Appendix 4C and Quarterly Update

28 January 2020 – Perth, Australia: PharmAust Ltd (ASX:PAA), a clinical stage oncology company, is pleased to present its Appendix 4C Quarterly Report and Shareholders' Update for the period ended 31 December 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).

Previously, PharmAust demonstrated that six of seven dogs with treatment-naïve B cell lymphoma achieved stable disease, or progression free survival (PFS), 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 determine if tablet performance is the same or better than that observed in the last trial with the liquid formulation. 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 on long-term maintenance at a reduced 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. Achievement of longer periods would of course provide greater commercial opportunity and success.

PharmAust reached agreement with U-Vet in Werribee, through the University of Melbourne's Department of Veterinary Clinical Sciences, to act as the trial manager. PharmAust has also contracted the Animal Referral Hospital in Homebush, Sydney, the University Veterinary Teaching Hospital at the University of Sydney (UVTHS) as well as the West Australian Veterinary Emergency and Specialists (WAVES) in Perth. Each of these four centres acts in a hub-and-spoke system with surrounding veterinarians in the Melbourne, Sydney, Greater Western Sydney and Perth area to recruit eligible dogs further afield for recruitment, referral and treatment.

To support this network and further expedite recruitment, PharmAust has engaged a pet journalist and has commenced an aggressive marketing awareness campaign to vets and pet owners.

A number of canine patients with cancer have presented for recruitment and dogs have begun treatment. Plasma and whole blood samples are to be analysed in the laboratory after days 14 and 28. The release of trial data will depend upon the incremental drug success rate across the participating sites and when sufficient dogs have completed treatment. Trial data release will occur when a clear and meaningful trend is apparent. To further progress this Phase II trial, PharmAust has manufactured an additional 8,000 GMP grade tablets that are due for arrival at Epichem during this week, commencing January 27th, 2020. To date, tablet stability studies from the first batch of GMP grade tablets support a greater than 12 month shelf-life. Ongoing studies are furthermore determining maximum tablet shelf-life.

Phase II Human Trial

PharmAust has made key steps towards progressing the evaluation of MPL in human trials. Furthermore, PharmAust has now submitted the MPL human trial paper for publication in a peer review journal, describing the historic trial undertaken in Adelaide and the performance of MPL. In anticipation of progress towards human studies, PharmAust is also conducting a comicronised tablet pharmacokinetic study to identify a tablet formula that reduces tablet number for the human trial. PharmAust will conduct a third GMP monepantel tablet program in Quarter 2 of 2020 to cater for future human trials as well as provide further tablets for the ongoing dog trials.

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.

PharmAust Receives $700k R&D Tax Incentive Refund

Following approval from the ATO of the Company's application for a Research and Development rebate, an amount of $712,647 was deemed refundable on PharmAust's 2019 Tax Return and was paid to PharmAust on 14 January 2020. As the funds were received after 31 December, these funds are not included in this Appendix 4C. Funds will be used to advance the Clinical Trial Programs in dogs and humans.

Epichem Pty Ltd (100% wholly owned subsidiary)

The new CEO, Colin La Galia commenced on 14 October. Colin's focus during this time was to gain an intimate understanding of the business and its people.

A new Distribution Partner Strategy has been developed and implemented to grow the Pharmaceutical Reference Standard Business with a focus on Distributor identification, contracting and performance management. 7 new partners have been appointed across the US, Europe and Australia.

Moving forward Epichem will be looking at the opportunity to create our own IP portfolio with the assignment of specific projects to individual chemists to maximise our R&D Tax initiative.

A strategy to address the organisational restructure has been completed and finalised.. This will be based on revenues, cost evaluation, people performance, skill-set and competencies required by the business. A potential full year savings of AUD260K is expected.

Epichem highlights for the quarter:

- FY20 Q2 Revenue is $966,983 (*c.f.* $887,641 for FY19 Q2). This is a 8.9% increase and is largely due to 77% ($56,124) increase in catalogue standards revenue, 6% ($34,863) increase to contract medicinal chemistry revenue, and 100% increase ($21,461) to custom standards.
- FY20 Q2 (unaudited) Profit is $70,993 (*c.f.* $70,023 for FY19 Q2).
- Largest source of revenue continues to be contract medicinal chemistry contributing 64% to the total income, followed by catalogue standards (13.3%) and then the R&D tax rebate (8.8%).
- Currently loan standing with Efic is $252,922 outstanding. Of that $71,692 will be repaid by close of the FY20 financial year.
- Epichem has saved a total of $75,299 for the half-year through contract negotiation, in-house repair and the renewal of Suite 11a's sub-lease.

Enquiries:
Dr Roger Aston
Executive Chairman
rogeraston@pharmaust.com
Tel: 0402 762 204

Mr Robert Bishop
Executive Director
robertbishop@pharmaust.com
Tel: 0417 445 180

+Rule 4.7B

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	**Quarter ended ("current quarter")**
35 094 006 023	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	710	1,804
1.2	Payments for		
	(a) research and development	(297)	(389)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(45)	(102)
	(d) leased assets		
	(e) staff costs	(904)	(1,717)
	(f) administration and corporate costs	(433)	(1,066)
1.3	Dividends received (see note 3)		
1.4	Interest received	7	9
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)	(22)	(24)
1.9	**Net cash from / (used in) operating activities**	**(985)**	**(1,486)**

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	2,424	2,532
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	(144)	(144)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(35)	(71)
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**	**2,244**	**2,317**

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	1,663	2,090
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(985)	(1,486)
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)	2,244	2,317

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**	**2,922**	**2,922**

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	408	1,653
5.2	Call deposits	2,514	10
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)**	**2,922**	**1,663**

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	170
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

Director's Salaries & Superannuation

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** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	1,204	253
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.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Research and development	250
9.2	Product manufacturing and operating costs	
9.3	Advertising and marketing	50
9.4	Leased assets	
9.5	Staff costs	750
9.6	Administration and corporate costs	450
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows**	**1,500**

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: ..... Date: 28 January 2020

(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.