ASX Release **22nd April 2015**

Appendix 4C - Quarterly Report & Company Update For the period ended 31 March 2015

PHARMAUST UPDATES ON PPL-1, ALBENDAZOLE AND MUCIN PROJECTS

PharmAust Limited ("PharmAust") (ASX: PAA & PAAO) is pleased to provide an update and review of its activities to its shareholders. In the last quarter, the Company has announced regular progress on its lead programme PPL-1, however, progress has also been made on its two additional programmes for which we are hoping to report soon. With the additional capital raised recently, and with the success with PPL-1, we will be looking to move more quickly with Albendazole and Mucin.

PPL-1

- During 2014 and 2015 we have predominantly focused on PPL-1. This focus is justified as research to date in Professor David Morris' laboratories at the St George Hospital, indicate we have a new class of anticancer drug previously unrecognised. Furthermore, what cements our convictions on the potential of PPL-1 is the fact that the mechanism of action (mTOR pathway) is now a central target for attack by the major pharmaceutical companies seeking drugs to combat cancer.

- The strong support from prominent researchers such as Professor Michael Brown Director, Cancer Clinical Trials Unit, The Royal Adelaide Hospital and Dr Rohit Joshi, Consultant Medical Oncology and Director for Cancer Research and Clinical Trials at the Lyell McEwin Hospital gives us much confidence we are pursuing a worthy clinical and commercial opportunity.

- Does PPL-1 work in cancer? Although it often takes many years for a new anticancer drug to reach the marketplace, we have evidence in our first trial (Phase I/II) and at the lowest dose that PPL-1 is acting and suppressing a key tumour marker. If all we showed was that PPL-1 was safe and without adverse events we would consider the trial a success, however, having evidence showing PPL-1 is active in patients that have failed all "standards of care" is a major bonus to our "first in man" evaluation.

- Where to next? We will complete the next dosing cohort (3 patients) at 5x the recently completed dose and then decide on embarking on a Phase II/III efficacy trial. For such a trial we would file an Investigational New Drug (IND) with the US FDA and seek centres in the US and EU as well as in Australia. With the success to date, PharmAust will now commit to developing a tasteless capsule formulation of PPL-1 to facilitate higher doses in the next clinical trial (Phase IIb).

- Finally, we have had peer review endorsement through acceptance of our abstract: *Poster Title: "Monepantel a new first in class potent inhibitor of P70S6K potentiates the anti-tumor effects of gemcitabine and doxorubicin"* at the American Association for Cancer Research (AACR).

Albendazole

- Albendazole is a registered anti-parasitic drug that has been shown by the St George Hospital research team to have potent activity in blocking the production of ascites, a frequent consequence of certain abdominal cancers. The treatment options for ascites are limited and evacuation of the abdomen (paracentesis) is the mainstay of ascites therapy.

- PharmAust will now begin formulation work to develop an intraperitoneal albendazole product in order to enable the submission of an IND with the US FDA. This would allow the company to pursue a trial in both Australia and the USA.

- Albendazole has been shown to be effective in treating markers for ascites in late stage patients following oral administration, however, the side effects through the oral use of the drug are prohibitive.

Mucin

- Mucin is a gelatinous material that is sometimes associated with cancer. In cases where tumours are engulfed in mucin chemotherapy can often be of limited value in treatment.

- PharmAust has filed patents on the use of agent combinations that circumvent the resistance to chemotherapy associated with mucinous tumours.

- PharmAust is now in dialogue with potential partners to co-develop products to tackle mucinous cancer chemo-resistance.

Funding

- Following the completion of our recent fund-raising we have sufficient funds to complete the Phase I/II trial currently running with PPL-1 and to initiate a Phase IIb trial to look at tumour regression and survival in patients. These funds will additionally permit progress with our other two products.

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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Q3 saw significant revenues from Discovery services ($744k) largely due to the first instalment of the new 2015 contract with DNDi and the first of three annual payments for an ARC Linkage grant, also funded by DNDi. Sales of Reference Standards in Q3 were modest but sales for April have already exceeded $75k. Eleven new products were added to Epichem's catalogue of Pharmaceutical Reference Standards in Q3 taking the total number of products to 165.

After 11 years at Murdoch University Epichem is moving to new premises. Planning is well underway for a new office/laboratory facility at Technology Park in Perth. The new premises will be more than twice the size of the current Murdoch site and allow for significant growth. Epichem expects the move to be completed by the end of June 2015.

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Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

PharmAust Limited

ABN

35 094 006 023

Quarter ended ("current quarter")

March 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from customers	801	1,782
1.2	Payments for (a) staff costs	(516)	(1,613)
	(b)advertising and marketing		
	(c)research and development	(147)	(466)
	(d) leased assets	(8)	(24)
	(e) other working capital	(268)	(896)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	6	26
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (GST)	44	41
	Net operating cash flows	(88)	(1,149)

+ See chapter 19 for defined terms.

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

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	(88)	(1,149)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets	(47)	(110)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities		
1.12	Loans repaid by other entities		
1.13	Proceeds from acquisitions of controlled entity		
	Net investing cash flows	(47)	(110)
1.14	**Total operating and investing cash flows**	(135)	(1,259)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	1,612	1,612
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		
	Net financing cash flows	1,612	1,612
	Net increase (decrease) in cash held	1,478	354
1.21	Cash at beginning of quarter/year to date	1,130	2,254
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	2,608	2,608

+ 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

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	138
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Director's Salaries & Superannuation

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

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

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

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

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.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	380	783
4.2	Deposits at call	2,218	202
4.3	Bank overdraft		
4.4	Other (Term Deposit)	10	145
	Total: cash at end of quarter (item 1.23)	2,608	1,130

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

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 /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ..... Date: 22 April 2015
(Director & Company Secretary)

Print name: Sam Wright

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.