



**28th January 2019 | CannPal Animal Therapeutics Limited | ASX: CP1
ASX ANNOUNCEMENT**

CannPal 4C Quarterly Cash Flow Report for December 2019 Quarter

28th January 2020: Animal health company **CannPal Animal Therapeutics Limited (ASX:CP1)** ("CannPal" or "the Company") is pleased to update the market on its progress in the December 2019 quarter and attaches its Appendix 4C Quarterly Cash Flow report for the period.

The Company had a cash balance of \$2.42m with operating outflows totalling \$366,000 for the quarter, with \$219,000 related to the costs associated with the research and development of the Company's lead pharmaceutical and nutraceutical drug candidates.

Post the quarter, the Company is pleased to announce that it received an R&D cash rebate of \$654,240 from the Australian Taxation Office under the Federal Government's Research and Development (R&D) Tax Incentive scheme, for eligible R&D expenditure during FY19.

The Company remains well capitalised to provide the runway required to reach key milestones across its core R&D programs.

CPAT-01

Progress was made across all key milestones for CPAT-01, the Company's lead drug candidate in development for the control of pain and inflammation associated with osteoarthritis.

Forty-nine (49) dogs have been screened for the Phase 2A pilot dose determination study since commencing the trial in August 2019. The study is a randomised, double-blind, placebo-controlled study in client owned animals.

Thirty-six (36) dogs have passed screening and commenced treatment, with a current drop-out rate of 14%, which remains under the predicted estimate. 60 dogs are expected to complete the study.

The Company completed a successful marketing campaign across leading radio channels 2GB and Nova FM to enhance recruitment for the study in December 2019. Over 50 potential new cases were generated from the campaign and initial screening of those cases has commenced.

Dosing for the Phase 2B Target Animal Safety (TAS) study commenced in Canada during the December quarter, with all dogs in the study having now commenced treatment.

The TAS study is a 3-month clinical trial evaluating high dose ranges to confirm a broad safety profile for the drug candidate which was seen in the Company's early pharmacokinetic and safety research completed in 2019.

Post the quarter, the Company is pleased to report that a request to open an Investigational New Animal Drug file (INAD) was submitted to the FDA CVM ONADE group (Food and Drug Administration, Centre for Veterinary Medicine, Office of New Animal Drug Evaluation) for CPAT-01.

Sponsors of new animal drugs typically submit a request to open an INAD file when they have enough pilot data to start discussing the development process and/or they want to begin shipping drug material for use in investigational studies in the US.

The Company intends to request a pre-submission meeting to allow CannPal to meet with the FDA in the coming months to start discussing the ongoing development of CPAT-01.

Nutraceuticals

Dosing for the DermaCann® field efficacy study in dogs with Atopic Dermatitis commenced in December, 2019. 5 dogs have commenced treatment, with a pipeline of potential cases being evaluated by clinics for eligibility post the quarter.

30 dogs are expected to complete the 8-week treatment regime.

During the quarter the Company finalised its protocol for a Target Animal Safety (TAS) study for DermaCann® which is expected to commence in the United States in Q2 2020. 16 dogs are expected to be enrolled in the 3-month study to confirm a broad safety profile for the product.

The Company has commenced drafting its market authorisation dossier for submission with the APVMA (Australia, Pesticides and Veterinary Medicines Authority) and the MPI (Ministry for Primary Industries) for the potential approval of DermaCann® as an authorised veterinary medicine for Australian and New Zealand veterinary prescription.

The Company intends to submit the market authorisation dossiers at the completion of the ongoing safety and field efficacy studies and has commenced an evaluation for commercialisation opportunities for DermaCann® in other geographies.

CSIRO Licencing Agreement

Post the quarter, CannPal was pleased to announce it had been granted exclusive rights to commercialise patented MicroMAX® microencapsulation technology by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) for use in the field of animal therapeutics.

MicroMAX® is CSIRO's patented encapsulation technology platform designed to enclose and encapsulate microscopic droplets of oil in a food grade material, to protect bioactive ingredients and help deliver them to targeted sections of the gastrointestinal (GI) tract.

CannPal has been evaluating the Technology to expand its nutraceutical pipeline with less regulated compounds from the hemp plant, as part of the Company's near-term revenue generation strategy to support its ongoing pharmaceutical research and development.

The Company is progressing with a market test for a new nutraceutical format in a small-scale commercial trial with a select consumer group commencing in Q1 2020, to complement CannPals regulatory focused lead products, CPAT-01 and DermaCann®, which remain the Company's core focus.

CannPal Managing Director, Layton Mills

"Our team has continued to deliver progress across all of our major research programs. We remain well capitalised and focused on the completion of our pilot Phase 2 research program for CPAT-01, and the development of DermaCann® for potential market authorisation as a veterinary medicine in New Zealand and Australia.

We believe 2020 will be a transformational year for CannPal as we look to reach key milestones and continue to advance commercialisation opportunities available to the Company as a result of our high quality and focused research."

About CannPal Animal Therapeutics

CannPal Animal Therapeutics Limited (ASX: CP1) is an animal health Company with a mission to provide pet owners and veterinarians with access to high quality, evidence based, plant derived therapeutic products to promote better health and well-being for animals.

Presently, the Company is focused on the development of pharmaceutical and nutraceutical products for dogs, for commercialisation in various markets around the world, using compounds derived from the hemp and cannabis plant.

To learn more please visit: www.cannpal.com

This announcement has been approved and authorised to be given to the ASX by Mr Geoff Starr, the Chairman of CannPal Animal Therapeutics Limited.

ENDS

For further information, please contact:

CannPal Animal Therapeutics

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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

CannPal Animal Therapeutics Limited

ABN

88 612 791 518

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(219)	(589)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(27)	(52)
(f) administration and corporate costs	(154)	(286)
1.3 Dividends received (see note 3)		
1.4 Interest received	34	42
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(366)	(885)

2. Cash flows from investing activities		
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 (6 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)		
2.6	Net cash from / (used in) investing activities		

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
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		
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		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,786	3,305
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(366)	(885)
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)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	2,420	2,420

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	2,420	786
5.2	Call deposits		2,000
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)	2,420	2,786

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	42
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	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

8. Financing facilities available <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		
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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,037
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	9
9.4 Leased assets	
9.5 Staff costs	28
9.6 Administration and corporate costs	193
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,267
Cash inflow of \$654k for R&D refund for FY19 was received early January 2020.	

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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:

Company Secretary

Date: 28 January 2020

Print name: Baden Maxwell Bowen

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.