



18 February 2019

Dear Optionholder,

PRO-RATA NON-RENOUCEABLE RIGHTS OFFER

As announced on 18 February 2019, PharmAust Limited ("**Company**") is seeking to raise up to approximately \$2,003,007 by a pro-rata non-renounceable rights offer ("Offer") of up to approximately 80,120,266 shares on the basis of 2 new shares ("New Share") for every 5 shares held at an issue price of 2.5 cents per New Share. The Company expects to lodge an offer document for the Offer ("Offer Document") with the ASX on 26 February 2019.

At minimum subscription, the funds raised under the Offer will be used primarily to complete expenditures relevant to Phase I and Phase II canine trials using monepantel, as well as to meet Offer expenses. As funds are raised beyond minimum subscription the items of expenditure include progress towards a human clinical trial.

The Offer is not underwritten. Minimum subscription under the Offer is \$500,000.

The timetable for the Offer is as follows:

Pro-rata Offer announced	18 February 2019
New Shares quoted on an "ex" basis (date from which the New Shares commence trading without the entitlement to participate in the Offer).	20 February 2019
Record Date (date for identifying Shareholders entitled to participate in the Offer).	21 February 2019
Offer Document with Entitlement Form sent to Eligible Shareholders	26 February 2019
Offer opens	26 February 2019
Closing Date (last date for lodgement of Entitlement Forms and Application Money)	19 March 2019
Trading of New Shares commence on a deferred settlement basis	20 March 2019
Company to notify ASX notified of the Shortfall (if any)	22 March 2019
Issue of New Shares and end of deferred settlement trading	26 March 2019

Subject to the Listing Rules, the above dates may be changed without notice.

The Offer will be made to the Company's shareholders with a registered address in Australia or New Zealand on the Record Date ("**Eligible Shareholders**").

Assuming that no further Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital at Minimum Subscription and Full Subscription is shown in the following table:

Shares	Minimum Subscription	Full Subscription
Existing Shares	200,300,664	200,300,664
New Shares issued under the Offer	20,000,000	80,120,266
Total Shares on issue after completion of the Offer	220,300,664	280,420,930

It is anticipated that the Offer Document offering New Shares for subscription will be mailed to Eligible Shareholders on 26 February 2019. The Offer Document may be viewed on the ASX's website at www.asx.com.au or alternatively on the Company's website at www.pharmaust.com.

Application will be made to ASX for official quotation of the New Shares. No shareholder approval is required to the Offer.

Optionholders

Optionholders are not entitled to participate in the Offer. Should optionholders with a registered address in Australia or New Zealand wish to participate in the Offer they should exercise their options in accordance with the terms and conditions of the options in a timely manner and in any event to ensure the exercise of the options and the issue of the shares is completed by the Record Date of 21 February 2019.

If you do not wish to participate in the Offer, no action is required.

If you have any questions please do not hesitate to contact the Company.

Yours faithfully



Dr Roger Aston
Executive Chairman
PharmAust Limited