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Quarterly update, Q3 report December 19, 2017

BioLineRx Ltd.: Company is on track with its execution of multiple clinical development programs for the Company's lead project - BL-8040; Sufficient funds to support this development; Stock price target raised to NIS 5.15

Primary exchange: TASE

Secondary exchange: NASDAQ (1 ADS = 1 Share).

Symbol: TASE, NASDAQ: BLRX

Sector: Biotechnology

Sub-sector: Drug Development

Stock target price: NIS 5.15

As of December 18, 2017

Closing price: NIS 3.72

Market cap: NIS 390.4 million

# of shares: 104.8 million

Stock performance (YTD): 1%

Daily trading vol (12 months): NIS 502.3K

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Company Overview

BioLineRx Ltd. (hereinafter: "BioLineRx" or "the Company") is an Israeli clinical-stage biopharmaceutical company focused on oncology and immunology. In 2007, the company was listed on the Tel Aviv Stock Exchange (TASE). In July 2011, the company registered American Depositary Shares (ADSs) with the NASDAQ. The Company in-licenses compounds, develops them through pre-clinical and/or clinical stages, and then partners with pharmaceutical companies for advanced clinical development and/or commercialization.

BioLineRx's leading therapeutic clinical platform is BL-8040, a cancer therapy platform. A Phase IIa study was successfully completed for relapsed/refractory AML, a Phase IIb study as an AML consolidation treatment is ongoing, a Phase II study in stem cell mobilization for allogeneic transplantation is also ongoing and a Phase III in autologous transplantation is expected to be initiated by the end of this year. In addition, BioLineRx has a strategic collaboration with Novartis for the co-development of selected novel drug candidates; a collaboration agreement with MSD (known as Merck in the US and Canada), on the basis of which the Company has initiated a Phase 2a study in pancreatic cancer using the combination of BL-8040 and Merck's KEYTRUDA®; and a collaboration agreement with Genentech, a member of the Roche Group, to investigate the combination of BL-8040 and Genentech's atezolizumab in several Phase 1b/2 studies for multiple solid tumor indications and AML.

Highlights

BioLineRx published its financial reports for the third quarter ending September 30, 2017, including the following highlights and achievements:

The company continues its multiple clinical development programs for the Company's lead program, BL-8040:

- Announced initiation of two additional Phase 1b/2 studies under collaboration with Genentech, following the first study which was initiated in July 2017. All studies are exploring the combination of BL-8040 with Tecentriq (atezolizumab), Genentech's anti-PDL1 cancer immunotherapy agent.
- Stated completion of enrollment to the COMBAT study, which is investigating the combination of BL-8040 and Merck's PD-1 inhibitor, Keytruda, in the treatment of pancreatic cancer patients. The company reaffirmed it is on track to share topline results from this study in the second half of 2018.
- Announced regulatory submission to initiate Phase 3 pivotal study with BL-8040 as novel stem cell mobilization treatment for autologous bone-marrow transplantation by the end of 2017, following receipt of regulatory approvals.

Analysis

- **Partial results from immuno-oncology Phase 2a study in pancreatic cancer for BL-8040 in combination with Merck's KEYTRUDA® are expected in 2018; in January 2018 (the company will participate at the ASCO GI conference, top line results expected in H2 2018); also, initiation of Phase 3 pivotal study for BL-8040 in stem-cell mobilization for autologous transplantation, expected by the next coming weeks.**
- **This timeline reflects the company's strategy to continuously execute multiple clinical development programs for its lead asset – BL-8040.**
- **Financially, the $55M funds the company has, allow BioLine to continue with its clinical and regulatory strategy throughout 2019 with no additional required funds.**
- **Thus, we estimate BioLineRx's equity value at $152.9M / NIS 539.8M (higher than our previous valuation of $139.8M / NIS 503.3M); stock price target raised to range between NIS 5.01 and NIS 5.30, a mean of NIS 5.15.**

Quarterly Updates

Financial Results for the Third Quarter Ended September 30, 2017

Research and development expenses for the three months ended September 30, 2017 were $5.7 million, an increase of $2.7 million, or 91.4%, compared to $3.0 million for the three months ended September 30, 2016. The increase resulted primarily from spending on the recently acquired AGI-134 near-clinical project and from higher expenses in 2017 associated with new BL-8040 studies commenced during the third quarter of 2016 and during 2017. Research and development expenses for the nine months ended September 30, 2017 were $13.3 million, an increase of $5.1 million, or 61.6%, compared to $8.2 million for the nine months ended September 30, 2016. The reason for the increase is the same as that presented in the three-month comparison above.

Sales and marketing expenses for the three months ended September 30, 2017 were $0.2 million, a decrease of $0.2 million, or 39.1%, compared to $0.4 million for the three months ended September 30, 2016. The decrease resulted primarily from market research activities related to BL-8040, as well as legal expenses related to business development collaborations and in-licensing activities, in the 2016 period. Sales and marketing expenses for the nine months ended September 30, 2017 were $1.2 million, an increase of $0.3 million, or 31.2%, compared to $0.9 million for the nine months ended September 30, 2016. The increase resulted primarily from one-time legal fees related to AGI-134.

General and administrative expenses for the three months ended September 30, 2017 were $1.1 million, similar to the comparable period in 2016. General and administrative expenses for the nine months ended September 30, 2017 were $3.0 million, similar to the comparable period in 2016.

The Company's operating loss for the three months ended September 30, 2017 amounted to $7.1 million, compared with an operating loss of $4.5 million for the corresponding 2016 period. The Company's operating loss for the nine months ended September 30, 2017 amounted to $17.6 million, compared with an operating loss of $12.1 million for the corresponding 2016 period. The increase in operating loss reflects a significant increase in research and development expenses for the respective periods.

The Company's net loss for the three months ended September 30, 2017 amounted to $7.2 million, compared with a net loss of $4.3 million for the corresponding 2016 period. The Company's net loss for the nine months ended September 30, 2017 amounted to $17.0 million, compared with a net loss of $11.6 million for the corresponding 2016 period.

The Company held $55.0 million in cash, cash equivalents and short-term bank deposits as of September 30, 2017.

Net cash used in operating activities was $14.2 million for the nine months ended September 30, 2017, compared with net cash used in operating activities of $10.4 million for the nine months ended September 30, 2016. The $3.8 million increase in net cash used in operating activities during the nine-month period in 2017, compared to the nine-month period in 2016, was primarily the result of increased research and development expenses in the 2017 period.

Analysis

Following our Q2 analysis report, we assume that by H1-2018, BioLineRx will have one Phase III and seven Phase II or Ib/II clinical trials on-going. Furthermore, the company may announce partial results of its Phase II study in pancreatic cancer, under its immunotherapy collaboration with *Merck*. Thus, **clinical development is on track with the company's strategy to continually execute multiple clinical development programs for its lead asset – BL-8040.**

Also, as we reported in our immediate report (30, July 2017), BVF Partners L.P. (BVF), Bioline largest shareholder (24.99%), invest $9.6M in BioLineRx. BVF is the principal shareholder and possesses the in-depth knowledge that most investors lack regarding clinical developments and realization of the company's strategy. This knowledge is significant in terms of the company's share pricing, which was purchased at a premium of over 10% above market

price. Thus, the $9.6M investment BioLineRx received in July summed into $55M strong and stable financial assets backing their strategy. As the Company is on track with its all clinical program time to market has been shortened.

We estimate BioLineRx's equity value at $152.9M / NIS 539.8M (higher than our previous valuation of $139.8M / NIS 503.3M); price target to range between NIS 5.01 and NIS 5.30, with a mean of NIS 5.15. Thus, 1 ADS (representing 1 ordinary share) is equal to $1.46.[1]

Below is the stock overview YTD (Source: TASE website):

Upcoming Potential Catalysts

Program	Event	Significance	Timeline
BL-8040	Completion of Phase II (allogeneic SCM)	Medium	**H1-2018**
	Top-line results of Phase II (allogeneic SCM)	Medium	**H1-2018**
	Initiation of Phase III (autologous SCM)	Medium	**Q4-2017**
	Lead-in results (autologous SCM)	High	**H1-2018**
	Partial results Phase II (pancreatic cancer)	Medium	**Q1-2018**
	Top-line results Phase II (pancreatic) cancer)	High	**H1-2018**
	Partial results Phase Ib (AML maintenance)	Low	**H2-2018**
	Initiation Phase Ib (multiple solid tumors)	Medium	**H2-2017**
	Partial results Phase Ib (multiple solid tumors)	Low	**H2-2018**
	Interim Phase IIb results (AML consolidation)	High	**H2-2018**
AGI-134	Initiation of Phase I/II (multiple solid tumors)	Low	**H1-2018**

[1] NIS/$ Calculation: NIS 5.15/3.53 = $1.46

Appendix - Financial Reports

Profit and Loss Statement (In $ 000s)

Reporting Year	31.12.2015	31.12.2016	31.3.2017	30.9.2017
RESEARCH AND DEVELOPMENT EXPENSES, NET	11,489	11,177	3,590	13,306
SALES AND MARKETING EXPENSES	1,003	1,352	681	1,218
GENERAL AND ADMINISTRATIVE EXPENSES	3,704	3,984	1,030	3,028
OPERATING LOSS	**16,196**	**16,513**	**5,301**	**17,552**
NON-OPERATING INCOME, NET	**1,445**	**214**	**5**	**342**
FINANCIAL INCOME	457	480	457	914
FINANCIAL EXPENSES	106	22	6	15
NET LOSS	**14,400**	**15,841**	**4,855**	**16,995**

Balance Sheet (In $ 000s)

	31.12.2013	31.12.2014	31.12.2015	31.12.2016	30.9.2017
CURRENT ASSETS					
Cash and cash equivalents	8,899	5,790	5,544	2,469	6,712
Short-term bank deposits	9,319	28,890	42,119	33,154	48,295
Prepaid expenses	258	221	229	255	282
Other receivables	360	257	291	223	558
Total current assets	18,836	35,158	48,183	36,101	55,847
NON-CURRENT ASSETS					
Restricted deposits	165	166	0	0	60
Long-term prepaid expenses	49	49	58	52	1,000
Net PPE	712	721	2,909	2,605	2,365
Intangible assets, net	253	117	152	181	6,855
Total non-current assets	1,179	1,053	3,119	2,838	10,280
Total assets	**20,015**	**36,211**	**51,302**	**38,939**	**66,127**
CURRENT LIABILITIES					
Current maturities of long-term bank loan	0	0	93	93	93
Accounts payable and accruals: Trade	2,289	1,654	1,910	2,590	4,349
Other Accounts payable and accruals	764	1,252	1,137	978	1,084
Total current liabilities	3,053	2,906	3,140	3,661	5,526
NON-CURRENT LIABILITIES					
Long-term bank loan, net of current maturities	0	0	344	250	180
Warrants	5,240	1,500	208	1	1,396
Total non-current liabilities	5,240	1,500	552	251	1,576
Total Liabilities	8,293	4,406	3,692	3,912	7,102
Total equity	11,722	31,805	47,610	35,027	59,025
Total liabilities and equity	**20,015**	**36,211**	**51,302**	**38,939**	**66,127**

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