

## Appendix 4C and Quarterly Update

**31 July 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 30 June 2019.

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

### **Phase I & II Canine Trials**

PharmAust has made significant progress in the clinical trials of its primary drug candidate, Monepantel (MPL).

On 6 May 2019, PharmAust announced that it received further positive results from its Phase I trial program in healthy beagle dogs. With this new data PharmAust is preparing trial design and commencement of its Phase II trial program in dogs with cancer.

The Phase I trial tested safety and serum levels of monepantel and monepantel sulfone in the blood of healthy dogs administered either 1 or 5 tablets every day for 9 days. One tablet daily provides long-term blood levels that exceed PharmAust's target level, while five tablets daily tripled PharmAust's target levels. These observations give PharmAust much flexibility in designing dosing schedules for therapeutic treatment of dogs with cancer.

On 8 May 2019, PAA announced it had received 25 kilograms of GMP-grade MPL from Elanco US Inc under the Option Agreement. This was the second batch of GMP grade MPL provided by Elanco. This new batch is expected to provide sufficient drug to extend PharmAust's clinical trial programs through the next two to three years.

On 15 July 2019, the Company reported that it had received ethics approval from the NSW Department of Primary Industry's Secretary's Animal Care & Ethics Committee to recommence Phase II clinical trials in pet owners' dogs with cancer using its newly formulated tablet.

PharmAust also reported that the scaled manufacture of the new GMP quality tablet is completed. The tablet shelf-life stability tests will be finalised mid-August and these are required before the tablet can be distributed to veterinarians for administration to dogs with cancer.

PharmAust's Chief Scientific Officer Dr Richard Mollard commented, "PharmAust anticipates delivery of the tablets from the USA in August/September and then recruitment can commence for the Phase II trials shortly thereafter. PharmAust aims to first treat dogs with B-cell lymphoma, the most prevalent canine cancer. PharmAust is looking forward to helping these dogs with cancer admitted to the trials."

### **Epichem achieves record sales, net profit and pays off laboratory debt**

Wholly owned subsidiary, Epichem Pty Ltd, has continued to build contract sales and income activities. The Company is delighted to report that Epichem achieved a new and substantial record performance for the financial year ended 30 June 2019, with revenues of \$3.8 million (unaudited) and a net profit of \$489k (unaudited).

During the quarter, PharmAust announced that Epichem had paid off its debt liability on time for a major state-of-the-art laboratory purpose built in 2015 and expanded in 2018. Epichem's revenues have made a significant upturn over the period 2015 to 2019, increasing 74% to \$3.8 million in FY19. Budgeted revenues for FY20 are \$4.2 million (subject to continuation of existing contracts).

With the loan facility repaid the money saved on interest and principal will go straight to improving the bottom line.

## **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. The shortfall placement was heavily oversubscribed. The shortfall placement comprised approximately 28 million shares at 2.5 cents per share. The proceeds from the placement and entitlement offer totalled \$2 million, before costs.

## **PharmAust receives \$672k Research and Development Tax Incentive Refund**

During the quarter, PharmAust was 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 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.

## **Corporate**

PharmAust continues to meet all necessary expenditure needs and is, per usual, operating with demonstrable financial constraint and responsibility. Cash balance as at 30 June 2019 was approximately \$2 million. The Board does not foresee any need to raise new equity capital in the foreseeable future. The Company has sufficient funds to complete the Phase II clinical program examining the anticancer activity of monepantel in dogs with cancer, as well as initiating similar anticancer clinical trials in humans with cancer.

PharmAust's largest shareholder increased his holding in PAA from 5.16% to 7.49% and a Form 604 Notice of Change of Interests of Substantial Holder was released on the ASX Company Announcements Platform on 23 July 2019.

## **Enquiries:**

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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 has forecast revenues of \$4.2m in FY2019/20.

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](http://www.pharmaust.com)

## 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")**

June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	749	3,800
1.2 Payments for		
(a) research and development	(382)	(1,027)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(30)	(117)
(d) leased assets		
(e) staff costs	(699)	(2,835)
(f) administration and corporate costs	(573)	(1,434)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	672	672
1.8 Other (GST)	1	(31)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(256)</b>	<b>(1,529)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(36)
(b) businesses (see item 10)		
(c) investments		

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(16)</b>	<b>(36)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	602	2,000
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	(70)	(70)
3.5 Proceeds from borrowings		135
3.6 Repayment of borrowings	(92)	(276)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>440</b>	<b>1,789</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,930	1,875
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(256)	(1,529)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(16)	(36)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	440	1,789

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date 12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,098</b>	<b>2,098</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,088	1,920
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	10	10
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,098</b>	<b>1,930</b>

**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. <b>Financing facilities available</b> <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	1,204	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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	600
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)	
<b>9.8 Total estimated cash outflows</b>	<b>1,650</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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 July 2019  
(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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