

PHARMAUST LIMITED
ACN 094 006 023

PROSPECTUS

For the pro-rata non-renounceable rights issue of approximately 92,503,645 New Shares, on the basis of 1 New Share for every 1 Share held at an issue price of 5 cents per New Share, to raise up to approximately \$4,625,182 and 1 free New Option for every 3 New Shares subscribed for under the Prospectus

Offer closes at 5:00pm WST on 5 December 2016

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The New Shares and New Options offered by this Prospectus should be considered highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 7 November 2016 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Shares will be made to ASX within 7 days after the date of this Prospectus.

We are an ASX listed company whose securities are granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us.

Restrictions on distribution

The Offer is made in Australia and New Zealand only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at www.pharmaust.com. If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

CORPORATE DIRECTORY

DIRECTORS

Dr Roger Aston (Executive Chairman)
Mr Robert Bishop (Executive Director)
Mr Sam Wright (Non-Executive Director)
Dr Wayne Best (Non-Executive Director)

COMPANY SECRETARY

Mr Sam Wright

REGISTERED OFFICE

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SHARE REGISTRY *

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Level 11
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Perth WA 6000

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* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

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1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Offer?	<p>We are offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata non-renounceable rights issue.</p> <p>Under the Rights Issue, Eligible Shareholders may subscribe for 1 New Share for every 1 Share held on the Record Date. Each Eligible Shareholder will also be entitled to 1 free New Option for every 3 New Shares subscribed for under the Prospectus. Application will be made for quotation of the New Shares. No application will be made for quotation of the New Options.</p>	Section 2.1
What is the Issue Price for the New Shares?	The Issue Price is 5 cents per New Share.	Section 2.1
What are the terms of the New Options?	The New Options have an exercise price of 12 cents and an expiry date of 30 November 2019. The full terms of the New Options are set out in Section 5.2.	Section 5.2
Who is an Eligible Shareholder?	The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.	Section 4.1(a)
How many New Securities will be issued?	The maximum number of New Securities (assuming existing Option holders do not exercise their Options) that will be issued under the Offer is 92,503,645 New Shares and 30,834,549 New Options at Full Subscription and 15,000,000 New Shares and 5,000,000 New Options at Minimum Subscription.	Section 2.1
What is the amount that will be raised under the Offer?	At the date of this Prospectus (and assuming existing Option holders do not exercise their Options), the maximum amount that may be raised under the Prospectus is \$4,625,182 before expenses at Full Subscription and \$750,000 before expenses at Minimum Subscription.	Section 2.1
Is the Offer underwritten and what capital raising arrangements are there with brokers?	The Offer is not underwritten. We may appoint a holder or representative of an AFSL to place Shortfall Securities. No such appointment has been made at the date of this Prospectus.	Section 4.1(c)

Question	Response	Where to find more information
What is Minimum Subscription?	<p>Minimum Subscription under the Rights Issue is \$750,000. Each of the Directors will take up their full Entitlement (together totalling \$440,326).</p> <p>No New Securities will be allotted or issued unless the Minimum Subscription has been received.</p>	Section 4.1(b)
What is the purpose of the Offer?	<p>The purpose of the Offer at Minimum Subscription is to raise funds:</p> <ul style="list-style-type: none"> • To continue and complete Phase II canine trials using the Company's MPL (monepantel) capsules at the University of Cambridge, UK and in New South Wales and Queensland. • To fund the costs of preparing for the Company's NASDAQ listing. • To prepare for a Phase II human trial using MPL. • To pay the costs of the rights issue. • To provide working capital. <p>A budget of how we intend to use the funds at both Minimum Subscription and at Full Subscription (and where funds will be applied as moneys are raised beyond Minimum Subscription) is set out in Section 2.2. As with any budget, new circumstances may change the way the funds are applied.</p>	Section 2.2
What is the effect of the Offer on share capital and cash reserves?	<p>The effect of the Offer on share capital and cash reserves is to:</p> <ul style="list-style-type: none"> • Increase the number of Shares and Options on issue. • Increase our cash reserves at Minimum Subscription by up to approximately \$750,000 before the costs of the Offer and at Full Subscription by up to approximately \$4,625,182 before the costs of the Offer. 	Section 2.3
What are the key risks of a further investment in the Company?	<p>The Rights Issue should be considered highly speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in this Prospectus and all other public announcements and reports of the Company. Some of the specific risks relevant to an investment in the Company are:</p> <p>Commercialisation of anti-cancer products</p> <p>The Company's future success depends on its ability to develop its key anti-cancer product, monepantel (MPL) and growing its subsidiary, Epichem (see Epichem subsidiary risks below). No assurances can be given of the successful development and commercialisation of MPL or the growth of Epichem.</p>	Section 3

Question	Response	Where to find more information
	<p>Future capital needs and additional funding</p> <p>The Company's ability to implement its business strategy will depend in part on its ability to continue to raise additional funds. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to it will vary according to a number of factors, including the success of the development of current products and industry conditions. No assurance can be given that future funding will be available, or that it will be available on terms favourable to the Company. If only Minimum Subscription is raised by this Offer, how the Company intends to use the funds is set out in Section 2.2. Further funds beyond Minimum Subscription will be needed in order to fund certain matters as set out in Section 2.2.</p> <p>Dependence on key personnel</p> <p>The Company's success depends on the core competencies of its Directors and its ability to retain these people.</p> <p>NASDAQ listing risk</p> <p>The Company is seeking a quotation of its securities on NASDAQ as a secondary listing for the Company. Although this process has commenced and a mandate letter has been signed with a New York investment banking firm to raise US\$10 million, there is no guarantee that this listing will occur.</p> <p>Clinical validation and regulatory risk</p> <p>A core component of the Company's strategy is the commercialisation and registration of existing and potentially new related products for the treatment of cancer in humans and companion animals. Further successful clinical trials will be required in order for the Company to gain regulatory approval for its products.</p> <p>Epichem subsidiary risks</p> <p>Epichem is a wholly owned subsidiary of the Company and has been delivering synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries since 2003. It also provides custom synthesis and contract drug discovery. Epichem's success is dependent on a number of factors, including the ability to retain its skilled team of scientists, the state of the industries in which it operates and the ability to obtain future contracts from clients.</p>	

Question	Response	Where to find more information										
How do I accept my Entitlement under the Offer?	<p>All Eligible Shareholders are entitled to subscribe for New Shares and New Options under the Offer. If you wish to make an Application in respect to your Entitlement, you must complete the Entitlement and Acceptance Form that accompanies this Prospectus.</p> <p>You may accept all or part of your Entitlement.</p> <p>If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement will lapse.</p>	Section 4.2										
What will happen to Excluded Shareholders?	The Offer is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is not situated in Australia or New Zealand).	Section 4.2(b)										
How will Shortfall be allocated?	<p>Any Entitlement not accepted will form the Shortfall.</p> <p>Eligible Shareholders are entitled to apply for Shortfall Securities in accordance with Section 4.4. The Shortfall Securities will be placed at the absolute discretion of the Directors.</p>	Section 4.4										
What is the effect of the Offer on control of the Company?	<p>The Offer is 1 New Share for every 1 Share held by Eligible Shareholders and the maximum dilution at Full Subscription that will be experienced by any Eligible Shareholder that fails to subscribe for any Entitlement is 50% of its existing shareholding.</p> <p>The largest substantial holding of Shares at the date of this Prospectus is 7.17% held by an unrelated party to the Company.</p> <p>Shortfall will be allocated to ensure that no party will breach the takeover provisions in the Corporations Act. No party by this Offer can increase its relevant interest to 20% or more.</p> <p>By reason of the above, the Offer should not have a material effect on the control of the Company.</p>	Section 2.6										
What are the key dates of the Offer?	<table border="0"> <tr> <td>Prospectus lodged with ASIC</td> <td>7 November 2016</td> </tr> <tr> <td>Prospectus lodged with ASX (pre-open)</td> <td>8 November 2016</td> </tr> <tr> <td>Appendix 3B lodged with ASX (pre-open)</td> <td>8 November 2016</td> </tr> <tr> <td>"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer)</td> <td>10 November 2016</td> </tr> <tr> <td>Record Date (to determine eligibility of Shareholders to participate in the Offer)</td> <td>11 November 2016</td> </tr> </table>	Prospectus lodged with ASIC	7 November 2016	Prospectus lodged with ASX (pre-open)	8 November 2016	Appendix 3B lodged with ASX (pre-open)	8 November 2016	"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer)	10 November 2016	Record Date (to determine eligibility of Shareholders to participate in the Offer)	11 November 2016	
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Record Date (to determine eligibility of Shareholders to participate in the Offer)	11 November 2016											

Question	Response	Where to find more information
	<p>Anticipated sending of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders and Opening Date 16 November 2016</p> <p>Closing Date 5 December 2016</p> <p>Deferred settlement trading 6 December 2016</p> <p>ASX notified of under-subscriptions 8 December 2016</p> <p>Issue date 12 December 2016</p> <p>Deferred settlement trading ends 12 December 2016</p> <p>New Securities commence normal trading on ASX. 13 December 2016</p> <p>Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.</p>	

2. REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY

2.1 Background

The Company is developing cancer treatment products for humans and animals and a subsidiary, Epichem delivers synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries. The Company's current focus is on completing Phase II trials on canines using the Company's MPL capsules (monepantel) at the University of Cambridge, UK and at centres in New South Wales and Queensland, funding the costs associated with a NASDAQ listing and undertaking preparatory work for a Phase II trial of monepantel on various cancers in humans.

We are making this Offer which consists of a pro-rata non-renounceable rights issue of approximately 92,503,645 New Shares at Full Subscription and 15,000,000 New Shares at Minimum Subscription. The Offer is made on the basis of 1 New Share for every 1 Share held by Eligible Shareholders on the Record Date at an issue price of 5 cents per New Share and 1 free New Option for every 3 New Shares subscribed for under the Prospectus ("**Rights Issue**"). On this basis, the Rights Issue will seek to raise up to approximately \$4,625,182 at Full Subscription and \$750,000 at Minimum Subscription.

Application will be made for quotation of the new Shares on ASX. No application will be made for quotation of the New Options.

As at the date of this Prospectus, we have 92,503,645 Shares and 675,000 unlisted Options on issue. Option holders with an address in Australia or New Zealand may exercise their Options before the Record Date and participate in the Offer. In this event, the number of New Securities to be issued under this Prospectus and the funds raised as a result of the Rights Issue may vary slightly.

2.2 Use of Funds

We are seeking to raise a total of up to approximately \$4,625,182 from this Rights Issue at Full Subscription. Presented below is how the Company intends to use its current funds at the date of this Prospectus and the proceeds of the Offer at both Minimum Subscription and Full Subscription:

Funds Available	Minimum Subscription	Full Subscription
Cash on hand	\$298,000	\$298,000
Funds raised under the Offer ¹	\$750,000	\$4,625,182
Total funds available	\$1,048,000	\$4,923,182

Use of Funds		
Continue and complete Phase II canine trials using the Company's MPL (monepantel) capsules	\$200,000	\$200,000
Costs of a preparing for NASDAQ listing	\$400,000	\$400,000
Preparing for Phase II human trial	\$150,000	\$3,000,000
Employment of Chief Scientific Officer	\$0	\$220,000
Expenses of the Offer ²	\$41,000	\$49,200

General working capital ³	\$257,000	\$1,053,982
Total	\$1,048,000	\$4,923,182

1. This table assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Offer. In the event that more funds are raised than \$4,625,182 we will allocate those additional funds to general working capital.
2. The items of expenses are set out in Section 5.8. The Company reserves the right to pay an approximate 6% fee to the holder or representative of an AFSL for placing Shortfall Securities.
3. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance, office occupancy costs and intellectual property renewal fees.
4. In the event that moneys are raised beyond Minimum Subscription to Full Subscription, up to the following amount of net funds are intended to be applied to the following activities:
 - (a) Preparing for Phase II human trial – up to \$2,850,000;
 - (b) Employment of Chief Scientific Officer – up to \$220,000; and
 - (c) General working capital – up to a further \$796,982.

As net funds (after the additional expenses of the Offer) are raised beyond Minimum Subscription up to a further \$3,866,982, it is intended to apply these funds pro-rata to the activities in (a) to (c) above in accordance with the above amounts subject to note 6 below.

The Directors wish to retain a significant amount of working capital to cover the eventuality that the NASDAQ listing does not proceed before 30 June 2017 for whatever reason.

5. The Company has accessed research and development tax incentive funding to date from the Australian Commonwealth Government to assist funding the cancer treatment studies. Currently, a research and development tax incentive scheme provides a refundable tax offset for certain eligible research and development activities for an entity whose aggregated turnover is less than \$20 million. Any such funding by way of receiving a refundable tax offset is intended to be applied to general working capital. Any such funding is uncertain and has therefore not been included in the table above, although the Company has recently lodged a claim for \$420,000.
6. The table is a statement of our proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

2.3 Effect on share capital and cash reserves

The principal effects of the Rights Issue on the share capital and cash reserves of the Company will be to:

- (a) increase the total number of Shares and Options on issue (see Section 2.4); and
- (b) increase our cash reserves at Minimum Subscription by up to approximately \$750,000 before the costs of the Offer and at Full Subscription by approximately \$4,625,182 before the costs of the Offer (see Section 2.5).

A pro forma statement of financial position, which contains further information about the effect of the Rights Issue on the Company, is provided in Section 2.5.

2.4 Effect on capital structure

Assuming that no Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital as at the date of this Prospectus at Minimum Subscription and Full Subscription will be as shown in the following table:

Shares	Minimum Subscription	Full Subscription
Existing Shares	92,503,645	92,503,645
New Shares issued under Rights Issue	15,000,000	92,503,645
Total Shares on issue after completion of the Rights Issue	107,503,645	185,007,290

Options	Minimum Subscription	Full Subscription
Existing unquoted Options (exercise price 16 cents expiring 3 September 2018)	675,000	675,000
New Options issued under Rights Issue – unquoted (exercise price 12 cents expiring 30 November 2019)	5,000,000	30,834,549
Total Options on issue after completion of the Rights Issue	5,675,000	31,509,549

2.5 Pro forma Statement of financial position

To illustrate the effect of the Rights Issue on the Company, a pro forma statement of financial position has been prepared based on the unaudited pro forma statement of financial position as at 30 September 2016. The pro forma statement of financial position shows the effect of the Rights Issue as if it had been made on 30 September 2016 at both Minimum Subscription and Full Subscription based on the following assumptions:

- * At Full Subscription, the issue of 92,503,645 New Shares under the Offer at an issue price of 5 cents each to raise \$4,625,182 and the issue of 30,834,549 New Options for free and estimated expenses of the Offer of \$49,200.
- * At Minimum Subscription, the issue of 15,000,000 New Shares under the Offer at an issue price of 5 cents each to raise \$750,000 and the issue of 5,000,000 New Options for free and estimated expenses of the Offer of \$41,000.

	Unaudited 30 September 2016	Unaudited Pro- forma (Minimum Subscription)	Unaudited Pro- forma (Full Subscription)
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	422,679	1,131,679	4,998,661
Trade and other receivables	139,429	139,429	139,429
Other current assets	28,131	28,131	28,131
Financial assets	4,250	4,250	4,250
Inventory	164,579	164,579	164,579
TOTAL CURRENT ASSETS	759,068	1,468,068	5,335,050
NON-CURRENT ASSETS			
Intangible assets	3,107,476	3,107,476	3,107,476
Plant and equipment	1,929,396	1,929,396	1,929,396
TOTAL NON-CURRENT ASSETS	5,036,872	5,036,872	5,036,872
TOTAL ASSETS	5,795,940	6,504,940	10,371,922
CURRENT LIABILITIES			
Trade and other payables	354,742	354,742	354,742
Borrowings	157,899	157,899	157,899
Provisions	180,054	180,054	180,054
TOTAL CURRENT LIABILITIES	692,694	692,694	692,694
NON-CURRENT LIABILITIES			
Borrowings	450,000	450,000	450,000
Provisions	48,799	48,799	48,799
TOTAL NON-CURRENT LIABILITIES	498,799	498,799	498,799
TOTAL LIABILITIES	1,191,493	1,191,493	1,191,493
NET ASSETS	4,604,446	5,313,446	9,180,428
EQUITY			
Issued capital	44,463,072	45,213,072	49,088,254
Reserves	983,492	983,492	983,492
Accumulated losses	-40,842,118	-40,883,118	-40,891,318
TOTAL EQUITY	4,604,446	5,313,446	9,180,428

2.6 **Potential effect on control**

The Offer is 1 New Share for every 1 Share held by Eligible Shareholders and the maximum dilution that will be experienced by any Eligible Shareholder that fails to subscribe for any Entitlement at Full Subscription is 50% of its existing shareholding.

The largest substantial holding of Shares at the date of this Prospectus is 7.17% held by an unrelated party to the Company. In the event that this Shareholder takes up his full Entitlement and only Minimum Subscription is achieved, the relevant interest of the Shareholder will increase to 12.34%.

Shortfall will be allocated to ensure that no party will breach the takeover provisions in the Corporations Act.

Accordingly, no party by this Offer can increase their relevant interest to 20% or more.

By reason of the above, the Offer should not have a material effect on the control of the Company.

3. RISK FACTORS

3.1 Introduction

An investment in the securities the subject of this Prospectus is highly speculative as the Company is developing cancer treatment products and a subsidiary, Epichem, delivers synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries.

There are a number of factors that may have a material impact on our future operating and financial performance. The key material risks are described below.

You should carefully consider the risks described below, the information contained in other sections of this Prospectus, and all other relevant material including our public announcements and reports.

3.2 Specific Risks

Commercialisation of anti-cancer products

The Company's future success depends on its ability to develop its key anti-cancer product, monepantel (MPL), and any subsequent commercialisation of this product. No assurances can be given of the successful development and commercialisation of this anti-cancer product.

Future capital needs and additional funding

The Company's ability to implement its business strategy will depend in part on its ability to continue to raise additional funds. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to it will vary according to a number of factors, including the success of the development of current products and industry conditions. No assurance can be given that future funding will be available, or that it will be available on terms favourable to the Company. If only Minimum Subscription is raised by this Offer, how the Company intends to use the funds is set out in Section 2.2. Further funds beyond Minimum Subscription will be needed in order to fund certain matters as set out in Section 2.2.

Dependence on key personnel

The Company's success depends on the core competencies of its Directors and, in particular, Dr Roger Aston. The expertise of the Company's scientific staff will also be instrumental in the development of products as well as the success and evaluation of clinical trials. Loss of key personnel may adversely affect the Company.

NASDAQ listing risk

The Company is seeking a quotation of its securities on NASDAQ as a secondary listing for the Company. Although this process has commenced and a mandate letter has been signed with a New York investment banking firm to raise US\$10 million, there is no guarantee that this listing will occur.

Clinical validation and regulatory risk

A core component of the Company's strategy is the commercialisation and registration of existing and potentially new related products for the treatment of cancer in humans and companion animals. Successful clinical trials will be required in order for the Company to gain regulatory approval for its products.

The Company's products are regulated by government bodies such as the Therapeutic Goods Administration in Australia. The Company is required to seek regulatory approval to commercialise and distribute its products. Due to the inherent uncertainty involved in obtaining regulatory approval, there is a risk that the Company's products may not satisfy the requirements for approval, or that the approval process takes longer than expected and therefore delays commercialisation.

Epichem subsidiary risks

Epichem is a wholly owned subsidiary of the Company and has been delivering synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries since 2003. It also provides custom synthesis and contract drug discovery. Epichem's success is dependent on a number of factors including the ability to retain its skilled team of scientists, the state of the industries in which it operates and the ability to obtain future contracts from clients.

Intellectual property risk

Securing rights to intellectual property, and in particular to patents, is an integral part of securing potential product value arising out of pharmaceutical, biotechnical and chemical research and development. The Company's success depends in part, on its ability to obtain patents, protect trade secrets and operate without infringing third parties' proprietary rights.

The granting of a patent does not guarantee that the rights of other parties are not infringed or that competitors will not develop competing intellectual property that circumvents the patents. In addition, there can be no assurance that any patents that the Company may own or control or licence now or in the future will afford the Company commercially significant protection of its intellectual property or its projects or have commercial application.

Competition in obtaining, retaining and maintaining protection of intellectual property and the complex nature of intellectual property rights can also lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

While the Company is not aware of any third party interests in its intellectual property rights and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in pharmaceutical, biotechnical and chemical discoveries and if any disputes arise, they could adversely affect the Company.

Future product development

The Company faces a number of product related risks inherent in the development of new drugs for clinical markets. These range from clinical trial risk as noted above, an active market to support the development of new products as well as distribution and manufacturing risk.

The success of projects and product commercialisation depends on partnering with collaborators interested in the Company's platform and the appointment and co-operation of distributors to market and sell products to target segments. Although arrangements can be

confirmed in agreements and undertakings given for the completion of work to be done and activities to perform, there is a risk that the performance of distributors and the delivery of contracted outcomes by collaborators will not occur due to a range of unforeseen factors relating to environment, technology and market conditions.

Product liability risk

The Company's business of development of cancer treatment products exposes it to potential product liability claims. The Company may seek to obtain adequate product liability insurance at the appropriate time in order to minimise its liability to such claims however there can be no assurance that adequate insurance coverage will be available at an acceptable cost. If the Company is unable to obtain sufficient product liability insurance then claims of this nature may adversely affect the Company's profitability.

Liquidity risk

There is no guarantee that there will be an ongoing liquid market for Shares (including the New Shares under this Prospectus). Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

The New Options under this Prospectus will not be sought to be quoted. Accordingly, there will be no liquid market for the New Options.

Competition in development of cancer products

The Company faces competition in the development of cancer treatment products, which may include organisations with greater capital resources and expertise. The ability of a current or new competitor to introduce an improved product may adversely impact on the Company's financial performance. Such competition and new technologies can have the effect of rendering costly research and development obsolete, decreasing the financial value of products or research projects and reducing pricing and profit margins.

Legal proceedings

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

Foreign exchange risks

Revenue and expenditure in overseas jurisdictions are subject to fluctuations in international currency exchange markets and changes in foreign exchange laws or regulations. Foreign currency exchange rates, withholding taxes, inflation, interest rates, limitation on the repatriation of earnings, compliance with foreign accounting and business laws and cultural differences also carry a certain amount of risk and may also have an impact on the performance of the Company.

General contract risks

The Company and its two subsidiaries operate through a series of contractual relationships with third parties through various contracts. All contracts carry risks associated with the performance by the parties of their obligations such as time commitments, achieving targets and quality of work performed.

Contracts will need to be negotiated with a number of third parties including for the sales, marketing and distribution of pharmaceutical products. The Company may become reliant on suppliers, manufacturers and distributors, the loss of whose services may materially adversely affect the Company and impede the achievement of its objectives.

3.3 **General Risks**

Securities Investments and Share Market Conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for life sciences and pharmaceutical companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Economic Risk

Changes in economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in Australia and the US subsequent to a NASDAQ listing may adversely affect the financial performance of the Company.

4. DETAILS OF THE OFFER

4.1 The Offer

(a) Overview

All Eligible Shareholders are entitled to participate in the Rights Issue. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia or New Zealand on the Record Date. The Record Date is 4.00pm WST, 11 November 2016.

As an Eligible Shareholder you are entitled to subscribe for 1 New Share for every 1 Share held on the Record Date at the Issue Price of 5 cents per New Share. You are also entitled to 1 free New Option for every 3 New Shares subscribed for.

When calculating your Entitlement to New Options, we will round up fractions to the nearest whole number.

The Company's Share Registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm WST on 5 December 2016).

The Offer is non-renounceable. This means that you may not sell or transfer all or part of your Entitlement. The Offer will lapse if you do not accept your Entitlement by the Closing Date.

(b) Minimum Subscription

Minimum Subscription under the Rights Issue is \$750,000. Each of the Directors will take up their full Entitlement (together totalling \$440,326).

No New Securities will be allotted or issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application moneys to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application moneys.

(c) Offer is not underwritten

The Offer is not underwritten. The Company may appoint the holder of an AFSL to place Shortfall Securities (see Section 4.4). No such appointment has been made at the date of this Prospectus.

(d) Rights attaching to New Shares and terms of New Options

A summary of the rights attaching to the New Shares and the terms of the New Options are set out in Sections 5.1 and 5.2.

(e) Taxation

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares and New Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to

the taxation consequences connected with the Rights Issue or the New Shares and New Options.

4.2 How to accept the Rights Issue

(a) Action required by Eligible Shareholders

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Prospectus sent to you. To subscribe to the Rights Issue, you must complete this form in accordance with the instructions.

You may take up your Entitlement in whole or in part or allow all of your Entitlement to lapse.

You may pay by cheque or by BPAY.

If you pay by cheque, please make the cheque payable to "PharmAust Limited" and cross it "Not Negotiable". Completed Entitlement and Acceptance Forms (and a cheque for the Application Money) must be mailed to the postal address set out below.

Postal address: PharmAust Limited
c/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

If you pay by BPAY, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY. It is your responsibility to ensure that we receive your payment by the Closing Date. We do not accept any responsibility for incorrectly completed BPAY payments.

You should be aware that your own financial institution may implement earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making payment.

We must receive your Entitlement and Acceptance Form by the Closing Date. If we receive your Entitlement and Acceptance Form after the Closing Date, we may, at our discretion, accept or reject your Application. If we reject your Application, you will receive a refund in full of any payment of Application Money without interest.

If you complete and lodge an Entitlement and Acceptance Form, you will be deemed to have accepted the Offer to subscribe, on the terms set out in this Prospectus and in the Entitlement and Acceptance Form, for the number of New Shares and New Options specified in the Form.

We will hold your Application Money on trust until we issue the New Shares and New Options in accordance with the Corporations Act. We will retain any interest earned on the Application Money, whether or not the New Shares and New Options are issued to you.

If you are in any doubt as to how to complete or deal with your Entitlement and Acceptance Form, you should contact your professional adviser for assistance.

(b) **Excluded Shareholders**

The Company is of the view that it is unreasonable to make an offer to Excluded Shareholders (a Shareholder whose registered address is not in Australia or New Zealand) having regard to the number of Excluded Shareholders, the number and value of Shares these Excluded Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended, and New Securities will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

(c) **New Zealand offer restrictions**

The New Shares and New Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

4.3 **Allotment and Quotation**

(a) **Allotment of New Shares and New Options**

The New Shares and New Options issued pursuant to the Rights Issue will be allotted as soon as practicable after the Closing Date. We will allot the New Shares and New Options on the basis of your Entitlement.

Pending the allotment and issue of New Shares and New Options or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold.

No securities will be allotted and issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

(b) **Quotation of New Shares by ASX**

We intend to apply to ASX for quotation of the New Shares within 7 days of the date of this Prospectus. If the ASX accepts our application, quotation of the New Shares will commence after the allotment of the New Securities.

If any New Shares are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not issue those New Shares and New Options and the Application Money in respect of those New Shares and New Options will be refunded to you without interest within the time prescribed by the Corporations Act.

(c) **No quotation of New Options by ASX**

No application will be made for the New Options to be quoted.

Therefore, the New Options will be unlisted.

(d) **Holding Statements**

We participate in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share certificate. You will receive a holding statement setting out the number of New Shares and New Options issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

4.4 **Shortfall**

Any New Shares and New Options under the Rights Issue that are not applied for will form the Shortfall Securities. The Offer to issue Shortfall Securities is a separate offer under the Prospectus.

Under this Prospectus, the Company offers to issue the Shortfall Securities to a party (which may include investors other than Eligible Shareholders) at the same price as the New Shares offered under the Rights Issue.

Shareholders may apply for any Shortfall Securities by completing the relevant section in the Entitlement and Acceptance Form and sending it to the Company's share registry together with payment by cheque or BPAY in the amount of Shortfall applied for.

The Company will allocate Shortfall Securities at the absolute discretion of Directors within 3 months of the Closing Date.

Related parties may not apply for Shortfall Securities without prior Shareholder approval.

It is your responsibility to ensure that you will not breach the takeover provisions in the Corporations Act (a 20% voting power threshold) by applying for Shortfall Securities.

Application for Shortfall with moneys does not guarantee any allotment of any Shortfall Securities. The Company may determine that an applicant for Shortfall Securities will receive a lesser number of Shortfall Securities than the number applied for or may reject an application for Shortfall Securities. All application moneys in relation to which Shortfall Securities are not allocated will be returned without interest.

The Company reserves the right to pay up to an approximate 6% fee to the holder or representative of an AFSL for placing some or all of any Shortfall Securities. No such appointment has been made at the date of this Prospectus.

5. ADDITIONAL INFORMATION

5.1 Rights attaching to New Shares

The rights attaching to ownership of Shares in the Company (including the New Shares) are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid (not credited) on the relevant share bears to the total amounts paid and payable in respect of those shares (excluding amounts credited). Voting may be in person or by proxy, attorney or representative.

Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are to be paid equally on all shares except that a partly paid share confers an entitlement only to the proportion of the dividend which the amount paid (not credited) on a share bears to the total amounts paid and payable (excluding amounts credited).

Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over or otherwise dispose of, unissued Shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, the Listing Rules and any other applicable law of Australia, shares are freely transferable.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

Election of Directors

There must be a minimum of 3 Directors. A Director must retire from office at the third annual general meeting after the Director was elected or most recently re-elected. These retirement rules do not apply to certain appointments including the managing director. Directors appointed by the Board as additional Directors hold office until the next following annual general meeting and are then eligible for re-election.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules

Despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

5.2 Terms of New Options

The terms of the issue of the New Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 30 November 2019.
- (c) The exercise price of the Options is 12 cents each.
- (d) The Options will be freely transferable. No application will be made for the Options to be quoted.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share. The Company will process all relevant documents received at the end of every calendar month.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.

- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

5.3 Transaction specific prospectus and continuous disclosure obligations

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:

- (i) the annual financial report most recently lodged by the Company with ASIC;
- (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
- (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of this Prospectus with ASIC.

We lodged our latest annual report with ASX on 31 August 2016. Since then, we have made the following announcements to ASX, shown in the table below.

Date	Description of Announcement
31/08/2016	Appendix 4G & Corporate Governance Statement
13/09/2016	MPL capsules shipped to centres in NSW & Qld for Phase II
16/09/2016	Epichem achieves ISO 9001 2015 certification
19/09/2016	Phase II Canine Trial begins at University of Cambridge, UK
11/10/2016	Notice of Annual General Meeting/Proxy Form
14/10/2016	Second canine receives treatment in trial
31/10/2016	Appendix 4C – Quarterly Report & Company Update

5.4 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest closing market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last closing market price on the day on which Shares traded prior to lodgement of this Prospectus with ASIC were:

	Price	Date
Highest	9.4 cents	15 and 18 August 2016
Lowest	7.0 cents	31 October 2016 and 2 November 2016
Latest	7.0 cents	2 November 2016

5.5 Board and Management

The Board consists of:

- Dr Roger Aston (Executive Chairman)
- Mr Robert Bishop (Executive Director)
- Mr Sam Wright (Non-Executive Director and Company Secretary)
- Dr Wayne Best (Non-Executive Director)

Dr Aston and Mr Bishop are not considered independent directors.

Dr Best and Mr Wright are considered independent directors.

5.6 Directors' Interests

(a) Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

(b) Interests in securities as at the date of this Prospectus

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in the table below. Interests include those held directly and indirectly.

Each of the Directors intends to take up their full Entitlement. The table below details Entitlement Shares and total Shares.

Director	Number of Shares currently held	Number of Options currently held	Entitlement Shares	Total Shares
Dr Roger Aston	5,373,148	0	5,373,148 ¹	10,746,296 ²
Robert Bishop	2,739,664	0	2,739,664 ³	5,479,328 ⁴
Sam Wright	500,000	0	500,000 ⁵	1,000,000 ⁶
Dr Wayne Best	193,716	250,000 ⁷	193,716 ⁸	387,432 ⁹

1. Based on the Entitlement Shares to be subscribed for, Dr Roger Aston will receive 1,791,049 New Options.
2. The highest relevant interest of Dr Roger Aston in Shares in the Company after completion of the Offer assuming Minimum Subscription is 10.00%.
3. Based on the Entitlement Shares to be subscribed for, associates of Robert Bishop will receive 913,221 New Options.

4. The highest relevant interest of Mr Robert Bishop in Shares in the Company after completion of the Offer assuming Minimum Subscription is 5.10%.
5. Based on the Entitlement Shares to be subscribed for, Sam Wright will receive 166,667 New Options.
6. The highest relevant interest of Sam Wright in Shares in the Company after completion of the Offer assuming Minimum Subscription is 0.93%.
7. Dr Wayne Best has 250,000 Options with an exercise price of 16 cents and an expiry date of 3 September 2018.
8. Based on the Entitlement Shares to be subscribed for, Dr Wayne Best will receive 64,572 New Options.
9. The highest relevant interest of Dr Wayne Best in Shares in the Company after completion of the Offer assuming Minimum Subscription is 0.36%.

(c) **Remuneration of Directors**

Dr Roger Aston is paid \$260,000 per annum plus superannuation of 9.5% as executive chairman. In the two years prior to the date of this Prospectus Dr Aston has received a total remuneration of \$569,400.

Mr Robert Bishop is paid \$104,000 per annum plus superannuation of 9.5% as an executive director. In the two years prior to the date of this Prospectus Mr Bishop has received a total remuneration of \$227,760.

Mr Sam Wright is paid \$90,000 per annum plus GST as a non-executive director and Company Secretary. In the two years prior to the date of this Prospectus Mr Wright has received a total remuneration of \$180,000 as a Director and Company Secretary.

Dr Wayne Best is paid \$150,000 per annum plus superannuation of 9.5% plus bonuses of up to a maximum of \$30,000 in the event of the satisfaction of bonus milestones as a non-executive director of PharmAust and Managing Director of Epicchem. In the two years prior to the date of this Prospectus Dr Best has received a total remuneration of \$382,545.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company.

5.7 Interests of experts and advisers

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Fairweather Corporate Lawyers has acted as lawyers to the Company in relation to the Rights Issue. We estimate that we will pay approximately \$22,000 (excluding GST) for these services. In the past two years, Fairweather Corporate Lawyers has or will be paid fees (excluding GST) of approximately \$20,065 by the Company for other services.

5.8 Expenses of the Offer

The expenses connected to the Rights Issue payable by the Company are estimated at approximately \$41,000 at Minimum Subscription and approximately \$49,200 at Full Subscription. These estimated expenses include legal fees, ASX and ASIC fees and other miscellaneous expenses directly attributable to the Rights Issue.

5.9 Consents

The following party has given its written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to Fairweather Corporate Lawyers being named as the Solicitors to the Offer.

The party referred to above in this Section:

- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- has not caused or authorised the issue of this Prospectus.

5.10 Privacy Disclosure

The Company collects information about each Applicant on the Entitlement and Acceptance Form for the purposes of processing the Application and administering the Applicant's security holding in the Company. The Company must maintain a public register. Information contained in the Company's register is also used for corporate communications and compliance by the Company with legal and regulatory requirements.

6. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 7 November 2016



.....
Signed for and on behalf of PharmAust Limited
By Mr Sam Wright
Non-Executive Director

7. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Applicant	A person who submits and Entitlement and Acceptance Form.
Application	An application for New Shares and New Options under the Rights Issue.
Application Money	The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.
AFSL	Australian Financial Services Licence.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates
Board	The Board of Directors.
Closing Date	The time and date at which the Offer expires, being 5.00pm WST, 5 December 2016, subject to the Company varying this date in accordance with the Listing Rules.
Company or PharmAust	PharmAust Limited (ACN 094 006 023).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth)
Director	A director of the Company for the time being.
Eligible Shareholders	Shareholders with a registered address in Australia or New Zealand at the Record Date.
Entitlement	The entitlement to subscribe for New Shares and New Options under the Rights Issue.
Entitlement and Acceptance Form	The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer.
Epichem	Epichem Pty Ltd (ACN 106 769 902).
Excluded Shareholder	A Shareholder whose registered address is not in Australia or New Zealand.
Full Subscription	The maximum amount to be raised under the Offer being the sum of \$4,625,182 assuming no existing Options are exercised.
Issue Price	5 cents per New Share, being the price payable to subscribe for each New Share.
Listing Rules	The official listing rules of ASX.
Minimum Subscription	The minimum amount to be raised under the Offer being the sum of \$750,000.
New Options	The Options offered under the Rights Issue exercisable at 12 cents on or before 30 November 2019 on terms set out in Section 5.2.

New Securities	The New Shares and New Options.
New Share	The Shares offered under the Rights Issue.
Offer	The offer to Eligible Shareholders of New Shares and New Options under the Rights Issue.
Official List	The official list of the ASX.
Option	An option to acquire a Share.
Prospectus	This prospectus dated 7 November 2016.
Record Date	The time and date for determining a Shareholder's entitlement to participate in the Rights Issue, being 4.00pm WST, 11 November 2016.
Rights Issue	The pro-rata non-renounceable offer to Eligible Shareholders of 1 New Shares for every 1 Share held by Eligible Shareholders on the Record Date with 1 free New Option for every 3 New Shares subscribed for.
Share	A fully paid ordinary share in the issued capital of the Company.
Shareholder	Registered holder of Shares.
Shortfall	Securities not applied for under the Offer before the Closing Date.
Shortfall Securities	New Securities constituting the Shortfall.
US\$	United States dollars.
WST	Western Standard Time.
\$	Australian dollars unless otherwise stated.