

## Appendix 4C and Quarterly Update

**20 April 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 March 2020.

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

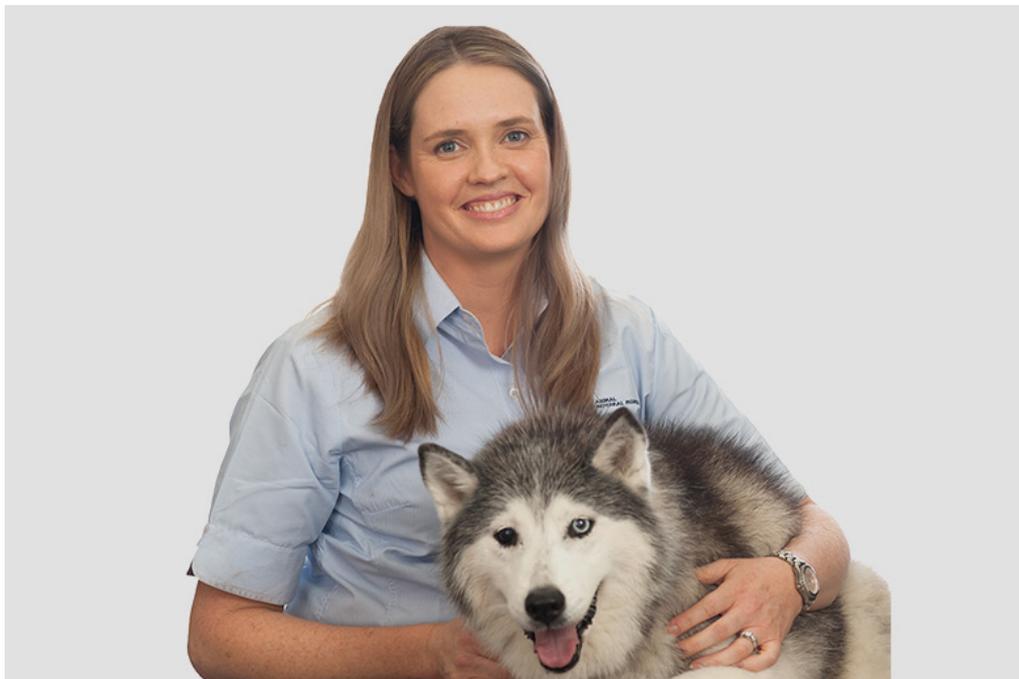
### **Phase II Canine Trials**

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

On 3 March 2020, PharmAust with trial manager Dr Claire Cannon recruited Dr Kathleen O'Connell at the Animal Referral Hospital in Brisbane to participate in the clinical trial. Dr O'Connell is an experienced specialist veterinary oncologist with a keen interest in animal cancers such as lymphoma.

PharmAust was awarded a licence to undertake part of the trial in Queensland by the Queensland Department of Primary Industries and Regional Development.

With this Brisbane site PharmAust and U-Vet have established an extensive national network of five sites in Melbourne, Sydney (two), Perth and Brisbane. Each of these five sites acts in a hub-and-spoke system with surrounding veterinarians in the Melbourne, Sydney, Greater Western Sydney, Brisbane and Perth areas to recruit eligible dogs further afield for recruitment, referral and treatment.



*Dr Kathleen O'Connell at the Animal Referral Hospital in Brisbane*

A number of canine patients with cancer commenced treatment at different centres, with some completing the full 28 day course of treatment and some remaining still on study.

While recruitment to date has been going to plan, due to the COVID-19 pandemic and related shutdown measures at State and federal government levels, recruitment at some clinics is on hold. Following consultation with the trial manager Dr Claire Cannon, PharmAust considers it in the best interests of dogs and their owners to reduce the

consultation visits and intensity required for the trial in some circumstances. This means a pause on recruitment at some centres due to COVID-19. PharmAust looks forward to again working with all veterinarians, their staff, pet owners and their dogs very soon to provide the best possible care for dogs and finish the trial.

While enrolments at WAVES in Perth and the ARH in Brisbane continue, new enrolments at U-Vet Werribee, ARH Homebush and UVTHS have temporarily ceased until further notice. We are very pleased that dogs currently enrolled at these latter sites will continue on the trial until their 28 day trial periods are completed.

The trial continues to be overseen by Dr Claire Cannon, Head of Small Animal Medicine and Oncology at the University of Melbourne's U-Vet Werribee Animal Hospital. Existing dogs on the trial have sufficient tablets to continue treatment and dogs who have completed treatment and are on the long-term maintenance dose also have access to MPL tablets. While some sites may be disrupted, PharmAust confirms that the trial is ongoing and recruitment is continuing including new dogs commencing treatment in the last few weeks.

PharmAust's Chief Scientific Officer Dr Richard Mollard stated, "PharmAust is thankful to the participating veterinarians, their staff and the dog owners who are treating pet dogs with naïve B cell lymphoma. The dogs have received excellent care during this Phase II clinical trial."

The release of trial data will occur when sufficient dogs have completed treatment and when a clear and meaningful trend is apparent.

### **Phase II Human Trial**

PharmAust has made key steps towards progressing the evaluation of MPL in human trials. PharmAust has 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. PharmAust has conducted further tablet formulation and pharmacokinetic studies aiming to increase uptake of monepantel into the blood and reduce tablet number for future human trials. PharmAust has also investigated changes in tablet size to enable more specific targeting of calculated optimum dose levels. PharmAust currently has two separate batches of GMP grade monepantel under stability studies testing shelf life. These stability studies show a robust tablet and support relevant submission filings to human trial ethics committees. Depending on associated activities, PharmAust is currently aiming to conduct a third GMP monepantel tablet manufacturing program in Quarter 3 of 2020 to cater for future human trials.

### **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. Funds will be used to advance the Clinical Trial Programs in dogs and humans.

### **Epichem Pty Ltd (100% wholly owned subsidiary)**

Epichem continues to operate during the COVID-19 Pandemic with proactive internal and external processes in place to protect employees and maintain service to clients and stakeholders. Epichem has secured its raw material supply chain and continues to monitor the status of external service providers in light of the COVID-19 Pandemic and associated restrictions.

Epichem is proud to announce we have made our first batch of Chemistry-Grade Hand Sanitiser. Our chemists are producing hand sanitiser to support and protect members of our community from COVID-19. As a WA-based chemistry service provider, we are keen to play a proactive part in stopping the spread of the virus. The sanitiser has been formulated according to specifications provided by the World Health Organization. We are making this product to donate supplies to healthcare and aged care agencies in line with our commitment to corporate social responsibility. The Breast Cancer Research Centre and MercyCare's Aged Care, Disability, Family & Community and Early Learning services have already benefitted from our donations and more recipients will follow.



*Epichem CEO, Colin La Galia with the first batch of Chemistry-Grade Hand Sanitiser*

The DNDi Medicinal Chemistry Contract was successfully renewed for a further 12 months until December 31, 2020. This is the 12<sup>th</sup> year that Epichem has partnered with DNDi on their neglected disease Research and Development Portfolio. The medicinal chemistry contract with Unity Biotechnology came to an end 18 months ahead of schedule on February 4. Unity had initially requested a reduction in FTE from 6 to 4 Chemists effective November 25, 2019. Growth in Epichem's medicinal chemistry department will be driven via engagement with consultants and business development initiatives. Epichem has now identified a Business Development Partner in the US market and is proactively searching for further Business Development Partners in the US and Europe to represent our product and service offerings moving forward. There are a number of encouraging projects in the pipeline awaiting tender decisions.

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. Seven new partners have been appointed across the US, Europe and Australia. The Pharmaceutical Reference Standards Business Unit is on track to achieve its Budget Target in 2020 with a focus on greater value from existing clients and identification of potential new clients. Many new Distribution Partners have been impacted by the COVID-19 pandemic restrictions, including the lockdowns in their respective countries and lack of accessibility to key client during this time.

Epichem continues to pursue opportunities to create our own IP portfolio with the assignment of specific projects to individual chemists. This will also allow Epichem to maximise the R&D Tax incentive.

The WA State Government has announced a new \$3 million funding program to support West Australian COVID-19 related research and are calling for applications. Epichem has submitted some grant applications for R&D funding and reached out to potential partners to utilise our medicinal and synthetic chemistry services and expertise to support their grant applications.

#### **Appendix 5B – Quarterly Cash Flow Report**

PharmAust's cash position at 31 March 2020 was \$3.23 million. The company is adequately funded to continue its current activities during these uncertain times and will continue to demonstrate appropriate fiscal restraint.

The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities were \$160,715 comprising Directors fees, salaries and superannuation.

**This announcement is authorised by the Board.**

#### **Enquiries:**

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## Appendix 4C

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

**Name of entity**

PharmAust Limited

**ABN**

35 094 006 023

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

March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,082	2,886
1.2 Payments for		
(a) research and development	(175)	(565)
(b) product manufacturing and operating costs	(313)	(628)
(c) advertising and marketing	(27)	(129)
(d) leased assets		
(e) staff costs	(822)	(2,539)
(f) administration and corporate costs	(143)	(893)
1.3 Dividends received (see note 3)		
1.4 Interest received	10	19
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	713	713
1.8 Other (GST)	46	22
<b>1.9 Net cash from / (used in) operating activities</b>	<b>371</b>	<b>(1,115)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		2,532
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(144)
3.5	Proceeds from borrowings	(59)	(130)
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(59)</b>	<b>2,258</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,922	2,090
4.2	Net cash from / (used in) operating activities (item 1.9 above)	371	(1,115)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(59)	2,258
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,234</b>	<b>3,234</b>

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	709	408
5.2	Call deposits	2,525	2,514
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,234</b>	<b>2,922</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

161

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Director's Salaries & Superannuation

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**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,204	289
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>1,204</b>	<b>289</b>

**7.5 Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing 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.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	371
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,234
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,234
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>9</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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**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.

20 April 2020

Date: .....

By the board

Authorised by: .....  
 (Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.