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SECOND CANCER PATIENT COMPLETES COURSE OF THERAPY WITH STABLE DISEASE

PROGRESS ON PPL-1 MECHANISM OF ACTION

PharmAust Limited ("PharmAust") (ASX: PAA & PAAO) is pleased to report that a second patient has now completed the 28-day course of treatment with the lowest dose of PPL-1 in the Company's trial at the Royal Adelaide Hospital. The drug was well tolerated without material adverse events and the patient, suffering from bowel cancer, had stable disease on completion of the treatment as determined by CT scan. Subject to the third patient in the low-dose group completing the treatment schedule by mid-March, the trial will move onto higher doses of PPL-1. In parallel to monitoring patients who have completed the full 28-day trial period, the Company has also been monitoring P70S6K levels in all patients who have received PPL-1 and have managed to stay on therapy for at least 3 days (as announced on 9th and 24th February 2015). A number of patients recruited for the trial have had to be withdrawn due to reasons unrelated to the study drug.

Following almost 3 years of research into PPL-1 it appears that the drug defines a new and unexpected mechanism of action representing a potentially new class of anti-cancer drug. PPL-1 influences the mTOR pathway, however, unlike other mTOR drugs in the market (Novartis: Everolimus and Pfizer: Sirolimus/Rapamycin) it appears to have very low toxicity.

Research and development activities in the laboratories of inventor Professor David Morris at the St George Hospital Sydney, as well as investigations in cancer patients that have failed "Standard of Care" reveal key properties of PPL-1:

- PPL-1 has not shown an "adverse event profile" commonly associated with conventional anti-cancer drugs. Laboratory studies, veterinary investigations and a "First in Man" study have been without any material adverse events. Typically, adverse events are the rate-limiting step in successful cancer chemotherapy.
- The lowest dose of PPL-1 in this clinical study has shown meaningful reductions in a key cancer marker (P70S6K).
- PPL-1 targets a biochemical pathway mTOR (Mammalian Target for Rapamycin) that affects a range of regulatory mediators, however, unlike other mTOR inhibitors, PPL-1 does not appear to have the side effect profile of other mTOR drugs currently on the market..

PPL-1 is an approved veterinary drug launched in recent years by one of the leading global animal health corporations for the treatment of parasitic diseases in sheep.

The cancer chemotherapy market (estimated at $42 billion/annum)* is currently the fastest growing sector within the pharma industry, mainly driven by the identification of new potential therapeutic targets. This growth is further fuelled by the magnitude of the disease worldwide, currently estimated at more than 25 million people suffering from cancer globally, and an estimated 5 million people dying each year from the disease.

*Reference: Research and Markets.com accessed 14th February 2014:
http://www.researchandmarkets.com/reports/335548/chemotherapy_market_insights_20062016_a

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