Appendix 4C – Q2 FY20 Quarterly Cash Flow Report

Highlights:

- European Commission designated Orphan Drug status for PBT434's treatment of Multiple System Atrophy in the European Union
- Receipt of $4.8M Tax Refund from the Australian Government's R&D Tax Incentive Scheme
- Cash balance of $12.2M

MELBOURNE, AUSTRALIA AND SAN FRANCISCO, USA – 31 January 2020. Alterity Therapeutics Limited (ASX: ATH, NASDAQ: ATHE) ("Alterity" or "the Company") releases its Appendix 4C Quarterly Cash Flow Report and update on company activities for the quarter ending 31 December 2019 (Q2 FY20).

Alterity expanded its global reach this past quarter. In November, PBT434 received a positive opinion from the Committee for Orphan Medicinal Products (COMP) on recommending the drug as a potential treatment for Multiple System Atrophy (MSA). Recently, the European Commission (EC) designated PBT434 as an Orphan Drug for its treatment of MSA. The designation entitles Alterity to 10 years of market exclusivity in the European Union for the use of PBT434 in the treatment of MSA, among other benefits.

The Company's $12.2M cash balance was bolstered by the $4.8M Tax Refund from the Australian Government's R&D Tax Incentive Scheme. The refund will help fund Alterity's research and development activities, including its phase two program of PBT434 for the treatment of MSA.

Geoffrey Kempler, CEO of Alterity, said: "We have been hard at work introducing our therapies to new markets, so we are glad to see our lead drug candidate, PBT434, break into Europe. People who suffer from MSA in Europe may have an option to treat the disease.

"Our current cash position helps us progress towards the phase two trial for PBT434's treatment of MSA, a disease that has no known alternative treatment. We will be updating investors and the industry on our progress."

END

Authorisation & Additional information
This announcement was authorised by Geoffrey Kempler, CEO and Chairman of Alterity Therapeutics Limited.

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About Alterity Therapeutics Limited

Alterity's lead candidate, PBT434, is the first of a new generation of small molecules designed to inhibit the aggregation of pathological proteins implicated in neurodegeneration. PBT434 has been shown to reduce abnormal accumulation of α-synuclein and tau proteins in animal models of disease by restoring normal iron balance in the brain. In this way, it has excellent potential to treat various forms of atypical Parkinsonism such as Multiple System Atrophy (MSA) and Progressive Supranuclear Palsy (PSP).

For further information please visit the Company's web site at www.alteritytherapeutics.com.

Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. The Company has tried to identify such forward-looking statements by use of such words as "expects," "intends," "hopes," "anticipates," "believes," "could," "may," "evidences" and "estimates," and other similar expressions, but these words are not the exclusive means of identifying such statements.

Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are described in the sections titled "Risk Factors" in the Company's filings with the SEC, including its most recent Annual Report on Form 20-F as well as reports on Form 6-K, including, but not limited to the following: statements relating to the Company's drug development program, including, but not limited to the initiation, progress and outcomes of clinical trials of the Company's drug development program, including, but not limited to, PBT434, and any other statements that are not historical facts. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to the difficulties or delays in financing, development, testing, regulatory approval, production and marketing of the Company's drug components, including, but not limited to, PBT434, the ability of the Company to procure additional future sources of financing, unexpected adverse side effects or inadequate therapeutic efficacy of the Company's drug compounds, including, but not limited to, PBT434, that could slow or prevent products coming to market, the uncertainty of patent protection for the Company's intellectual property or trade secrets, including, but not limited to, the intellectual property relating to PBT434.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly updated any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

+Rule 4.7B

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

Alterity Therapeutics Limited

ABN	**Quarter ended ("current quarter")**
37 080 699 065	31 December 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(1,771)	(4,736)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(18)	(38)
	(d) leased assets	-	-
	(e) staff costs	(996)	(1,974)
	(f) administration and corporate costs	(334)	(713)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	16
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	4,825	4,825
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**1,712**	**(2,620)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	95	372
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	(92)	(104)
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 (receipt of funds upon expiry of term deposit towards rental guarantee)	-	-
3.10	**Net cash from / (used in) financing activities**	**3**	**268**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	10,693	14,400
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,712	(2,620)
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)	3	268
4.5	Effect of movement in exchange rates on cash held	(229)	131
4.6	**Cash and cash equivalents at end of quarter**	**12,179**	**12,179**

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	12,179	8,688
5.2	Call deposits	-	2,005
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**12,179**	**10,693**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	205
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

Salaries and directors' fees.
Excludes GST where applicable.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
	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

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8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
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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9.	Estimated cash outflows for next quarter	$A'000
9.1	Research and development	3,000
9.2	Product manufacturing and operating costs	
9.3	advertising and marketing	30
9.4	Leased assets	
9.5	Staff costs	970
9.6	Administration and corporate costs	500
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows**	**4,500**

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

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: ..... Date: 31 January 2020

Company Secretary

Print name: Phillip Hains

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.