

17th July 2018 | CannPal Animal Therapeutics Limited ACN: 612 791 518 | ASX:CP1

## *CannPal 4C Quarterly Cash Flow Report and Previous Quarter Highlights*

### Highlights for the quarter ending 30 June 2018

- Successfully completed Phase 1A of the Company's Pharmacokinetic and Safety Study for CPAT-01, targeting pain in dogs
- Entered into a research agreement with Eurofins Animal Health to expand the CPAT-01 development program into cats
- Entered into a manufacturing agreement with JayChem Industries to commence development work on DermaCann
- Entered into a research collaboration with CSIRO and secured grant funding to commence a research project on delivery systems for CannPal formulations

**17<sup>th</sup> July 2018:** Animal health company **CannPal Animal Therapeutics Limited (ASX:CP1)** ("CannPal" or "the Company") is pleased to update the market on milestones achieved in the June quarter and attaches its Appendix 4C Quarterly Cash Flow report for the period ending 30 June 2018.

The Company had a cash balance of \$5.11 million with operating cash outflows totalling \$357,000 for the quarter, primarily related to the costs associated with the research and development of the Company's lead nutraceutical and pharmaceutical drug candidates, along with administration, staff and corporate costs.

### CPAT-01

During the quarter, the Company successfully completed Phase 1A of the pharmacokinetic and safety study for CPAT-01, CannPal's lead drug candidate targeting pain in dogs.

All observational endpoints of the Phase 1A study were met. The initial target dose had an excellent safety profile with no adverse events observed at the dosages administered. CPAT-01 showed significant absorption in its current formulation and the success of Phase 1A allowed the Company to progress into the preparation of the Phase 1B study.

The Company is now in the last stage of finalising the protocol for Phase 1B, expected to commence in 3Q 2018. The study will include 48 dogs of mixed age, sex and breed and is being carried out in a purpose built research facility in NSW, Australia.

### Expansion of CPAT-01's development program

Following the success of Phase 1A, the Company expanded the development program for CPAT-01 to include cats, through a research agreement with Eurofins Animal Health Pty Ltd ('Eurofins'). Eurofins is a leading provider of veterinary research services and technical support to the global animal health industry and CannPal sees Eurofins as an ideal partner to commence its research into pain treatments for cats.



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In accordance with regulatory authorities, Eurofins conducts preclinical and clinical studies to good clinical practice (GCP) and good laboratory (GLP) standards.

Under the research services agreement, Eurofins will design and facilitate pilot studies at its research facility, oversee ethics applications and reporting requirements, and carry out the live phase of the research. The studies are expected to commence in Q3 2018.

## Nutraceuticals

The Company also significantly advanced its nutraceutical program during the quarter, entering into a manufacturing agreement with JayChem Industries Ltd ('JayChem') to commence the development work for DermaCann, a treatment for canine skin health.

CannPal's agreement with Jaychem gives the Company access to a high-quality good manufacturing processes (GMP) manufacturer to produce therapeutic products that will meet with full regulatory approval. Jaychem will provide contract manufacturing services for DermaCann, the Company's lead nutraceutical which is being developed using cannabinoids derived from the hemp plant.

DermaCann is the first of the Company's nutraceutical range and is expected to be market ready as early as mid-2019. CannPal's strategy is to position DermaCann as a provider of early potential revenues through alternative regulatory pathways.

## Business Development

The Management team also advanced its business development strategy, by continuing conversations with new potential research partners and contract manufacturing organisations to assist in its business development activities.

CannPal entered into a research agreement with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and received grant funding from the organisation's Kick-Start initiative.

Kick-Start provides innovate Australian start-ups and SMEs with funding support and access to the CSIRO's research expertise and facilities. Working with CSIRO, CannPal will undertake initial research into formulation work and delivery systems for its range of cannabis-based therapeutic products for companion animals.

The research with CSIRO is set to commence in H2 2018.

## Looking Ahead

In FY19 the Company will be placing its focus on achieving success in three key areas:

1. Advancing the development plans for CPAT-01 with major research milestones including Phase 1B of the Pharmacokinetic and Safety study commencing in Q3 2018, the Company's first study in diseased dogs in H1 2019, and opening the Company's first INAD (Investigational New Animal Drug application) with the FDA (Food and Drug Administration).



2. Advancing the Company's nutraceutical strategy. Having recently entered into a manufacturing agreement with JayChem Limited, the Company has commenced formulation development work for DermaCann, the Company's lead nutraceutical, and will be working towards having the product "market ready" in 2019.
3. Expanding the Company's drug development pipeline with additional completed proof of concept studies through FY 2019. As a global leader in cannabinoid-derived therapeutics for companion animals, CannPal will continue to leverage its research and development activities to advance the Companies therapeutic pipeline.

### ***CannPal's Founder and Managing Director Layton Mills:***

"CannPal is very pleased with the progress we have made this quarter. Completing the first phase of CPAT-01's PK and safety study was a major milestone for us and was bookended by very important research and manufacturing agreements. We were also delighted to be recognised and supported by CSIRO, which is further validation that we are well on the path towards producing clinically-validated, efficacious and high quality cannabis-derived therapeutics, for veterinarians and pet owners, which we hope will establish CannPal as a global leader in a \$31 billion market."

### ***About CannPal Animal Therapeutics***

CannPal Animal Therapeutics Limited (ASX: CP1) is a pharmaceutical-focused animal health Company researching the benefits of medical cannabis for companion animals.

CannPal is researching and developing medicines derived from cannabinoids to provide veterinarians with clinically validated and standardised therapeutics to treat animals in a safe and ethical way.

CannPal has identified a significant opportunity to benefit from the rapidly growing medical cannabis and health markets by developing innovative therapeutics derived from the cannabis plant. The Company is working closely with regulatory authorities and veterinary research organisations conducting clinical trials to commercialise therapeutic products that will meet regulatory approval and support the health and well-being of companion animals.

To learn more please visit: [www.cannpal.com](http://www.cannpal.com)

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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")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(289)	(643)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(28)	(110)
(f) administration and corporate costs	(71)	(733)
1.3 Dividends received (see note 3)		
1.4 Interest received	31	77
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		129
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(357)</b>	<b>(1,280)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
<b>2.3 Cash flows from loans to other entities</b>		
<b>2.4 Dividends received (see note 3)</b>		
<b>2.5 Other (provide details if material)</b>		
<b>2.6 Net cash from / (used in) investing activities</b>		
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		5,640
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)		
<b>3.10 Net cash from / (used in) financing activities</b>		<b>5,640</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,471	754
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(357)	(1,280)
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)		5,640

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>5,114</b>	<b>5,114</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,114	1,471
5.2 Call deposits	4,000	4,000
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,114</b>	<b>5,471</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

<b>Current quarter \$A'000</b>
42

**7. Payments to related entities of the entity and their associates**

- 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

<b>Current quarter \$A'000</b>

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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	387
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	32
9.6 Administration and corporate costs	119
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>538</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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		

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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.



Sign here:

Company Secretary

Date: 17 July 2018

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.

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