ASX Release **17th February 2014**

Important Discovery in Cancer Therapy

PharmAust Limited ("PharmAust") (ASX: PAA & PAAO) is pleased to announce that it has made an important discovery in the area of cancer therapy based on a biochemical pathway for killing cancer cells. The approach relies on significantly enhancing the anti-cancer activity of certain well-established mainstream approved cancer drugs without simultaneously enhancing the associated side-effect profile through the killing of normal-dividing cells; a factor that often limits the therapeutic value and utility of chemotherapy.

Depending on the cancer and its progression, chemotherapy can be used to cure, control or palliate cancer. PharmAust's approach shows that the cytotoxicity of certain cancer drugs can be selectively enhanced for killing cancer cells, therefore potentially reducing the side-effects of chemotherapy such as nausea, vomiting, diarrhoea, weight loss and immunosuppression.

PharmAust's Executive Chairman, Dr Roger Aston said, "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*. Furthermore the synergy between PPL-1 and certain mainline cancer therapeutics potentially provides an attractive market fit for the product". Dr Aston also added, "we are grateful and acknowledge NewSouth Innovations in this discovery and their continued support of the work emanating from St George Hospital, Sydney.

PharmAust is the joint applicant to this filing along with NewSouth Innovations (NSi), the commercialisation arm of the University of New South Wales, following work done at St George Hospital. NSi has indicated to PharmAust that it will grant to PharmAust an exclusive worldwide royalty free licence in respect of its joint ownership of this patent filing.

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

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