose of the drug was required).

"This is why human investigators are interested in it."



Hamish Corlett of TDM Growth Partners believes QBiotics could be the country's next biotech success story. Louie Douvis

The scientists started out with an interest in harnessing nature's natural defence mechanisms and funded their own early research, having sold "jewellery and bicycles" to set up a lab in Dr Gordon's basement to begin the work.

For the first 10 years of the company's life, the pair conducted discovery work for big pharmaceutical companies, but the scientists realised they'd only unlock the true value in their research if they developed one of their discoveries themselves.

By also developing the drug for use in animals, the company hopes to accelerate its timeline to commercialisation for humans.

Now, as well as the head and neck cancer clinical trials, QBiotics is also undertaking trials in melanoma and soft tissue sarcoma.

Outside of cancer, it is also developing wound healing, antibiotic and anti-inflammatory products using its blushwood-tree based compound. Its first wound healing indication for the product in humans will be in venous leg ulcers.

TDM Growth Partners co-founder Hamish Corlett said he had been tracking the progress of the company since 2016 and he was confident QBiotics would be one of the country's healthcare success stories, in the same vein as CSL, Cochlear and ResMed.

"We know this treatment is safe, it has very low toxicity, it's very easy to administer, it's very easy to store and it's very low cost in the scheme of any sort of anti-cancer drug," he said.

"If you can prove the efficacy and have all those additional benefits, as well as the potential application across a range of solid tumours, that creates a very special opportunity.

“The company and the people are special. It’s inspiring in terms of the culture of innovation across the business and also... in terms of their vision, leadership and integrity.”

As well as the \$50 million raised from TDM, the company is conducting a \$25 million placement for its 2300 existing shareholders, of whom most are high net worth individuals.

Like former Macquarie Bank CEO Nicholas Moore, Cochlear chairman Rick Holliday Smith is also an investor and heads the QBiotics board.

To date the company has raised a total of \$160 million, including the latest funding round.

The phase one human clinical trials of QBiotics small molecule drug indicated that patients sustained relatively minor side effects, such as localised swelling, tumour necrosis (as it breaks down), bruising and lethargy.

Dr Gordon said she was hoping to partner with a major pharmaceutical company to get the drug to market for humans in the short-term but in the long-run she intends for the the drug to market for humans in the short term, but in the long run she intends for the company to be a big pharma company in its own right.

In the early 2000s when QBiotics was just starting out, companies like AstraZeneca and GlaxoSmithKline were investing in small molecule drugs and recently these companies have taken an active interest in the area again.

“There has been a trend toward biologics in the last 20 years, but small molecules are making a resurgence,” she said.

“They’re inexpensive to make and the industry is looking to get back into small molecules and we’re well-positioned to capitalise on that.”

While TDM is content to support QBiotics as a private company, Mr Corlett said the business was already well-positioned to list on the ASX.

“I am joining the board and there’s an intention to keep this as an Australian business and list it on the ASX, but the board will decide on the timing,” he said.

“We’re very happy for this to be private for a long time.... but it’s not far from being public company ready. It has a world-class board, the systems in the business have been well developed and the heavy lifting has already been done.”