CLARITY
PHARMACEUTICALS

QUARTERLY ACTIVITY REPORT

SYDNEY, AUSTRALIA
29 APRIL 2022

HIGHLIGHTS OF THE QUARTER

ending 31 March 2022

- Actively recruiting in five clinical trials, with all trials progressing well and additional trials scheduled to commence this year.
- Three clinical trials for our optimised PSMA product, SAR-bisPSMA, in prostate cancer are now progressing, including our latest COBRA trial.
- Recruitment opened in March 2022 for the US-based COBRA trial for the imaging of participants with biochemical recurrence (BCR) of prostate cancer to identify where the cancer is located in the body. The trial was given the go ahead by the US Food and Drug Administration (FDA) with a Study May Proceed letter in February 2022.
- A new clinical trial collaboration was also launched on Clarity's PSMA product for imaging of prostate cancer in the US in March 2022.
- First patient treated in the second phase (cohort 2) of the SARTATE™ trial in a childhood cancer, neuroblastoma, in February 2022. In this phase, trial participants are administered an increased therapeutic dose (175 MBq of ^{67}Cu SARTATE™ per kilogram body weight) following the successful completion of cohort 1 where three participants received a lower dose of therapy.
- Options issued by Clarity to China Grand Pharmaceutical and Healthcare Holdings Limited ("China Grand") lapsed and were cancelled on 25 February 2022. With the Greater China territory now clear to negotiate on a non-exclusive basis, strategic discussions in relation to Clarity's pipeline can continue globally.
- Receipt of $3.3 million R&D tax incentive refund in February 2022.
- Cash position remains strong with a balance of $95.9m million as at 31 March 2022.

Clarity Pharmaceuticals (ASX: CU6) ("Clarity" or the "Company"), an Australian-based clinical stage radiopharmaceutical company developing next-generation products to address the growing need for the use of radiopharmaceuticals in oncology, is pleased to release its Quarterly Activity Report for the quarter ending 31 March 2022.

Executive Chairman Dr Alan Taylor said: ***"The first quarter of 2022 has laid an exciting path for the year ahead with a number of important milestones achieved in these 3 months as we continue to advance the clinical development of our Targeted Copper Theranostics (TCT) platform."***

One of the key milestones for the quarter was the commencement of Clarity's third trial in prostate cancer with its PSMA product. After receiving permission from the US FDA with an official "Study May Proceed" letter in February, Clarity then went on to quicky open recruitment in March in its new **COBRA trial** (NCT05249127)[1]. The participants of the trial have indications that their prostate cancer returned after a period of remission, which is called biochemical recurrence (BCR), but the location of their cancer is unknown. Clarity's PSMA product will be used with a Positron Emission Tomography (PET) scanner to identify and locate the cancers. The first trial site is at the Urology Cancer Center and GU Research Network (GURN) in Omaha, Nebraska, which is now actively recruiting patients.

In March 2022, Clarity also announced a collaboration with GURN for an Investigator Initiated Trial (IIT) **X-Calibur** (NCT05286840)[2], sponsored by Dr Luke Nordquist.

The reason for launching multiple trials for each product is to cover both diagnostic and therapeutic modalities, as well as expand the potential applications across the disease, address different patient groups and open opportunities for when the product is ready for market authorisations.

The US FDA has previously advised Clarity that its PSMA imaging product, if successful in clinical development, can be registered for diagnosing two major prostate cancer patient groups, being:

1. **Pre-prostatectomy/pre-definitive treatment** – prostate cancer patients who never received treatment for the disease and are undergoing imaging tests to locate and visualise their cancer;
2. **Biochemical recurrence (BCR)** – prostate cancer patients who had the disease in the past and are suspected of cancer recurrence after initial treatment.

Clarity's PROPELLER trial targets the first patient group, while COBRA investigates participants from the second group.

In addition to the significant progress achieved on the prostate cancer program, Clarity has also accomplished exciting milestones on its **SARTATE™ neuroblastoma theranostic trial, CL04** (NCT04023331)[3]. In February 2022, cohort 1 of the trial was completed, where three participants received therapy with ^{67}Cu SARTATE™ at the initial starting dose. There were no dose limiting toxicities reported in cohort 1 and the Safety Review Committee (SRC) has recommended the trial continues with the dose escalation phase as planned.

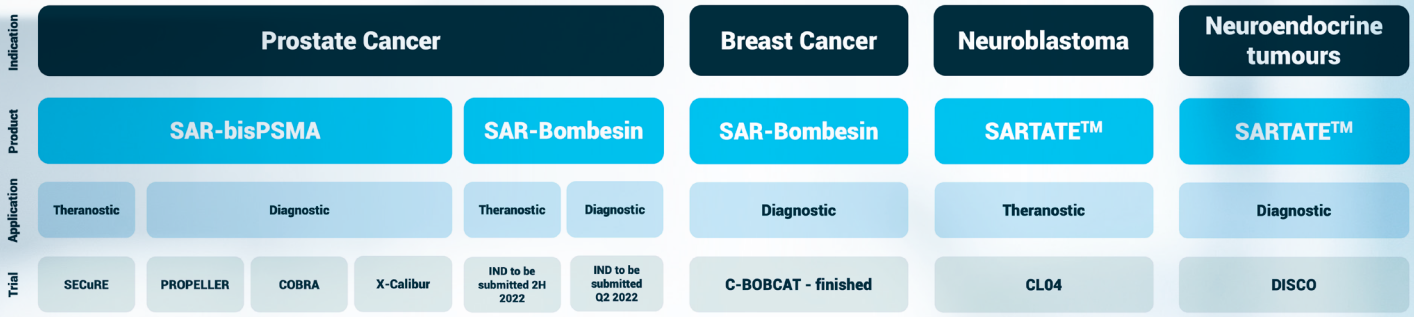
Following these CL04 trial milestones, the first patient was treated in cohort 2 at an increased dose level in accordance with SRC recommendations in February 2022. Recruitment into the CL04 trial is open at five clinical sites in the US. During the period Clarity also progressed developments for a stand-alone diagnostic trial for SARTATE™ in this patient population, and further updates to this will be provided during the year.

In the previous quarter, the company finished the C-BOBCAT trial using Clarity's third clinical stage product – **SAR-Bombesin**. Development of SAR-Bombesin during this quarter has focused on preparing all the documentation needed for an IND application with the FDA to run a trial in the US starting in late 2022.

Dr Taylor said: ***"Our team and collaborators are pleased with the significant progress on the development of the three clinical stage theranostic products in our TCT program to date. We are excited and encouraged in our continuing pursuit of developing better treatments for children and adults with cancer."***

CLINICAL DEVELOPMENT OVERVIEW

Clarity's pipeline includes the following cancer indications, products and clinical trials:



Clarity continues to generate strong results in the clinical development of our products in the TCT platform. The company is now actively recruiting in five clinical trials, being:

Theranostic trials

- **SECuRE** – Phase I/IIa theranostic trial for identification and treatment of PSMA-expressing metastatic castrate-resistant prostate cancer (mCRPC) using $^{64/67}$Cu SAR-bisPSMA in the US (NCT04868604)[4]
- **CL04** – Phase I/IIa theranostic trial in paediatric patients with high-risk neuroblastoma using $^{64/67}$Cu SARTATE™ in the US (NCT04023331)[3]

Diagnostic trials

- **PROPELLER** – Phase I Positron Emission Tomography (PET) imaging trial of participants with confirmed prostate cancer using ^{64}Cu SAR-bisPSMA in Australia (NCT04839367)[5]
- **COBRA** – Phase I/II PET trial of participants with biochemical recurrence (BCR) of prostate cancer following definitive therapy using ^{64}Cu SAR-bisPSMA in the US (NCT05249127)[1]
- **DISCO** – Phase II PET trial of participants with known or suspected neuroendocrine tumours (NETs) using ^{64}Cu SARTATE™ in Australia (NCT04438304)[6]

Additional trials are scheduled to commence throughout 2022. The anticipated studies include the **X-Calibur** trial mentioned previously as well as new trials to continue clinical development of Clarity's third product, **SAR-Bombesin**.

CLARITY'S SAR TECHNOLOGY

Radiopharmaceuticals are a growing field in the oncology market where products utilise the radiation emitted by different radioisotopes to allow diagnosis and treatment of disease.

Diagnostic radiopharmaceuticals allow visualisation of the sites of disease in the body by utilising special equipment, such as Single Photon Emission Computed Tomography (SPECT) cameras and Positron Emission Tomography (PET) cameras for imaging. Therapeutic radiopharmaceuticals use a more powerful radioisotope which has the ability to kill the cancer cells with the more potent radiation emission.

To create targeted radiopharmaceuticals, radioisotopes need to be held in a special cage (otherwise known as a chelator) which is connected to a targeting molecule using a linker (see figure below). The targeting molecules bind to specific receptors on cancer cells and deliver the radioisotope to the disease site.

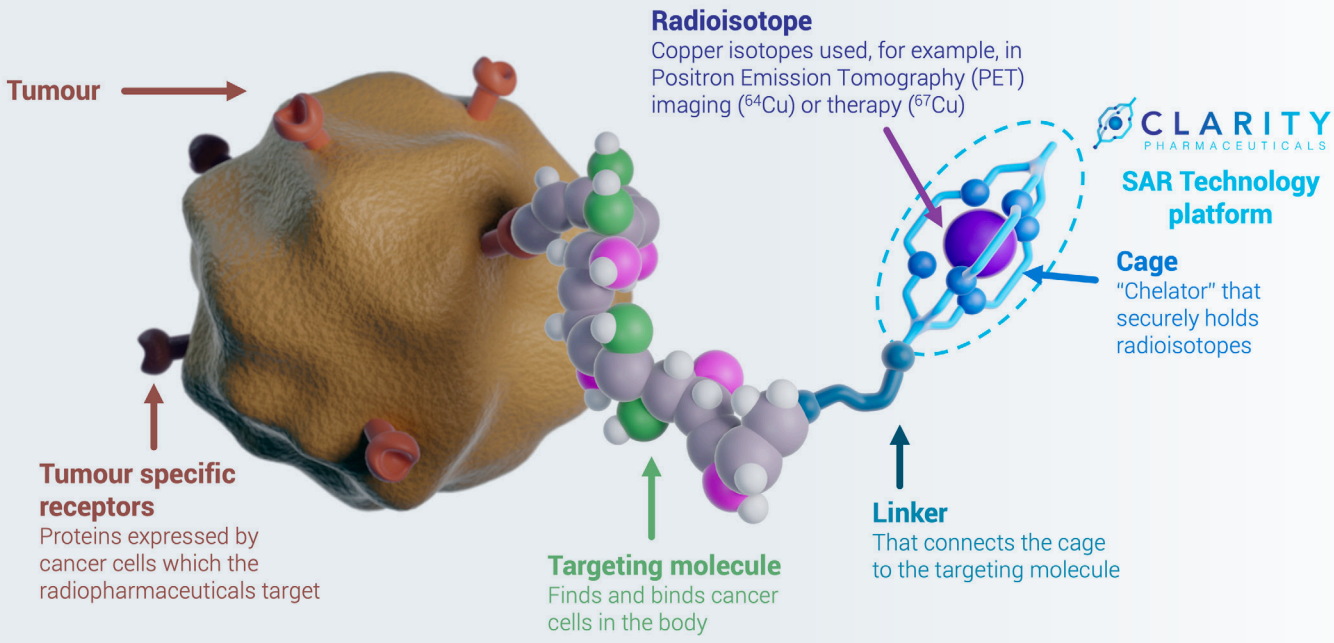
There are many target receptors that have been discovered on cancer cells with some receptors being specific to certain cancers and others found on a range of cancers. Different radiopharmaceuticals are developed to target different receptors.

Clarity has three lead radiopharmaceutical products that target three distinct receptors and a range of cancer indications. Each of them can be developed as a theranostic as well as a stand-alone diagnostic:

- **SAR-bisPSMA** – targeting PSMA expressing cancers, including prostate cancer;
- **SAR-Bombesin** – targeting GRPr expressing cancers, including prostate cancer and breast cancer; and
- **SARTATE™** –targeting SSTR2 expressing cancers, including neuroblastoma and neuroendocrine tumours.

Clarity's proprietary sarcophagine (SAR) technology can securely hold radioisotopes of copper inside the "cage" and prevent their leakage into the body.

The theranostic pairing of Cu-64 for imaging and Cu-67 for therapy has a number of advantages over other theranostic pairings, including clinical, logistical and environmental benefits.



SAR-bisPSMA – Prostate Cancer

SAR-bisPSMA is a next generation, highly targeted theranostic radiopharmaceutical, being developed for diagnosing, staging and subsequently treating cancers that express Prostate Specific Membrane Antigen (PSMA). The product uses either copper-64 (^{64}Cu) for imaging (^{64}Cu SAR-bisPSMA) or copper-67 (^{67}Cu) for therapy (^{67}Cu SAR-bisPSMA).

Theranostic ^{64}Cu/^{67}Cu SAR-bisPSMA SECuRE trial

Clarity has completed recruitment for the imaging stage of the SECuRE (NCT04868604)[4] trial. The Company looks forward to progressing to the therapy stage at all seven sites selected for the trial in the US.

The SECuRE trial is a US-based Phase I/IIa theranostic trial for identification and treatment of an advanced form of prostate cancer called metastatic castrate-resistant prostate cancer (mCRPC). Clarity's PSMA imaging product is used to visualise PSMA expressing cancers and select participants who are most likely to respond well to subsequent therapy with Clarity's PSMA therapy product. The initial imaging stage of the trial utilised Clarity's PSMA imaging product to determine where the product went (biodistribution) and what dose of the product was received (dosimetry) in the participants.

SECuRE is a multi-centre, single arm, dose escalation study with a cohort expansion planned for up to 44 patients in the therapy stage. The aim of this trial is to determine the safety and efficacy of ^{67}Cu SAR-bisPSMA as a therapy.

Diagnostic ^{64}Cu SAR-bisPSMA COBRA trial

Clarity opened the COBRA trial (NCT05249127)[1] for recruitment on the 28th of March with the first trial site, Urology Cancer Center and GU Research Network (GURN) in Omaha, Nebraska, actively recruiting shortly after receiving a green light from the US FDA with an official Study May Proceed letter on the 7th of February.

COBRA (**CO**pper-64 SAR-BisPSMA in **B**iochemically **R**ecurrent prost**A**te cancer) is a Phase I/II Positron Emission Tomography (PET) trial of participants with biochemical recurrence (BCR) of prostate cancer following definitive therapy. This means that the participants have indications that their prostate cancer returned after a period of remission following initial therapy, but the location of their cancer is unknown.

The primary objectives of the trial are to investigate the ability of ^{64}Cu-SAR-bisPSMA to correctly detect recurrence of prostate cancer as well as assess its safety and tolerability.

COBRA is a multi-centre, single arm, non-randomised, open-label trial of Clarity's PSMA imaging product (^{64}Cu SAR-bisPSMA) in up to 50 participants. It builds on the encouraging preliminary results from the PROPELLER and SECuRE trials as well as the preclinical data.

Diagnostic ^{64}Cu SAR-bisPSMA PROPELLER trial

Clarity will aim to reach full recruitment in its PROPELLER trial (NCT04839367)[5] around mid-2022. Recruitment into the PROPELLER trial commenced in August 2021.

The PROPELLER trial is a Phase I Positron Emission Tomography (PET) imaging trial of participants with confirmed prostate cancer using Clarity's PSMA imaging product (^{64}Cu SAR-bisPSMA). It is a multi-centre, blinded review, dose ranging, non-randomised study of ^{64}Cu-SAR-bisPSMA administered to patients with confirmed prostate cancer prior to radical prostatectomy. The main goals of the trial are to:

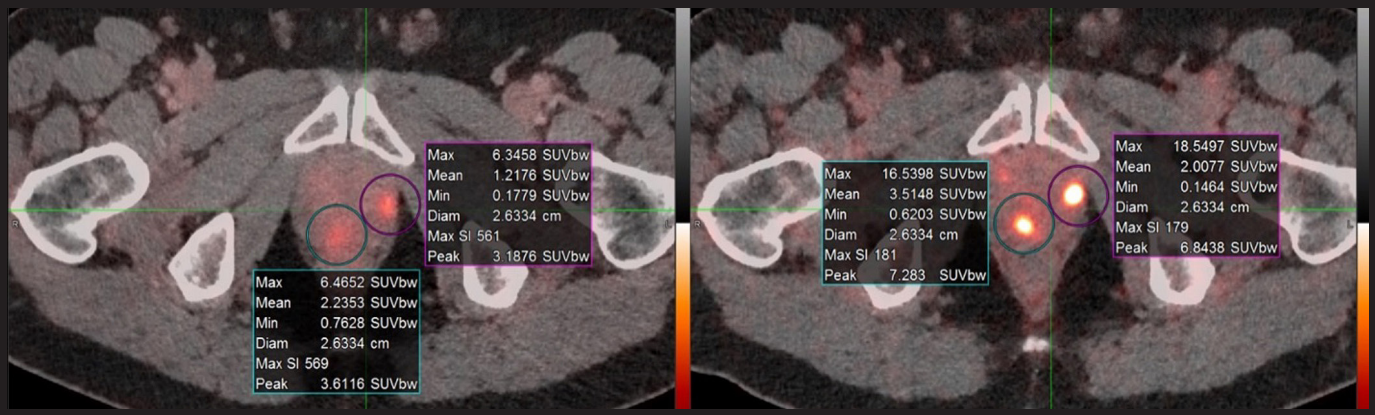
1. Determine the safety and tolerability of ^{64}Cu SAR-bisPSMA in participants with untreated, confirmed prostate cancer and planned for radical prostatectomy (radical prostatectomy means having the prostate gland removed with a surgery);
2. Examine ^{64}Cu SAR-bisPSMA at different dose levels;
3. Determine the ability of ^{64}Cu SAR-bisPSMA to detect primary prostate cancer; and
4. Compare diagnostic properties of ^{64}Cu SAR-bisPSMA against ^{68}Ga PSMA-11, the standard of care for prostate cancer imaging in Australia.

The preliminary data from the patients imaged in the PROPELLER trial to date looks very promising as it supports the evidence of high uptake of ^{64}Cu SAR-bisPSMA in the tumours that has been shown in the pre-clinical studies and validates further development of this product as a diagnostic agent.

^{68}Ga PSMA-11 (~200MBq, left) vs. ^{64}Cu SAR-bisPSMA (~200MBq, right) in the same patient; time between serial imaging was 8 days. Standardised Uptake Value (SUVmax)* of the lesions were 6.5 and 6.3 for ^{68}Ga PSMA-11 and 16.5 and 18.5 for ^{64}Cu SAR-bisPSMA

^{68}Ga PSMA-11 (~200MBq)

^{64}Cu SAR-bisPSMA (~200MBq)



* SUV is a measurement of product uptake in tissue normalised to a distribution volume.

SARTATE™ - Neuroblastoma and NETs

SARTATE™ is a next generation, highly targeted theranostic radiopharmaceutical which is being developed for diagnosing, staging and subsequently treating cancers that express somatostatin receptor 2 (SSTR2), including neuroblastoma and neuroendocrine tumours (NETs). The SARTATE™ product can be used with copper-64 (^{64}Cu) for imaging (^{64}Cu SARTATE™) or copper-67 (^{67}Cu) for therapy (^{67}Cu SARTATE™).

Theranostic ^{64}Cu/^{67}Cu SARTATE™ Neuroblastoma CL04 trial

Clarity has successfully treated its first participant in cohort 2 of the SARTATE™ neuroblastoma therapy trial CL04 (NCT04023331)[3] on the 25th of February 2022.

This cohort of participants is treated with an increased product dose of 175 MBq of ^{67}Cu SARTATE™ per kilogram body weight, following the completion on the 1st of February 2022 of cohort 1 in 3 participants with neuroblastoma who received a lower dose of the SARTATE™ therapy product (75MBq/kg body weight).

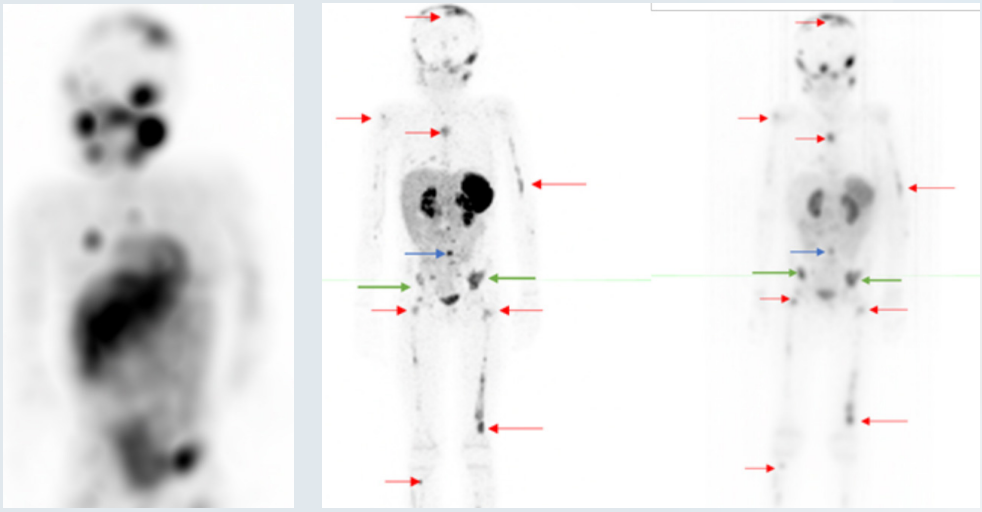
Each cohort will receive an increase in the therapeutic dose administered. Generally speaking, in the pharmaceutical field, higher therapeutic dose is usually associated with greater therapeutic response, up to a certain threshold where toxicity can occur. The CL04 trial is designed to gradually increase the dose of ^{67}Cu SARTATE™ administered to participants in each cohort until the Maximum Tolerated Dose (MTD) is reached.

In cohort 1 no Dose Limiting Toxicities (DLTs) were reported and the Safety Review Committee recommended the trial continued with the dose escalation phase as planned. Recruitment into cohort 2 is open at all five clinical sites in the US. Additional therapy cycles of ^{67}Cu SARTATE™ have been requested by clinical sites and administered to participants in cohort 1.

CL04 is a multi-centre, dose-escalation, open label, non-randomised, theranostic clinical trial in paediatric patients with high-risk neuroblastoma. The trial is a Phase I/IIa with up to 34 patients where not only the safety of both ^{64}Cu SARTATE™ and ^{67}Cu SARTATE™ are assessed, but also the effectiveness of ^{67}Cu SARTATE™ as a treatment for neuroblastoma. Patients who show uptake of ^{64}Cu SARTATE™ in tumours will continue in the trial and will receive treatment with ^{67}Cu SARTATE™.

Clarity looks forward to building upon the promising data to date and continuing recruitment in this trial during 2022.

Early imaging data from Clarity's CL-04 study showing ^{64}Cu SARTATE™ (diagnostic agent) and ^{67}Cu SARTATE™ (therapeutic agent) relative to diagnostic imaging with ^{123}I MIBG in the same patient as baseline. Arrows indicate the same lesions imaged with the diagnostic ^{64}Cu SARTATE™ and therapeutic ^{67}Cu SARTATE™.



^{123}I MIBG
Current Standard of Care

^{64}Cu SARTATE™
PET screening 4 hours

^{67}Cu SARTATE™
SPECT scan 24 hours

Diagnostic ^{64}Cu SARTATE™ NETs DISCO trial

Clarity's Diagnostic Imaging Study of ^{64}Cu SARTATE™ (DISCO) (NCT04438304)[6] continues to recruit participants at three clinical sites in Australia. The DISCO trial uses the product to image patients with known or suspected neuroendocrine tumours (NETs) and commenced in April 2021.

The DISCO trial is assessing the performance of the SARTATE™ imaging product as a potential new way to help diagnose and manage NETs. It is a Phase II study in up to 63 patients across three sites in Australia that compares the diagnostic performance of ^{64}Cu SARTATE™ at 4 and 20 hours post-administration to the current standard of care, ^{68}Ga DOTATATE, at one hour.

SAR-Bombesin – Breast Cancer and Prostate Cancer

SAR-Bombesin is a highly targeted pan-cancer theranostic radiopharmaceutical being developed for identifying and selecting patients for subsequent treatment of cancers that express a specific receptor called the gastrin releasing peptide receptor (GRPr), including breast cancer and prostate cancer. The SAR-Bombesin product uses copper-64 (^{64}Cu) for imaging (^{64}Cu SAR- Bombesin) or copper-67 (^{67}Cu) for therapy (^{67}Cu SAR- Bombesin).

Diagnostic ^{64}Cu SAR-Bombesin breast cancer C-BOBCAT trial

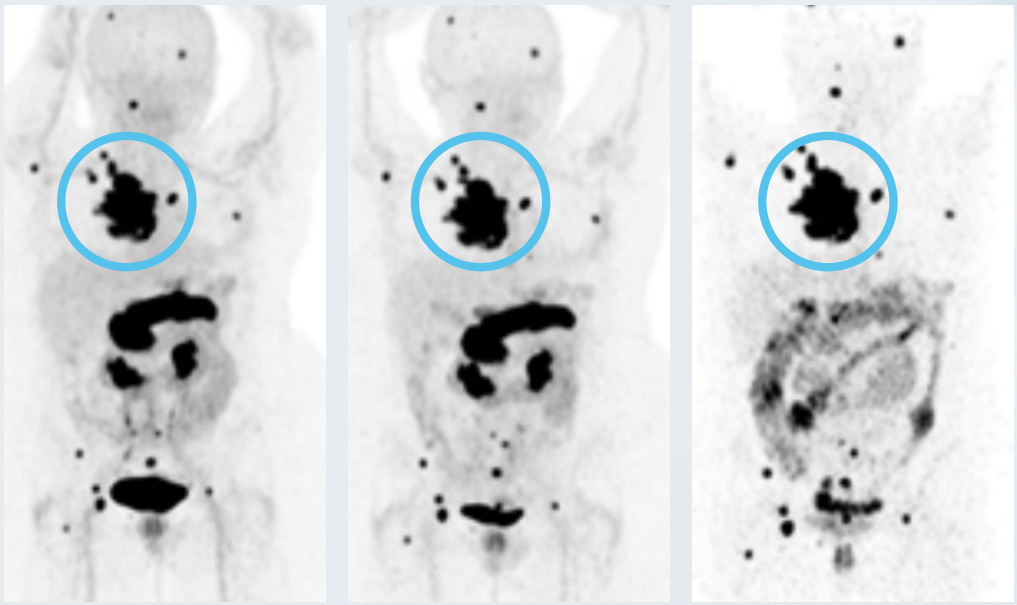
The diagnostic imaging trial of ^{64}Cu SAR-Bombesin (C-BOBCAT), led by Prof Louise Emmett at St Vincent's Hospital Sydney, closed early in October 2021, having been used in seven participants with metastatic breast cancer that is hormone positive. The study has shown promising preliminary results these patients.

The C-BOBCAT trial was a pilot assessment of the diagnostic value of ^{64}Cu SAR-Bombesin PET/CT imaging for staging of hormone positive breast cancer patients with metastatic disease in comparison with standard of care imaging (CT, bone scan and ^{18}F FDG PET/CT).

The diagnostic program generated evidence of the utility and potential superiority in some patient subgroups compared to conventional imaging (e.g. ^{99m}Tc bone scan, ^{18}F FDG). The high uptake and strong product retention visualised by PET imaging of patients at 1, 3 and 24 hours after product administration suggest significant potential for therapy applications with ^{67}Cu SAR-Bombesin.

The clinical data from the C-BOBCAT trial will be published around mid-2022 and Clarity will use the human clinical data from the trial for Investigational New Drug (IND) Application filings with the US Food and Drug Administration (FDA).

^{64}Cu SAR-Bombesin in hormone positive metastatic breast cancer at 1h, 4h and 24h after administration demonstrating high uptake and retention within the tumour and clearance from the non-target organs. Suspected cancers are those circled in blue and potentially others in the image.



T = 1 Hour

T = 4 Hours

T = 24 Hours

^{64}Cu SAR-Bombesin in prostate cancer patients

Clarity received overwhelming interest from clinicians in using SAR-Bombesin for better management of PSMA negative prostate cancer. There is a significant opportunity for non-PSMA-based prostate cancer imaging products, such as SAR-Bombesin. Although PSMA-based radiopharmaceutical products (including Clarity's) having transformed prostate cancer diagnosis, some patients with all signs of suspected prostate cancer are negative on PSMA scans, making accurate diagnosis and subsequent treatment challenging.

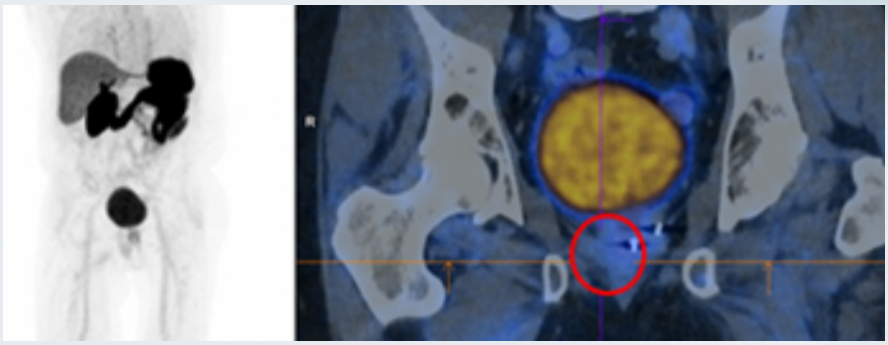
Australia's Therapeutic Goods Administration (TGA) Special Access Scheme enabled Clarity to generate preliminary clinical evidence in PSMA negative prostate cancer patients (see image below) and the Company will further look to explore the clinical development of SAR-Bombesin in prostate cancer in the US and Australia.

Clarity will then have two products in development in the prostate cancer field, SAR-bisPSMA and SAR-Bombesin, creating multiple opportunities, expertise and networks within this large oncology market.

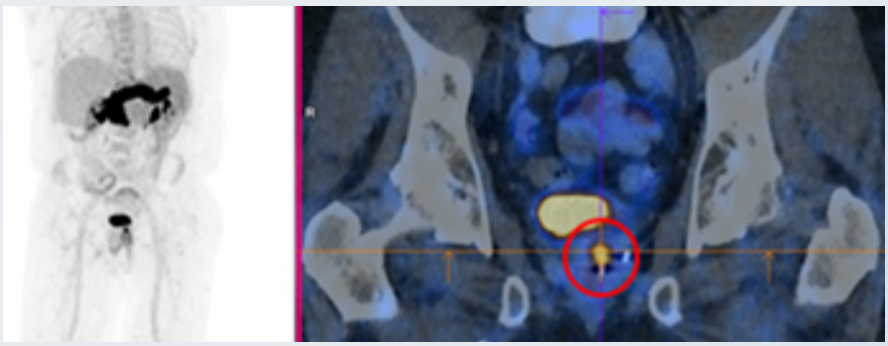
Clarity is preparing to launch a diagnostic SAR-Bombesin program in the US in 2022 in patients with prostate cancer that is PSMA negative.

^{68}Ga PSMA-11 (top) images of a PSMA negative patient with clinical signs of prostate cancer and ^{64}Cu SAR-Bombesin PET/CT images of the same patient (bottom). The suspected cancer is located in the red circle and can be clearly seen in the SAR-Bombesin image.

^{68}Ga PSMA-11



^{64}Cu SAR-Bombesin



INTELLECTUAL PROPERTY (IP)

Clarity has an extensive patent portfolio generated from a patent strategy designed to cover its SAR Technology platform, its existing radiopharmaceutical products, as well as a 'Discovery Program' focused on developing new products.

The different patents and patent applications in the portfolio cover the various products (termed 'composition of matter' patents) as well as patents that cover such aspects as manufacturing methods, formulations, and uses across the product mix. The patent applications and granted patents are generally filed and prosecuted in multiple jurisdictions including the US, major countries in Europe, China and Japan.

Most recently, Clarity has filed new provisional patents and now has 17 active patent families under management.

The evolving patent protection is testament to Clarity's aggressive patent strategy which allows the Company to achieve strong protection and to expand the product pipeline, gaining a sustainable competitive advantage in the radiopharmaceutical field.

FINANCIALS

Cash balance was $95.9 million as at 31 March 2022. Net operating cash outflows for the quarter was $0.7 million, which is net of a tax incentive receipt of $3.3 million. If the receipt is excluded then the cash outflows from operating activities was $3.9 million, slightly up on the previous quarter of $3.6 million. Operating cash outflows relate to payments for research and development, staff costs, administration, and general operating costs.

Use of Funds

(Listing Rule 4.7C.2)

	Prospectus dated 16 July 2021 $ Million	% of Total Funds	Period* to 31 March 2022 $ Million	% of Total Funds
Pre-Clinical	$2.7	2.5%	$0.6	3.3%
Clinical	$84.0	76.6%	$6.4	37.6%
Regulatory	$5.7	5.2%	$0.4	2.2%
Patents	$1.4	1.3%	$0.4	2.6%
Corporate	$10.4	9.5%	$2.6	15.4%
Costs associated with the Offer	$5.4	4.9%	$6.6	38.9%
Total uses	**$109.6**	**100.0%**	**$17.0**	**100.0%**

* From date of admission 25 August 2021.

Costs associated with the offer exceed the amount set out in the "use of funds" in the Prospectus by $1.2 million. This is explained mainly by the additional fee to the Joint Lead Managers and costs relating to the preparation of, and additional due diligence relating to, the Supplementary Prospectus dated 10 August 2021. The Company paid $750,000 to the Joint Lead Managers as part of a potential $920,000 Incentive Fee, payable entirely at the discretion of the Company. The Incentive Fee is described in 10.11.1 of the Prospectus.

Aside from the above, the expenditure for the nine-month period ended 31 March 2022 as set out in the table above is in accordance with the Use of Funds outlined in the Company's prospectus dated 16 July 2021 and there are no material variances against the estimated use of funds.

Related Party Transactions

(Listing Rule 4.7C.3)

Payments to related parties of the entity and their associates (6.1 of the Appendix 4C) totaled $276,000 for the quarter. This amount included director fees and salaries, executive director bonuses and consulting fees to a non-executive director for clinical development services.

This Activities Report has been authorised for release by the Board of Directors.

References

1. **ClinicalTrials.gov Identifier: NCT05249127** clinicaltrials.gov/ct2/show/NCT05249127
2. **ClinicalTrials.gov Identifier: NCT05286840** clinicaltrials.gov/ct2/show/NCT05286840
3. **ClinicalTrials.gov Identifier: NCT04023331** clinicaltrials.gov/ct2/show/NCT04023331
4. **ClinicalTrials.gov Identifier: NCT04868604** clinicaltrials.gov/ct2/show/NCT04868604
5. **ClinicalTrials.gov Identifier: NCT04839367** clinicaltrials.gov/ct2/show/NCT04839367
6. **ClinicalTrials.gov Identifier: NCT04438304** clinicaltrials.gov/ct2/show/NCT04438304

For more information, please contact:

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About Clarity Pharmaceuticals

Clarity is a clinical stage radiopharmaceutical company focused on the treatment of serious disease. The Company is a leader in innovative radiopharmaceuticals, developing targeted copper theranostics based on its SAR Technology Platform for the treatment of cancer in children and adults.

claritypharmaceuticals.com/

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Clarity Pharmaceuticals Ltd	
ABN	**Quarter ended ("current quarter")**
36 143 005 341	March 2022

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	-	-
1.2	Payments for		
	(a) research and development	(3,355)	(8,997)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(13)	(50)
	(d) leased assets	-	-
	(e) staff costs	(291)	(1,035)
	(f) administration and corporate costs	(307)	(1,969)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23	39
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	(5)
1.7	Government grants and tax incentives	3,263	3,263
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(680)**	**(8,754)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	(14)	(17)
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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**	**(14)**	**(17)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	92,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	69
3.4	Transaction costs related to issues of equity securities or convertible debt securities*	-	(6,324)
3.5	Proceeds from borrowings	-	-
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**	**-**	**85,745**

** Transaction costs relate to issues of equity securities includes all costs related to Clarity Pharmaceuticals Ltd's Initial Public Offering, including $725,000 classed as "payments to suppliers and employees" in the Consolidated Statement of Cash Flows in the Company's December 2021 Half Year Accounts.*

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	96,664	18,939
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(680)	(8,754)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	85,745
4.5	Effect of movement in exchange rates on cash held	(80)	(23)
4.6	**Cash and cash equivalents at end of period**	**95,890**	**95,890**

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	45,890	48,164
5.2	Call deposits *	50,000	48,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**95,890**	**96,664**

** Call deposits represents term deposit accounts with expiry dates more than 3 months after balance date, presented as "financial assets" in the audited financial statements.*

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	276
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: Payments in 6.1 include director fees and salaries and consulting fees to a non-executive director for clinical development services.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(680)
8.2	Cash and cash equivalents at quarter end (item 4.6)	95,890
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	95,890
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	141

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: .....*29 April 2022*.....

Authorised by: .....*Board of Directors*.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.