

23 July 2019

Anjuli Sinniah
ASX Compliance Pty Ltd
Level 40 Central Park
152 – 158 St Gorges Terrace
PERTH WA 6000

Dear Anjuli,

We refer to your letter of 23 July 2019 and respond as follows:

1. PharmAust is not aware of any information concerning it that has not been announced which, if known by some in the market, could explain the recent trading in its securities.

The Directors believe the recent trading in its shares is primarily due to the increased awareness in the market place of PharmAust and the progress of the clinical trials of its primary drug candidate, Monepantel (MPL).

In that context, PharmAust draws the attention of the ASX to its announcement on 15 July 2019 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 and 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.

The company is also pleased that its wholly owned subsidiary, Epichem Pty Ltd, has continued to build contract sales and income activities. On 2 July 2019, PharmAust announced that Epichem had paid off its debt liability on time for a major state-of-the-art laboratory expansion undertaken

Epichem's revenues have made a significant upturn over the period 2015 to 2018, increasing 38% to \$3.02 million in FY18, and forecast to exceed \$3.7 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.

Finally, PharmAust notes that its largest shareholder has 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 this morning.

2. (a) not applicable
(b) not applicable
(c) not applicable
3. PAA is not aware of any other explanation for the recent trading in its securities.

4. PAA is in compliance with the Listing Rules of ASX including Listing Rule 3.1.
5. PAA confirms that the responses to the questions above have been authorised and approved by its board.

Yours sincerely



Sam Wright
Director & Company Secretary



23 July 2019

Mr Sam Wright
Company Secretary

By email:

Dear Mr Wright

PharmAust Limited ('PAA'): Price Query

We note the change in the price of PAA's securities from a close \$0.054 on 22 July 2019 to an intra-day high of \$0.068 at the time of writing today.

We also note the significant increase in the volume of PAA's securities traded today.

Request for Information

In light of this, ASX asks PAA to respond separately to each of the following questions and requests for information:

1. Is PAA aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is PAA relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in PAA's securities would suggest to ASX that such information may have ceased to be confidential and therefore PAA may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that PAA may have for the recent trading in its securities?
4. Please confirm that PAA is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that PAA's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PAA with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **1 PM AWST today Tuesday, 23 July 2019**. If we do not have your response by then, ASX will likely suspend trading in PAA's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PAA's obligation is to disclose the

information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to PAA’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that PAA’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is “yes” and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in PAA’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in PAA’s securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Anjuli Sinniah
Senior Adviser, Listings Compliance (Perth)