



## ASX Release

### APPENDIX 4C – QUARTERLY CASH FLOW REPORT – JUNE 2015

**Melbourne, Australia, Friday 31st July 2015: Avexa Limited (ASX: AVX)** lodges the attached Appendix 4C Quarterly Consolidated Statement of Cash Flows for the period ending 30 June 2015.

Commentary is provided as follows:

- The Company held cash reserves of \$1.0 million at 30 June 2015.
- Net operating cash outflows for the June quarter were \$0.4 million.
- The Company has invested USD\$4.1million in Coal Holdings USA, LLC and through a loan facility, invested another USD\$4.5million in Coal Holdings USA, LLC as at 30 June 2015.
- The Company expects to receive proceeds from the R&D Incentive in the second half of calendar year 2015.
- The Company continues to develop the ATC Named Patient Scheme program by providing product related information to patient advocate groups and physicians on request and expects revenue in the next half of the calendar year.

### COMPANY UPDATE

#### Key points:

1. North Pratt coal mine – coal shipments amounted to 19,294 short tons since production commenced to 30 June 2015; sales revenue were US\$1.3 million (net). Production in Q3 (2015) is expected to ramp up towards 22,000 short tons per month as demand increases.
2. Named Patient Supply (NPS) – momentum is growing as awareness of ATC's availability widens.

#### North Pratt coal mine

The demand for coal since the North Pratt mine commenced production earlier this year has been anaemic. The severity and duration of the commodity downturn is not what was modelled a couple of years ago – arguably the 'perfect storm' scenario. So the resultant lack of any returns from North Pratt means we have had to defer plans based on receiving our share of the surplus cash flows and putting them to work on progressing ATC clinical trials.

Our strategy in North Pratt has been to fight hard to keep everything 'open' and moving in an environment where many producers have reacted to the downturn by choosing to close/mothball operations or slash costs and production.

In the current month of July we have become increasingly confident that this strategy appears to be paying off. We are sensing increasing demand for our coal from the local industrial market. This reflects the fact that (i) coal inventories have been run very low (a result of buyers' working capital management) and (ii) many players have shut down or gone out of business. Demand is picking up, albeit from a very low base, and we have a number of local buyers who are looking to North Pratt for its coal which would see production increase to approximately 22,000 short tons per month. As a

consequence, local management are now hiring additional workers to ramp up production to meet these orders.

Further, there is increasing confidence that in September/October 2015 we will be able to engage with local buyers to negotiate contracts for 2016 supply. Obviously it has been a very challenging and difficult period to steer through but the securing of meaningful contracts for 2016 would be a significant and positive step forward to meeting the board's original investment strategy.

#### **Apricitabine (ATC) – Named Patient Supply (NPS)**

The Special Access or NPS scheme has been slower to gain traction than we had originally envisaged even taking into account the fact that active promotion is not permitted.

The board can assure shareholders that management from both Avexa and our partners LINK have been actively working on multiple fronts to spread knowledge about ATC, its availability and increase uptake of ATC. This will include ATC related information being:-

- Published in the HIV+ newsletter (circulation +3million)
- Published in an additional seven patient advocate newsletters over coming weeks
- Published in a number of widely read patient advocate blogs

LINK recently attended the Pathogenesis Conference held in Vancouver, Canada earlier this month and will be attending the US Conference on AIDS to be held in Washington DC (10-13 September) to continue to drive these initiatives.

#### **About Avexa Limited**

Avexa Limited is a Melbourne-based biotechnology company with a focus on discovery, development and commercialization of small molecules for the treatment of infectious diseases. Avexa's key projects include apricitabine (ATC) for the treatment of drug-resistant HIV, an HIV integrase program and an antibiotic program for antibiotic-resistant bacterial infections.

#### **For more information:**

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+ See chapter 19 for defined terms.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Name of entity

AVEXA LIMITED
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ABN

53 108 150 750
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Quarter ended ("current quarter")

30 June 2015
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### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	<b>Current quarter \$A'000</b>	<b>Cumulative to 30 Jun 2015 - \$A'000</b>
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) Staff costs	(212)	(1,031)
(b) Advertising and marketing	-	(29)
(c) Research and development	(108)	(380)
(d) Leased assets	(6)	(16)
(e) Laboratory consumables	-	-
(f) Occupancy	(27)	(113)
(g) Consulting	(5)	(80)
(h) Legal and professional	(1)	(212)
(i) Corporate administration	(12)	(105)
(j) Travel and entertainment	(8)	(49)
(k) Insurance	1	(81)
(l) Intellectual property	(82)	(320)
(m) Other working capital	21	(11)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	60
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST refunds/payments	1	7
- Government grants	-	295
- Support services	-	30
<b>Net operating cash flows</b>	<b>(431)</b>	<b>(2,035)</b>

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	<b>Current quarter \$A'000</b>	<b>Cumulative to 30 Jun 2015 - \$A'000</b>
1.8 <b>Net operating cash flows (carried forward)</b>	<b>(431)</b>	<b>(2,035)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(2)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	(65)	166
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	(1,211)
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
<b>Net investing cash flows</b>	<b>(65)</b>	<b>(1,047)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(496)</b>	<b>(3,082)</b>
<b>Cash flows related to financing activities</b>		
1.15 Net proceeds from issues of shares, options, etc. net of raising costs	-	750
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings		
1.19 Dividends paid	-	-
1.20 Other:	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>750</b>
<b>Net increase (decrease) in cash held</b>	<b>(496)</b>	<b>(2,332)</b>
1.21 Cash at beginning of quarter/year to date	1,521	3,362
1.22 Exchange rate adjustments to item 1.21	-	(5)
1.23 <b>Cash at end of quarter</b>	<b>1,025</b>	<b>1,025</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		<b>Current qtr to 30 Jun 2015 - \$A'000</b>
1.24	Aggregate amount of payments to the parties included in item 1.2	26
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Cash payments to directors comprise non-executive director fees for the quarter.
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.
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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable
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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	None	Not applicable
3.2	Credit standby arrangements	None	Not applicable
3.3	Credit card facility	Nil	Nil
3.4	Bank Guarantee	31	Nil

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### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	<b>Current quarter \$A'000</b>	Previous quarter \$A'000
4.1 Cash on hand and at bank	<b>388</b>	201
4.2 Deposits at call / Term Deposits	<b>637</b>	1,320
4.3 Bank overdraft	-	-
4.4 Other (provide details):	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>1,025</b>	1,521

### Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	None	None
5.2 Place of incorporation or registration	Not applicable	Not applicable
5.3 Consideration for acquisition or disposal	Not applicable	Not applicable
5.4 Total net assets	Not applicable	Not applicable
5.5 Nature of business	Not applicable	Not applicable

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Mr Iain Kirkwood  
 Director

Date: 31 July 2015

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