

## Appendix 4C and Quarterly Update

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

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

### Phase II Canine Trials

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

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

Following review of its application, the independent Ethics Committee approved the investigation of monepantel tablets for: (i) testing anti-cancer efficacy in short-term studies and (ii) testing anti-cancer maintenance in long-term studies. Anti-cancer efficacy is measured by achieving stable disease and progression-free survival or regression of the tumour(s). Preventing spread (metastasis) of the cancer will also be monitored.

On 26 August 2019, PharmAust was pleased to announce the receipt of 7,750 of its newly developed GMP grade monepantel tablets.

On 9 September 2019, the Company announced the safe arrival of its GMP grade monepantel tablets with veterinarians to commence the Phase II anti-cancer trial in dogs.

On 10 September, PharmAust announced finalisation of contractual arrangements for the Phase II canine cancer trial with the University of Melbourne's U-Vet Werribee Animal Hospital. U-Vet is one of Australia's leading veterinary hospitals. The trial is being overseen by Dr Claire Cannon, Head of Small Animal Medicine & Oncology.

Previously, PharmAust demonstrated that six of seven dogs with treatment-naïve B cell lymphoma achieved stable disease, or progression free survival, with reductions in tumour size following 14 consecutive days of gelatin encapsulated liquid monepantel treatment. PharmAust is now repeating and extending this study with the newly developed high dose and highly palatable GMP monepantel tablet formulation.

Recruitment of canines with lymphoma will be determined by the participating veterinarian in the trial based on factors such as expected survival, progression of the disease and general health of the animal. Typically, untreated dogs with lymphoma have a 50% chance of surviving for 4 weeks. The inclusion/exclusion criteria are intended to generate a population of canine patients for the trial that is reasonably coherent to enable meaningful statistical analysis as reliable and measurable outcomes.

Dogs will receive their first assessment after 14 days of treatment to test if tablet performance is the same or better than that observed in the last trial. Monepantel administration will then continue for another 14 days, thus providing a 28 day trial period and enabling comparison of tablet performance with already registered and marketed canine anti-cancer drugs. If mutually agreed by the pet owner and the veterinarian, each respective dog will then continue a long-term maintenance lower treatment dose. PharmAust considers that achievement of 3 to 6 month progression-free survival would provide PharmAust with a highly successful drug for canine treatment. Longer periods would of course provide greater success and will also be assessed.

The release of trial data will depend upon the recruitment rate of dogs with treatment naïve B cell lymphoma and the incremental drug success rate across the participating sites. Trial data release will occur when a clear and meaningful trend is apparent.

PharmAust is expanding the recruitment to further sites in Australia in order to accelerate accrual rates and enable faster trial endpoint determination.

### **Epichem Pays off Laboratory Debt**

On 2 July 2019, PharmAust announced that Epichem had paid off its debt liability on time for a major state-of-the-art laboratory purpose built in 2015 and expanded in 2018. Epichem's revenues have made a significant upturn over the period 2015 to 2019, increasing 74% to \$3.8 million in FY19. Budgeted revenues for FY20 are \$4.2 million (subject to continuation of existing contracts).

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

### **Epichem Export Business Receives Important WA State Awards**

During the quarter, Epichem was delighted to be presented with the WA Industry Export Award 2019 for International Health. Epichem makes significant contributions to the global health and biotechnology sector by providing end-to-end support in drug discovery. Dr Martine Keenan was also presented with the Women in International Business Award.

### **Colin La Galia joins Epichem as CEO**

Experienced pharmaceutical and healthcare executive Colin La Galia has joined Epichem, a wholly owned subsidiary as its new Chief Executive Officer. Colin was previously the Regional Business Director and Commercial Head of Asia Pacific, China and Japan for Abbott Rapid Diagnostics and he has previously held senior roles over 20 years at Alere Inc, Origin Healthcare, Hollywood Fertility Centre, GlaxoSmithKline and Merck Sharpe & Dohme.

Colin is a highly experienced executive in pharmaceuticals, devices and diagnostics, both locally and internationally, and has demonstrated great success in international business development. He is based in Perth and has joined the Epichem Board. At the same time Dr Martine Keenan resumed her former role as Epichem's Head of Drug Discovery and also joins the Epichem board.

### **PharmAust Raises \$2.4m in Placement**

On 3 October 2019, PharmAust announced that it had raised \$2.4 million through a placement primarily to Australian and Singaporean fund management institutions. Funds were raised via a placement of approximately 20 million fully paid ordinary shares under ASX Listing Rule 7.1 at \$0.12 cents per share.

Placement funds will be used for the progression of the human trial programme, including further development of formulation and manufacture of additional tablets as well as strengthening working capital.

As the placement funds were received after 30 September 2019, they are not included in this Appendix 4C. The current cash at bank is approximately \$3.6 million.

#### **Enquiries:**

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

PharmAust Limited

**ABN**

35 094 006 023

**Quarter ended ("current quarter")**

September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,094	1,094
1.2 Payments for		
(a) research and development	(92)	(92)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(57)	(57)
(d) leased assets		
(e) staff costs	(813)	(813)
(f) administration and corporate costs	(633)	(633)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST)	(2)	(2)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(500)</b>	<b>(500)</b>

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>		

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	108	108
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(36)	(36)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>73</b>	<b>73</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,090	2,090
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(500)	(500)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		
4.4 Net cash from / (used in) financing activities (item 3.10 above)	73	73

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date 3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,663</b>	<b>1,663</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,653	2,080
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	10	10
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,663</b>	<b>2,090</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

170

Director's Salaries & Superannuation

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,204	289
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

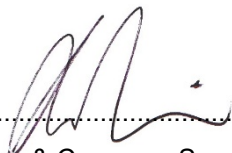
The lender is EFIC (Export Finance and Insurance Corporation), the term is four years, it is not secured, we are not expecting any additional loans in the foreseeable future, the interest rate is variable at 6.05% plus the Bank Bill Swap Rate.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	400
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	60
9.4 Leased assets	
9.5 Staff costs	700
9.6 Administration and corporate costs	500
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>1,660</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 31 October 2019  
(Director & Company Secretary)

Print name: .....  
Sam Wright

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.