

ASX Release

31 October 2018

Appendix 4C - Quarterly Report & Company Update for the period ended 30 September 2018

PharmAust Limited ("PharmAust") (ASX: PAA) is pleased to provide an update and review of its recent activities.

During the quarter, the Company has achieved several milestones aimed at advancing its key anti-cancer product, Monepantel ("MPL") towards the clinic. The company is also pleased that its wholly owned subsidiary, Epichem Pty Ltd, has continued to build contract sales and income activities over the quarter.

Epichem Pty Ltd

During the quarter, the Company announced that wholly owned subsidiary Epichem gained accreditation from NATA (The National Association of Testing Authorities, Australia) to ISO17034:2016. Epichem is one of the first companies in Australia to achieve this internationally regarded standard of quality assurance for reference material production to support pharmaceutical drug manufacturing. Accreditation by NATA is highly regarded both locally and internationally and elevates Epichem's status, global market access and competitiveness in a growing world market.

Epichem's laboratory expansion works are completed and deliver an additional six fumehoods. In conjunction with the expanded facilities and the additional accreditation, we expect to see accelerating Epichem revenues in FY19.

Reformulation of monepantel into tablet form for upcoming clinical trials

During the quarter, the Company completed its preclinical studies to formulate monepantel (MPL) into a tablet. PharmAust expects the new tablet to be taken into trials for the treatment of both humans and canines with cancer.

PharmAust progresses Monepantel tablet program for cancer

PharmAust was delighted to announce it completed testing of different monepantel (MPL) tablet prototypes in healthy Beagle dogs in collaboration with BRI Biopharmaceutical Research Inc. The data emerging was better than expected and provides a strong basis for PharmAust to build its therapeutic MPL platform. Achieving good palatability and absorption from the new tablet formulation is vital for the next stages as it will be the product with which PharmAust will conduct its Phase II efficacy study to start in Q1 2019.

The levels tested represent those PharmAust has nominated for the first stages of the dose escalation programs for both human and dog anticancer clinical trials. Levels of monepantel in the blood using just one tablet exceeded the levels predicted to achieve anticancer activity.

Collaboration with the Olivia Newton-John Cancer Research Institute

Researchers at the Olivia Newton-John Cancer Research Institute confirmed sensitivity of human brain, breast, ovarian and prostate cancer cell lines to MPL treatment. The researchers further demonstrated sensitivity of previously untested human melanoma cancer cell lines, thus widening the possible reach of MPL's anti-cancer targets.

The investigations also demonstrated that the longer cancer cell lines are exposed to MPL, the greater the anti-cancer activity.

Neville Bassett AM appointed to PharmAust Board

Mr Bassett has spent more than 35 years working in accounting, finance and stockbroking. During that time, he has had considerable involvement in Australian financial markets including numerous public company listings and capital raisings, as well as mergers and acquisitions.

In 1991, he became a Director/Councillor of the Royal Flying Doctor Service (RFDS) in WA and he was Chairman of RFDS Western Operations for eight years until his retirement in 2017. He also served six years as Western Operations representative on the Board of the Australian Council of the Royal Flying Doctor Service of Australia. In 2015, Mr Bassett's decades of unwavering dedication to community service were recognised when he was awarded a Member of the Order of Australia (AM) in the Australia Day Honours.

Concurrently, Dr Wayne Best retired as a non-executive director of PharmAust. Dr Best will remain on the Epichem board and continue to act as Chairman of Epichem. PharmAust's Executive Chair and CEO Dr Roger Aston said, "We are delighted to welcome Neville to our board at a particularly promising stage in the Company's growth and pleased that Wayne will remain as chair of Epichem, which he founded in 2003."

For further details, please contact:

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Appendix 4C

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

PharmAust Limited

ABN

35 094 006 023

Quarter ended ("current quarter")

September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,111	1,111
1.2 Payments for		
(a) research and development	(420)	(420)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(21)	(21)
(d) leased assets		
(e) staff costs	(744)	(744)
(f) administration and corporate costs	(434)	(434)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST)	(37)	(37)
1.9 Net cash from / (used in) operating activities	(540)	(540)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(18)	(18)
(b) businesses (see item 10)		
(c) investments		

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(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	(18)	(18)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
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	135	135
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)		
3.10 Net cash from / (used in) financing activities	135	135

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,875	1,875
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(540)	(540)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(18)	(18)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	135	135

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	1,452	1,452

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,442	1,865
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	10	10
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,452	1,875

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

170

Director's Salaries & Superannuation

7. Payments to related entities of the entity and their associates

- 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

**Current quarter
\$A'000**

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	932	325
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.		

The lender is EFIC (Export Finance and Insurance Corporation), the term is four years, it is not secured, we are not expecting any additional loans in the foreseeable future, the interest rate is variable at 6.05% plus the Bank Bill Swap Rate.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	350
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	25
9.4 Leased assets	
9.5 Staff costs	600
9.6 Administration and corporate costs	275
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,250

10. 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		

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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:  Date: 31 October 2018
(Director & Company Secretary)

Print name: Sam Wright
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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.

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