Appendix 4C and Quarterly Update

30 April 2019 – Perth, Australia: PharmAust Limited (ASX:PAA), a clinical stage oncology company, is pleased to present its Appendix 4C Quarterly Report and Shareholders' Update for the period ended 31 March 2019.

The business has progressed very successfully on several fronts in the quarter under review.

Phase I Canine Trial

PharmAust commenced its Phase I trial program in canines using its reformulated monepantel (MPL) tablets in February 2019. These tablets were manufactured according to the scaled production method successfully developed and announced on 7 February 2019 along with the Phase I trial design.

The trial in nine canines evaluated a reformulated monepantel tablet for absorption and pharmacokinetic parameters. The serum levels of MPL from a single tablet align with those predicted, to produce suppression of tumour markers and tumour regression.

In March 2019, the Company reported that following a single dose administration of one tablet to dogs, blood concentrations of MPL exceeded those observed in the Phase I clinical trial in humans, which were associated with reduced tumour marker levels in blood. Further, the serum concentrations from one tablet in dogs also exceeded MPL levels observed to achieve anti-cancer activity in mice bearing human cancer xenografts. As previously noted with the earlier prototype tablets, achieving these concentrations was dependent upon the dietary setting where the tablet is preferentially taken during or after a meal. These data have enabled the next dose escalation component of the Phase I trial to commence on track.

PharmAust's Chief Scientific Officer Dr Richard Mollard stated, "This preliminary data set provides early evidence that a single dose of PharmAust's monepantel tablets can provide sufficient drug levels in serum to achieve anti-cancer activity. This is a pleasing result as it means dosing of canines by their owners will be much less of a challenge using these tablets. PharmAust will next investigate dose escalation and repeat dose administration to align long term administration frequency with these same blood levels, anti-cancer activity and the very good safety margin established for this drug."

On 29 March 2019, PharmAust was pleased to announce that it has received further positive results from its ongoing Phase I trial programme in healthy beagle dogs.

This latest trial tested the safety of monepantel tablets in an escalating single dose study. The beagles were sequentially treated with either 2, 4, 7 or 10 tablets and then monitored over three days for the appearance of any adverse clinical signs. Monepantel tablets were very well tolerated at all levels. No adverse effects, toxicity or safety related observations were reported by the US-based independent research organisation conducting the study.

The lack of adverse effects following administration of 10 tablets attests to an excellent safety margin for anti-cancer treatment.

Importantly, for the Phase II study due to begin on completion of the imminent 28-day pharmacokinetic (PK) programme, no apparent taste issues were noted for dogs that were administered 10 tablets in one dose. This

observation attests to the high palatability and tolerance of the new tablet formulation when compared to the previously used liquid formulation. PharmAust has now administered 61 tablets on 29 occasions to over 20 individual healthy beagle dogs and no adverse effects have been recorded.

Epichem Awarded Contract Extension from DNDi and Unity Biotechnology

During the quarter, the Company announced that its wholly owned subsidiary, Epichem Pty Ltd, was awarded an extension to its current contract with Drugs for Neglected Diseases initiative (DNDi) (www.dndi.org), extending that relationship to 11 years. The contract will see Epichem continue to provide synthetic and medicinal chemistry expertise to support DNDi's drug discovery projects, aimed at developing new treatments for neglected diseases, until 31st December 2019. The extension is expected to generate up to AUD$1.24m in revenues for Epichem during 2019.

Epichem was also awarded an extension to its contract with a leading Californian biotechnology company, Unity Biotechnology, Inc.

Pro-Rata Non-Renounceable Rights Offer

As announced on 18 February 2019, PharmAust sought to raise up to approximately $2 million by a pro-rata non-renounceable rights offer of up to approximately 80 million shares on the basis of 2 new shares for every 5 shares held at an issue price of 2.5 cents per New Share. The Company lodged an offer document for the Offer with the ASX on 26 February 2019.

The Company received subscriptions for approximately 52 million shares raising $1.3 million. All Directors took up their Rights Issue entitlements in full, investing $192,584.83 into the Company.

Shortfall Placement Oversubscribed

On 11 April 2019, the Company advised that the shortfall from the entitlement offer had been successfully placed through the lead manager to the issue, Alto Capital Pty Ltd, raising additional gross proceeds of approximately $700,000 which are not included in the following Appendix 4C. The shortfall placement was heavily oversubscribed. The shortfall placement comprised approximately 28 million shares at 2.5 cents per share. The proceeds from the recent placement and entitlement offer now totals $2 million, before costs.

PharmAust receives $672k Research and Development Tax Incentive Refund

PharmAust is pleased to confirm the receipt of a Research and Development (R&D) Tax Incentive refund of $672,250 for the 2017/2018 financial year. The rebate is not included in the following Appendix 4C as it was received in April 2019.

The refund relates to the eligible expenditure on the company's lead molecule, monepantel, which has been undergoing further evaluation in clinical trial in dogs and which is currently being reformulated for expanded clinical development in humans and companion animals.

The R&D Tax Incentive scheme is a programme jointly administered by the Australian Taxation Office and AusIndustry, under which companies can receive up to a 43.5% refundable tax offset of eligible expenses on research and development activities.

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About PharmAust (PAA)

PAA is a clinical-stage company developing targeted cancer therapeutics for humans and animals. The company specialises in repurposing marketed drugs lowering the risks and costs of development. PAA's subsidiary, Epichem, is a successful contract medicinal chemistry company that generated $3m revenues in FY2018.

PAA's lead drug candidate is monepantel (MPL), a novel, potent and safe inhibitor of the mTOR pathway – a key driver of cancer. MPL has been evaluated in Phase 1 clinical trials in humans and dogs; was well tolerated and produced a significant reduction in key prognostic biomarkers. PAA is uniquely positioned to commercialise MPL for treatment of human and veterinary cancers as it advances the drug to Phase 2 clinical trials.

www.pharmaust.com

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+Rule 4.7B

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	**Quarter ended ("current quarter")**
35 094 006 023	March 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,139	3,051
1.2	Payments for		
	(a) research and development	(111)	(645)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(45)	(88)
	(d) leased assets		
	(e) staff costs	(722)	(2,136)
	(f) administration and corporate costs	(538)	(1,434)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	10
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)	(13)	(32)
1.9	**Net cash from / (used in) operating activities**	**(288)**	**(1,273)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		(20)
	(b) businesses (see item 10)		
	(c) investments		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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**		**(20)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	1,398	1,398
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
3.6	Repayment of borrowings	(148)	(184)
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**	**1,250**	**1,348**

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	968	1,875
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(288)	(1,273)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,250	1,348

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of quarter**	**1,930**	**1,930**

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	1,920	958
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)**	**1,930**	**968**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	170
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

Director's Salaries & Superannuation

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
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

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	1,204	417
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	585
9.2	Product manufacturing and operating costs	
9.3	Advertising and marketing	25
9.4	Leased assets	
9.5	Staff costs	700
9.6	Administration and corporate costs	325
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows**	**1,635**

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		

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: 30 April 2019

(Director & Company Secretary)

Print name: Sam Wright

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.