

Appendix 4E

Preliminary Final Statements to the Australian Securities Exchange

PharmAust Limited and its controlled entities
ABN 35 094 006 023

Reporting period – For the year ended 30 June 2023

Previous period – For the year ended 30 June 2022

Results for Announcement to the Market

	30 June 2023	30 June 2022	Change	Change
	\$	\$	\$	%
Revenue	3,900,297	4,510,705	(610,408)	(14)
(Loss) for the year after tax from continuing operations	(6,211,560)	(1,708,209)	(4,503,351)	(264)
(Loss) attributable to members of the parent entity	(6,211,560)	(1,708,209)	(4,503,351)	(264)

Dividends

No dividends have been declared or paid during the financial year ended 30 June 2023.

Operating Results

The results of the consolidated entity for the year ended 30 June 2023 was a loss, after income tax expense of \$6,211,560 (2022: loss of \$1,708,209).

Financial Position

The net assets of the consolidated entity were \$3,889,135 as at 30 June 2023 (30 June 2022: \$7,844,434).

Dividends

Since the end of the financial year, no dividend has been paid, declared or recommended.

Significant Changes in State of Affairs

A review of events during the reporting period can be found in the review of operations.

	30 June 2023 Cents	30 June 2022 Cents
Net Tangible Assets per Security	0.22	1.49

Control gained over entities and loss of control over entities

The consolidated entity did not gain or lose control over any entity.

Details of associates and joint venture entities

The company has no associates or joint venture entities.

PharmAust Limited
for the financial year ended 30 June 2023

Status of Audit

The 30 June 2023 financial report and accompanying notes for PharmAust Limited have been audited and attached to the appendix 4E.




Sam Wright
Director & Company Secretary

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ABN 35 094 006 023

A large, semi-transparent graphic of a flask or beaker is centered on the page. The flask is light blue with a green and white striped pattern on its lower right side. The text "Annual Report 2023" is overlaid on the flask.

Annual Report

2023

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CORPORATE DIRECTORY

DIRECTORS

Dr Roger Aston
Mr Robert Bishop
Mr Sam Wright
Mr Neville Bassett AM

CHIEF EXECUTIVE OFFICER

Dr Michael Thurn (commencing 1 September 2023)

COMPANY SECRETARY

Mr Sam Wright

REGISTERED OFFICE

Suite 116, 1 Kyle Way
Claremont, Western Australia 6010
Tel +61 (8) 9202 6814 Fax +61 (8) 9467 6111

PRINCIPAL PLACE OF BUSINESS

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Claremont, Western Australia 6010
Tel +61 (8) 9202 6814 Fax +61 (8) 9467 6111
www.pharmaust.com

ASX CODE: PAA

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth, Western Australia 6000

AUDITORS

RSM Australia Partners
2 The Esplanade
Perth, Western Australia 6000

SOLICITORS

Fairweather Corporate Lawyers
Suite 2, 589 Stirling Highway
Cottesloe, Western Australia 6011

STOCK EXCHANGE

Australian Securities Exchange
Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000
ASX CODE: PAA

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity consisting of PharmAust Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons held office as directors of PharmAust Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Roger Aston	Executive Chairman
Mr Neville Bassett	Non-Executive Director
Mr Robert Bishop	Executive Director
Mr Sam Wright	Non-Executive Director & Company Secretary

Principal Activities

The principal continuing activities constituted by PharmAust Limited and the entities it controlled during the year were to develop its own drug discovery intellectual property for the treatment of different types of cancers, neurological diseases and viral infections, as well as providing highly specialised medicinal and synthetic chemistry services on a contract basis to clients.

Operating Results

The results of the consolidated entity for the year ended 30 June 2023 was a loss, after income tax expense of \$6,211,560 (2022: loss of \$1,708,209).

Financial Position

The net assets of the consolidated entity were \$3,889,135 as at 30 June 2023 (2022: \$7,844,434).

Dividends

Since the end of the financial year, no dividend has been paid, declared or recommended.

Review of Operations

PITNEY PHARMACEUTICALS PTY LIMITED – 100% OWNED SUBSIDIARY

PharmAust Limited (PharmAust) specialises in repurposing approved and marketed products and is currently focused on the development of therapeutics for cancer, neurodegenerative diseases and viral infections for humans. PharmAust's veterinary program, now approaching the commercialisation phase, is aimed at cancer for pet dogs. PharmAust's lead molecule for this purpose is monepantel (MPL). MPL is a veterinary drug registered and owned by a major pharmaceutical company for use as an anti-parasitic in many global jurisdictions, however key patents owned by Elanco are due to expire in major global markets in 2024 and 2025. PharmAust discovered independently that MPL interacts in a previously unrecognized "off-target" fashion with the mTOR (mechanistic Target of Rapamycin) pathway, an important regulatory pathway in mammalian cells. It is apparent that molecules such as MPL that target the mTOR pathway have a relevant and realised therapeutic value in a wide range of diseases.

PharmAust's wholly owned subsidiary Pitney Pharmaceuticals Pty Ltd (Pitney) owns a number of granted patents offering protection for the use of MPL as a cancer therapy and providing coverage for the use of MPL in neurodegenerative diseases such as Motor Neurone Disease (MND), Parkinson's Disease and Alzheimer's Disease. Pitney has additional novel patents to cover the use of MPL in the treatment of viral infections and was granted a European Patent for the use of MPL in combination with other anti-cancer therapies for cancer. The fact that MPL is already approved and marketed for use in food chain animals in a number of major jurisdictions (EU/UK and Australia) means that the drug development process for MPL is simpler, carries less risk and more cost effective than it would be if MPL was a new API (Active Pharmaceutical Ingredient).

Phase I/II Human Trial in Motor Neurone Disease

PharmAust previously announced it has received a funding commitment of A\$881,085 for a Phase ½ clinical trial examining the effects of MPL in Motor Neurone Disease (MND), otherwise known as Lou Gehrig's disease or Amyotrophic Lateral Sclerosis (ALS).

These funds have been granted by FightMND, the largest independent funder of MND research in Australia. The trial's lead Principal Investigator is Professor Susan Mathers of Calvary Health Care, Bethlehem, Melbourne and includes a second trial site headed by Professor Dominic Rowe of the Centre for Motor Neurone Disease Research Faculty of Medicine and Health Research at Macquarie University in Sydney. The funding agreement provides that PharmAust will own all intellectual property generated from the trial.

The trial has successfully completed treatment of 3 dosing Cohorts. The dose of MPL has been incrementally increased from one cohort to the next to establish the recommended Phase 2 dose. Cohort 4 is currently in progress. Importantly, all patients have

elected to continue on MPL treatment with some patients receiving MPL treatment for up to 10 months with no signs of significant side effects and appeared "stable".

An interim analysis of preliminary biomarkers and efficacy endpoints was undertaken based on the recommendation by the Principal Investigator. The interim analysis pointed to a possible benefit. PharmAust expects to proceed to a Phase 2 clinical trial given the favourable efficacy biomarker results and planning is underway.

PharmAust expects that in due course MPL could receive Orphan Drug Designation by the United States (US) Food and Drug Administration for MND/ALS. Such designations come with a number of financial incentives and regulatory development benefits. The Orphan Drug Act provides for granting special status to a drug or biological product to treat a rare disease or condition upon request of a sponsor.

Factors Supporting PharmAust's Focus on MPL as Treatment for Neurodegenerative Disease:

1. Precedent published literature implicates mTOR pathways in the control of neurological diseases.
2. PharmAust has published preclinical research demonstrating that MPL impinges upon molecular cascades relevant to correct induction of autophagic flux relevant to the clearance of misfolded neurodegenerative causing proteins.
3. PharmAust has demonstrated MPL's capacity to cross the blood brain barrier, making MPL a rare drug that inhibits mTOR signaling while being able to act directly on the brain following oral administration as a tablet.
4. MPL's strong safety profile in the clinic and in animal models including the veterinary cancer studies will support development through Phase I/II trials for the tablet.
5. FightMND, Australia's largest independent funder of MND research, is investing \$881,085 in PharmAust's Phase I/2 MND study.

Phase 2 Canine Trials

PharmAust has made significant progress in the clinical trials of its primary drug candidate, Monepantel (MPL). PharmAust is endeavouring to repurpose MPL as a safe and effective cancer treatment without the associated side effects of chemotherapy..

Veterinary trial centres have been set up in Australia, New Zealand and the United States to evaluate the anti-cancer benefit of MPL in dogs diagnosed with B-cell lymphoma and which have not received any treatment for the lymphoma. PharmAust is recruiting pet dogs with untreated B cell lymphoma to finalise the Phase 2 evaluation of the drug MPL, which has demonstrated statistically effective anti-cancer activity in the Phase 2 trial.

PharmAust has determined an optimum drug plasma range for anti-cancer activity and minimal side effects.

Two dogs have had a partial response (>30% decrease in cancer tumour) and ten others have enjoyed a stable disease response. One patient (Louie the Beagle) surpassed one year with stable disease and continued excellent Quality of Life (QoL) In comparison, the most common side effects of a dog being treated with chemotherapy include gastrointestinal effects (vomiting, diarrhea or loss of appetite) and decreases in blood cell counts. Also, during chemotherapy, owners need to take precautions when handling their pets and their waste. Drugs may be excreted in the urine and faeces, so it is not advisable for children to play with their pets for a therapy specific duration.

Post-trial, some veterinarians and the respective pet owners have elected to continue MPL treatment and, sometimes, in combination with prednisolone. The combination of MPL with prednisolone has provided extension of survival three-fold, to a median of 150 days. Canines treated with MPL during the trial and after the trial at this optimum level experienced a high quality of life and minimum adverse events were reported. These canine outcomes bode well for further human cancer trials to be pursued.

Phase 2 Human Cancer Trial

Further to the responses and outcomes in canines, PharmAust continues to take key steps towards progressing the evaluation of MPL in human trials. Clinical interest has focused on leukaemia, glioblastoma, oesophageal, gastrointestinal, ovarian and pancreatic cancers.

Factors Supporting PharmAust's Focus on MPL as an Anti-Cancer Drug:

1. The successful reformulation of MPL by BRI/Catalent into a robust and suitable tablet formulation.
2. Demonstration of MPL activity against naturally occurring B-cell lymphoma in dogs.
3. Demonstration of activity against a key cancer marker in humans and canines.
4. Demonstration of and better understanding of the very good safety profile in animals tested to date. as well as the human participants in the clinical trial conducted at the Royal Adelaide Hospital.
5. Extensive preclinical R&D package evaluating MPL in many cancers and in many species.
6. Publications in peer-review journals describing anti-cancer activity of MPL in preclinical models.
7. The fact that MPL is already approved for the treatment of parasitic infections in farm animals, which implies that the drug has received extensive regulatory consideration as it is used in food-chain animals.
8. The provision by Elanco of 25 kg of GMP-quality MPL.
9. The independent capacity to produce GMP-quality MPL and the GMP-quality Pitney-owned MPL analogues using an alternative method with an alternative company.
10. The provision of the comprehensive regulatory package by Elanco, enabling data cross reference for successful discussions with regulatory bodies.

EPICHEM PTY LTD - 100% OWNED SUBSIDIARY

On 1 August 2023, David Hodgson and Andrew Hewitt, of Grant Thornton Australia Limited, were appointed as joint and several liquidators for the administration of the creditor's voluntary winding-up proceedings for the Company's 100% owned subsidiary, Epichem Pty Ltd (Epichem).

A large contributing factor to Epichem's success over the years has been its long-standing relationship and research contract with Drugs of Neglected Diseases Initiative (DNDi). This contract funded Epichem to do research into developing new treatments for neglected diseases.

The contract with DNDi was not renewed past March of 2023 and as a result, Epichem was operating at a loss with the shortfall being funded by PharmAust.

Epichem, as a Contract Research Organisation (CRO) relies heavily on the pharmaceutical sector which has been significantly impacted by COVID-19 and other movements in the industry.

The Australian pharmaceutical industry has experienced a significant shift towards contracting off-shore in recent years. This trend can largely be attributed to the cost of running a CRO in Australia. Many CRO's have elected to shift or expand their manufacturing facilities, research and development centres, and clinical trial operations in countries with lower production costs or emerging markets with high growth potential.

It follows that this shift has led to a decline in local opportunities for contracts and a reduction in domestic employment opportunities within the industry. While Epichem has remained operational through these times, the increasing overseas presence raises challenges in terms of securing ongoing contracts when competing against overseas CRO's who can operate at a lower cost.

This can be seen through the loss of Epichem's longstanding contract with DNDi. Funding for the research in this sector has dried up in Australia with much of the work being awarded to overseas CRO's who can produce similar work for a reduced cost.

Despite Epichem's best endeavours, key long term contracts to replace the DNDi contract could not be secured.

PharmAust engaged external advisors to conduct a review of the Epichem business and provide an independent report setting out the options available to PharmAust on how to restructure, recapitalise or exit the business of Epichem, the consequences of each option and what each option practically entails. Following review of this report, the Company has determined that it will not provide any further funding to Epichem.

The decision to wind up Epichem was made in the best interests of PharmAust shareholders. The voluntary liquidation of Epichem is not expected to impact upon the rest of PharmAust's operations and this decision will furthermore enable the Company to focus all its resources on the clinical development of monepantel in human diseases and the canine anti-cancer and licensing activities.

PHARMAUST LTD – PARENT ENTITY

Annual General Meeting

The Annual General Meeting of the Shareholders of PharmAust Limited was held on 10 November 2022 at the offices of RSM Australia, Level 32, 2 The Esplanade, Perth, WA. All resolutions were passed by a poll.

PharmAust receives \$654k R&D Tax Incentive Refund

Following approval from the ATO of the Company's application for a Research and Development rebate, an amount of \$654,109 was deemed refundable on PharmAust's 2022 Tax Return and paid to PharmAust in December 2022.

Significant Changes in State of Affairs

A review of events during the reporting period can be found in the review of operations.

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Subsequent Events

On 1 August 2023 PharmAust announced that David Hodgson and Andrew Hewitt, of Grant Thornton Australia Limited, were appointed as joint and several liquidators for the administration of the creditor's voluntary winding-up proceedings for the Company's 100% owned subsidiary, Epichem Pty Ltd

On 28 August 2023, PharmAust announced the appointment of Dr Michael Thurn, PhD, as Chief Executive Officer (CEO). Dr Thurn will assume the role on 1 September 2023.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future Developments

In the opinion of the Directors disclosure of information regarding likely developments in the Company's operations and the expected results of those operations in subsequent financial years could prejudice the Company's interests. Accordingly, this information has not been included in this report.

Environmental Regulation

The consolidated entity is subject to a range of environmental regulation. During the year, the consolidated entity met all reporting requirements under any relevant legislation. There were no incidents which required reporting.

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Information on Directors

Dr Roger Aston – Executive Chairman

Qualifications	BSc (Hons), Ph.D
Experience	Dr Aston currently serves as Executive Chairman and Chief Executive Officer of PharmAust Ltd. Dr Aston served as Chief Executive Officer of Mayne Pharma Group until 15 February 2012. During his career, he has been closely involved in start-up companies and major pharmaceutical companies. Aspects of his experience include FDA and EU product registration, clinical trials, global licensing agreements, fundraising through private placements, and a network of contacts within the pharmaceutical, banking and stock broking sectors. Dr Aston is both a scientist and seasoned biotechnology entrepreneur, with a successful track record in both fields. Dr Aston holds a B.Sc. (Hons) and Ph.D. degrees from the University of Manchester from 1975 to 1981.
Interests in Shares & Options at date of report	Dr Aston holds 15,044,815 Fully Paid Ordinary Shares and 3,649,904 Listed PAAO Options.
Contractual rights to shares	Nil
Other Current Directorships (ASX Listed Companies)	Immuron Limited (ASX:IMC) and ResApp Health Limited (ASX:RAP)
Previous Directorships (last 3 years) ASX Listed Companies	Oncosil Limited (ASX: OSL)
Special responsibilities:	Not applicable

Mr Robert C Bishop – Executive Director

Qualifications	LI.B (Hons), Solicitor (New South Wales and England & Wales), MAICD
Experience	Mr Bishop has 35 years' experience in corporate finance and equity capital markets. Having worked extensively in London and Sydney, first as a lawyer at Linklaters & Paines and Allen, Allen & Hemsley; and then as a stockbroker and investment banker at Ord Minnett, Robert Fleming and, since 1998, at his Sydney based corporate finance business, First Capital Markets. He has extensive experience in the areas of stock market flotation's, licensing and compliance work.
Interests in Shares & Options at date of report	Mr Bishop holds 9,511,060 Fully Paid Ordinary Shares, 2,302,766 Listed PAAO Options and 150,000 Unlisted Options.
Contractual rights to shares	Nil
Other Current Directorships (ASX Listed Companies)	Nil
Previous Directorships (last 3 years) ASX Listed Companies	Nil
Special responsibilities:	Not applicable

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Mr Neville Bassett AM – Non-Executive Director

Qualifications	AM, FCA, B.Bus
Experience	Mr Bassett has spent more than 35 years working in accounting, finance and stockbroking. During that time, he has had considerable involvement in Australian financial markets including numerous public Company listings and capital raisings, as well as mergers and acquisitions. In 1991, he became a Director/Councillor of the Royal Flying Doctor Service (RFDS) in WA and he was Chairman of RFDS Western Operations for eight years until his retirement in 2017. He also served six years as Western Operations representative on the Board of the Australian Council of the Royal Flying Doctor Service of Australia. In 2015, Mr Bassett's decades of unwavering dedication to community service were recognised when he was awarded a Member of the Order of Australia (AM) in the Australia Day Honours.
Interests in Shares & Options at date of report	Mr Bassett holds 507,000 Fully Paid Ordinary Shares, 1,750 Listed PAAO Options and 250,000 Unlisted Options.
Contractual rights to shares	Nil
Other Current Directorships (ASX Listed Companies)	Auris Minerals Limited, Bulletin Resources Ltd, Pointerra Limited, and Tennant Minerals Ltd
Previous Directorships (last 3 years) ASX Listed Companies	Nil
Special responsibilities:	Not applicable

Mr Sam Wright – Non-Executive Director & Company Secretary

Qualifications	AFin DipAcc ACIS MAICD
Experience	Sam Wright has twenty years' experience in the administration of ASX listed companies, corporate governance and corporate finance. He is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia. Mr Wright is currently a Director of ASX listed companies, PharmAust Limited, Reach Resources Limited and Structural Monitoring Systems plc. Mr Wright is Company Secretary for ASX listed companies, Buxton Resources Limited and Wide Open Agriculture Limited. He also fills the role of Director and Company Secretary with several unlisted companies. Mr Wright is the Managing Director of Perth-based corporate advisory firm Straight Lines Consultancy, specialising in the provision of corporate services to public companies. Mr Wright has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, and shareholder relations with both retail and institutional investors.
Interests in Shares & Options at date of report	Mr Wright holds 4,550,000 Fully Paid Ordinary Shares, 875,000 Listed PAAO Options and 250,000 Unlisted Options.
Other Current Directorships (ASX Listed Companies)	Reach Resources Ltd (ASX: RR1) & Structural Monitoring Systems plc (ASX:SMN)
Previous Directorships (last 3 years) ASX Listed Companies	Nil
Special responsibilities:	Not applicable

Meetings of Directors

The number of meetings of the Company's directors held during the year ended 30 June 2023, and the number of meetings attended by each director is set out below. In addition to the formal board meetings held during the year, regular executive meetings were held on a fortnightly basis throughout the year.

Directors	Meetings of Directors	
	Eligible to Participate	Number Attended
Dr Roger Aston	1	1
Mr Neville Bassett	1	1
Mr Robert Bishop	1	1
Mr Sam Wright	1	1

DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

The remuneration report, which has been audited, outlines the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

This report details the nature and amount of remuneration for each director and executive of PharmAust Limited.

Remuneration policy

The remuneration of directors and executives of PharmAust Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of PharmAust Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation whilst some executives receive fringe benefits. The Board reviews executive packages periodically by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed regularly with each executive and is based on factors including the forecast growth of profits and shareholders' value.

The remuneration is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. The goal of the remuneration structures it to align the remuneration packages of the executives with the Company's performance and specifically the Company's earnings and the consequences of the Company's performance on shareholder wealth including dividends, returns of capital and capital appreciation.

The executive directors and executives receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits. Individuals, however, have the option to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Any shares given to directors and executives will be valued as the difference between the market price of those shares and the amount paid by the director or executive. Any options granted will be valued by an independent expert using the Black-Scholes, Binomial or any other methodologies that the independent expert deems appropriate.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board (excluding the relevant director) determines payments to the directors and reviews their remuneration regularly, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM').

At the 2022 AGM, held on 10 November 2022, 85.50% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Details of the nature and amount of each element of remuneration of each key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors and other key management personnel:

Directors

Roger Aston	Executive Chairman
Robert Bishop	Executive Director
Sam Wright	Non-Executive Director & Company Secretary
Neville Bassett	Non-Executive Director

Other Key Management Personnel

Richard Mollard (resigned 6 July 2022)	Chief Scientific Officer – PharmAust Ltd Chief Executive Officer – Pitney Pharmaceuticals Pty Ltd
Fiona Milner (appointed 29 June 2022 and resigned 28 July 2023)	General Manager – Epichem Pty Ltd

DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

2023	Short-term Benefits		Post-employment Benefits	Share-based Payments	Total
	Salary & Fees \$	Cash Bonus \$	Superannuation \$	Options & Performance Rights \$	
<u>Directors</u>					
Roger Aston	260,000	-	27,300	-	287,300
Robert Bishop	128,000	-	13,440	-	141,440
Sam Wright	138,000 ^[1]	-	-	-	138,000
Neville Bassett	40,000	-	-	-	40,000
<u>Other Key Management Personnel</u>					
Richard Mollard ^[3]	5,762	-	11,213	(92,508) ^[6]	25,500
Fiona Milner ^[2]	191,943	-	20,154	-	212,097
	763,705	-	72,107	(92,508)	844,337
<hr/>					
2022	Short-term Benefits		Post-employment Benefits	Share-based Payments	Total
	Salary & Fees \$	Cash Bonus \$	Superannuation \$	Options & Performance Rights \$	
<u>Directors</u>					
Roger Aston	260,000	-	26,000	-	286,000
Robert Bishop	128,000	-	12,800	-	140,800
Sam Wright	138,000 ^[1]	-	-	-	138,000
Neville Bassett	40,000	-	-	-	40,000
<u>Other Key Management Personnel</u>					
Richard Mollard ^[3]	252,000	-	25,200	(63,839) ^[6]	213,361
Martine Keenan ^[5]	54,078	2,500	2,653	-	59,231
Colin La Galia ^[4]	224,235	17,500	18,773	17,500	278,008
Fiona Milner ^[2]	-	-	-	-	-
	1,096,313	20,000	85,426	(46,339)	1,155,400

[1] Remuneration paid to Sam Wright has included company secretarial fees of \$102,000 (2022: \$102,000).

[2] Resigned on 28 July 2023.

[3] Resigned on 6 July 2022.

[4] Resigned on 23 March 2022.

[5] Resigned on 27 August 2021.

[6] Note in relation to non-market-based performance rights which have expired. Amounts recognised as at-risk key management personnel remuneration in previous years are reversed in accordance with AASB 2 *Share Based Payments*. Refer to note 21 for more information.

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DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

The proportion of remuneration linked to performance and the fixed proportion

	Fixed remuneration		At risk – STI		At risk – LTI	
	2023	2022	2023	2022	2023	2022
Directors						
Roger Aston	100%	100%	-	-	-	-
Sam Wright	100%	100%	-	-	-	-
Robert Bishop	100%	100%	-	-	-	-
Neville Bassett	100%	100%	-	-	-	-
Other Key Management Personnel						
Richard Mollard	100%	100%	-	-	-	-
Martine Keenan	-	100%	-	-	-	-
Colin La Galia	-	87%	-	13%	-	-
Fiona Milner	100%	-	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Remuneration of Roger Aston (Executive Chairman - PharmAust Limited)

Term of the agreement – permanent and no specific term.

Base salary of \$260,000 per year plus superannuation of 10% of base salary.

Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to six (6) months base salary and superannuation.

Remuneration of Robert Bishop (Executive Director - PharmAust Limited)

Term of the agreement – permanent and no specific term.

Base salary of \$128,000 per year plus superannuation of 10% of base salary.

Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to three (3) months base salary and superannuation.

Remuneration of Sam Wright (Non-Executive Director and Company Secretary – PharmAust Limited)

Term of the agreement – permanent and no specific term.

Consultancy fees of \$13,000 plus GST per month, payable in arrears.

Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to six (6) months consultancy fee.

Remuneration of Neville Bassett (Non-Executive Director – PharmAust Limited)

Term of the agreement – permanent and no specific term.

Directors fees of \$40,000 per year.

Remuneration of Richard Mollard (Chief Scientific Officer – PharmAust Ltd & Chief Executive Officer – Pitney Pharmaceuticals Pty Ltd)

Term of the agreement – permanent and no specific term.

Base salary of \$240,000 per year plus superannuation of 10% of base salary

Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to six (6) months base salary and superannuation.

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DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

Remuneration of Fiona Milner (General Manager – Epichem Pty Ltd)

Term of the agreement – permanent and no specific term.

Base salary of \$190,500 per year plus superannuation of 10% of base salary.

Three separate short term incentives (STI) are set out below, based on Audited Revenue, Net Profit After Tax (NPAT) and securing profitable business. These are separate STI and are evaluated separately.

Regarding the Audited Revenue STI, the Executive will be entitled to one of the bonuses set below depending on the relevant band:

- (a) Audited Revenue of \$3,500,001 to \$3,750,000 - bonus of \$5,000; or
- (b) Audited Revenue of \$3,750,001 to \$4,000,000 - bonus of \$10,000; or
- (c) Audited Revenue of \$4,000,001 to \$4,250,000 - bonus of \$15,000; or
- (d) Audited Revenue of \$4,250,001 to \$4,500,000 - bonus of \$20,000; or
- (e) Audited Revenue of \$4,500,001 to \$4,750,000 - bonus of \$25,000; or
- (f) Audited Revenue of \$4,750,001 to \$5,000,000 - bonus of \$30,000; or
- (g) Audited Revenue of \$5,000,001 to \$5,250,000 - bonus of \$35,000; or
- (h) Audited Revenue of \$5,250,001 to \$5,500,000 - bonus of \$40,000; or
- (i) Audited Revenue of \$5,500,001 to \$5,750,000 - bonus of \$45,000; or
- (j) Audited Revenue of \$5,750,000 and above - bonus of \$50,000.

For the avoidance of doubt, the Audited Revenue figure shall not include R&D rebate or monies received from Federal or State grants.

Regarding the NPAT STI, the Executive will be entitled to one of the bonuses set below depending on the relevant band:

- (a) NPAT of \$50,000 - \$150,000 - bonus of \$5,000; or
- (b) NPAT of \$150,001 - \$250,000 - bonus of \$10,000; or
- (c) NPAT of \$250,001 - \$350,000 - bonus of \$15,000; or
- (d) NPAT of \$350,001 - \$450,000 - bonus of \$20,000; or
- (e) NPAT of \$450,001 - \$550,000 - bonus of \$25,000; or
- (f) NPAT of \$550,001 - \$650,000 - bonus of \$30,000; or
- (g) NPAT of \$650,001 - \$750,000 - bonus of \$35,000; or
- (h) NPAT of \$750,001 - \$850,000 - bonus of \$40,000; or
- (i) NPAT of \$850,001 - \$950,000 - bonus of \$45,000; or
- (j) NPAT of \$950,001 and above - bonus of \$50,000.

For the avoidance of doubt, the NPAT figure shall not include R&D rebate or monies received from Federal or State grants.

Regarding the securing new profitable business STI, the STI will be deemed satisfied upon the achievement of one or more new contract(s) signed in the financial year from new customer(s) of a minimum aggregate amount of \$500,000 per annum and gross profit of 20% of contract price and the amount payable to the Executive will be \$16,667.

The above STI bands will be reset in June each year for the following financial year.

Long term incentive (LTI) equivalent to 20% of base salary worth of options in the Company based on a Black-Scholes valuation. The options have an exercise price of 150% of the 5 day VWAP prior to execution of Executive Services Agreement and include a vesting condition requiring a minimum of 6 months continuous employment with the Company. The options will be valid for 3 years from the date of issue.

Payment of termination benefit on termination by the employer, other than for gross misconduct, is equal to three (3) months base salary and superannuation.

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DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

Share-based compensation

Shares

There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2023.

Options

There were no options issued to directors and other KMP as part of compensation during the year ended 30 June 2023.

Performance rights

There were no performance rights issued to directors and other KMP as part of compensation during the year ended 30 June 2023.

Options and performance rights granted as part of remuneration

All options and performance rights have been granted and issued. The amount allocated to remuneration is allocated over the vesting period.

Other transactions with key management personnel and their related parties

	CONSOLIDATED 2023 \$
Transactions with related parties:	
<i>The following transactions occurred with related parties:</i>	
Services provided by Straight Lines Consultancy ^[1]	18,000
Balance with related parties:	
<i>The following balances occurred with related parties:</i>	
Due to Mandevilla Pty Ltd ^[2]	25,667

^[1] Sam Wright is director of Straight Lines Consultancy.

^[2] Neville Bassett is director of Mandevilla Pty Ltd.

All transactions were made on normal commercial terms and conditions and at market rates.

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DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Revenue	2,823,906	4,510,705	3,671,645	4,123,411	4,364,554
EBITDA (loss)	(5,803,149)	(1,304,771)	(960,061)	(968,857)	(1,330,970)
EBIT (loss)	(6,129,698)	(1,619,698)	(1,258,324)	(1,243,494)	(1,503,400)
Loss after income tax	(6,211,560)	(1,708,209)	(1,337,310)	(1,361,990)	(1,551,222)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end (\$)	0.08	0.07	0.09	0.16	0.04
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(1.93)	(0.54)	(0.42)	(0.46)	(0.71)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2023	Balance 1 July 2022 No.	Exercise of options No.	Received as Compensation No.	At date of Appointment and/or Resignation No.	On-market trade No.	Balance 30 June 2023 No.
<u>Directors</u>						
Roger Aston	15,044,815	-	-	-	-	15,044,815
Robert Bishop	9,211,060	-	-	-	-	9,211,060
Sam Wright	3,500,000	-	-	-	550,000	4,050,000
Neville Bassett	7,000	-	-	-	-	7,000
<u>Other Key Management Personnel</u>						
Richard Mollard	625,000	-	-	(625,000)	-	-
Fiona Milner	-	-	-	-	-	-
	28,387,875	-	-	(625,000)	550,000	28,312,875

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DIRECTORS' REPORT (Cont.)

Remuneration Report (Audited)

Option holding

The number options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2023	Balance 1 July 2022 No.	Issue No.	Options Exercised No.	At date of Appointment and/or Resignation	Net Change Other* No.	Balance 30 June 2023 No.	Total Vested No.
<u>Directors</u>							
Roger Aston	3,649,904	-	-	-	-	3,649,904	-
Robert Bishop	2,302,766	-	-	-	-	2,302,766	-
Sam Wright	875,000	-	-	-	-	875,000	-
Neville Bassett	1,750	-	-	-	-	1,750	-
<u>Other Key Management Personnel</u>							
Richard Mollard	-	-	-	-	-	-	-
Fiona Milner	-	-	-	-	-	-	-
	6,829,420	-	-	-	-	6,829,420	-

*The net change other column above includes those options that were issued during the Entitlement Options Issue during the year.

Performance Rights holding

The number performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2023	Balance 1 July 2022 No.	Issue No.	Options Exercised No.	At date of Appointment and/or Resignation	Net Change Other* No.	Balance 30 June 2023 No.	Total Vested No.
<u>Directors</u>							
Roger Aston	-	-	-	-	-	-	-
Robert Bishop	-	-	-	-	-	-	-
Sam Wright	-	-	-	-	-	-	-
Neville Bassett	-	-	-	-	-	-	-
<u>Other Key Management Personnel</u>							
Richard Mollard	2,000,000	-	-	(2,000,000)	-	-	-
Fiona Milner	-	-	-	-	-	-	-
	2,000,000	-	-	(2,000,000)	-	-	-

*The net change other column above includes those performance rights that have lapsed during the year.

[This concludes the remuneration report, which has been audited.]

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DIRECTORS' REPORT (Cont.)

Shares under option

	Number	Exercise Price	Expiry Date
Listed	79,228,636	\$0.20	31 Oct 2023
Unlisted	15,650,006	\$0.15	30 April 2026
Unlisted	2,730,000	\$0.10	28 February 2026

Shares under Performance Rights

The details of unissued ordinary shares under performance rights at the date of this report are as follows:

	Number	Exercise Price	Expiry Date
Unlisted	-	-	-

Shares Issued on Exercise of Compensation Options

No options were exercised last financial year, this financial year or up to the date of this report.

Indemnification and Insurance of Directors and Officers

During the year, the Company held Directors and Officers Indemnity insurance.

The Company's Constitution provides that except as may be prohibited by Sections 199A and 199B of the Corporations Act every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings whether civil or criminal.

Indemnification and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

Annual Report Disclosure on Corporate Governance

PharmAust Limited is a drug discovery and development Company. The Company has established and continues to refine and improve procedures to ensure a culture of good corporate governance exists and is respected across the consolidated entity.

The Company has a written policy designed to ensure compliance with ASX Listing Rules and all other regulatory requirements for disclosures. Additionally, the Company has adopted a policy designed to ensure procedures to implement the policy are suitable and effective.

The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company. The Corporate Governance Policy and the Company's corporate governance practices is set out on the Company's web site at www.pharmaust.com.

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DIRECTORS' REPORT (Cont.)

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within these financial statements.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Dr ROGER ASTON
Executive Chairman

31 August 2023
Perth, Western Australia

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RSM Australia Partners

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F +61(0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of PharmAust Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2023

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PHARMAUST LIMITED**

Opinion

We have audited the financial report of PharmAust Limited (Company) and its subsidiaries (Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed this matter
Intangible Assets	
Refer to Note 8 in the financial statements	
<p>As at 30 June 2023, the Group has an intangible asset relating to the intellectual property rights for the monepantel oncology platform (MPL) with a carrying value of \$3,107,476.</p> <p>The asset is not yet available for use and is required to be tested annually for impairment by comparing its carrying amount to its recoverable amount. Management's assessment determined that the recoverable amount of this asset exceeded its carrying value at the reporting date.</p> <p>Management's assessment involved:</p> <ul style="list-style-type: none"> Assessing the key assumptions for the MPL value-in-use model to determine whether there were any significant changes during the current financial year; and Evaluating whether any events have occurred to indicate that the asset's recoverable amount may be less than its carrying amount. <p>Management's assessment is subject to estimation uncertainty and requires significant management judgement. We determined this to be a key audit matter due the risk that the outcome of the impairment assessment could vary significantly if different assumptions are applied.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing whether the value-in-use model used by management is appropriate to determine the recoverable amount of MPL; Assessing whether there are any indicators of impairment of the MPL asset, including enquiring with management on the current and planned commercialisation activities; Assessing the reasonableness of management's assumptions used in the value-in-use model and whether there are any indicators that would require the re-estimation of the asset's recoverable amount; and Assessing the adequacy of the disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

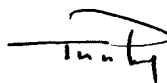
In our opinion, the Remuneration Report of PharmAust Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten signature of the RSM firm.

RSM AUSTRALIA PARTNERS

A handwritten signature of Tutu Phong.

TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2023

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Dr ROGER ASTON
Executive Chairman

31 August 2023
Perth, Western Australia

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2023

	NOTE	CONSOLIDATED	
		2023 \$	2022 \$
Revenue	2	2,823,906	3,381,273
Other income	2	1,076,391	1,129,432
		3,900,297	4,510,705
Raw materials and consumables used		(787,539)	(314,343)
Employee benefits expense		(2,639,353)	(2,975,520)
Depreciation expense		(326,549)	(314,927)
Finance costs		(81,862)	(88,511)
Research and development expenses		(1,031,730)	(758,655)
Administration expenses		(1,661,359)	(1,766,958)
Impairment losses	27	(3,583,465)	-
		(10,111,857)	(6,218,914)
(Loss) before income tax expense		(6,211,560)	(1,708,209)
Income tax expense	3a	-	-
(Loss) after income tax expense		(6,211,560)	(1,708,209)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(6,211,560)	(1,708,209)
Basic and diluted loss per share (cents per share)	16	(1.93)	(0.54)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	NOTE	CONSOLIDATED	
		2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,705,941	2,415,616
Trade and other receivables	5a	148,233	185,322
Other current assets	6	167,055	86,884
Inventory	7	-	1,042,991
TOTAL CURRENT ASSETS		3,021,229	3,730,813
NON-CURRENT ASSETS			
Intangible assets	8	3,107,476	3,109,567
Plant and equipment	9	1,641	3,237,900
TOTAL NON-CURRENT ASSETS		3,109,117	6,347,467
TOTAL ASSETS		6,130,346	10,078,280
CURRENT LIABILITIES			
Trade and other payables	10	926,127	603,637
Borrowings	11	-	210,116
Employee benefits	12	262,786	214,117
Lease liabilities		158,454	137,952
TOTAL CURRENT LIABILITIES		1,347,367	1,165,822
NON-CURRENT LIABILITIES			
Employee benefits	12	3,341	31,023
Lease liabilities		890,503	1,037,001
TOTAL NON-CURRENT LIABILITIES		893,844	1,068,024
TOTAL LIABILITIES		2,241,211	2,233,846
NET ASSETS		3,889,135	7,844,434
EQUITY			
Issued capital	13	57,632,710	55,343,941
Reserves	14	2,715,312	2,747,820
Accumulated losses	25	(56,458,887)	(50,247,327)
TOTAL EQUITY		3,889,135	7,844,434

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Issued Capital	Accumulated Losses	Share-Based Payments Reserve	Total Equity
	\$	\$	\$	\$
As at 1 July 2021	55,326,441	(48,539,118)	2,093,161	8,880,484
(Loss) for the year	-	(1,708,209)	-	(1,708,209)
Total comprehensive (loss) for the year		(1,708,209)		(1,708,209)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued (net of costs)	17,500	-	-	17,500
Issue of options (net of costs)	-	-	718,498	718,498
Share-based payment	-	-	(63,839)	(63,839)
As at 30 June 2022	55,343,941	(50,247,327)	2,747,820	7,844,434
As at 1 July 2022	55,343,941	(50,247,327)	2,747,820	7,844,434
(Loss) for the year	-	(6,211,560)	-	(6,211,560)
Total comprehensive (loss) for the year		(6,211,560)		(6,211,560)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued (net of costs)	2,288,769	-	-	2,288,769
Share-based payment	-	-	(32,508)	(32,508)
As at 30 June 2023	57,632,710	(56,458,887)	2,715,312	3,889,135

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	NOTE	CONSOLIDATED	
		2023	2022
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers		2,783,011	3,437,900
Payments to suppliers and employees		(5,341,719)	(5,811,085)
Other income		995,367	1,128,896
Interest received		81,025	537
Interest and other costs of finance		(81,862)	(88,511)
Net cash used in operating activities	19b	<u>(1,564,178)</u>	<u>(1,332,263)</u>
Cash Flows from Investing Activities			
Payments for plant and equipment		(34,763)	(43,379)
Payments for intangible assets		(167)	-
Net cash used in investing activities		<u>(34,930)</u>	<u>(43,379)</u>
Cash Flows from Financing Activities			
Proceeds from share issues (net)		2,243,764	718,498
Repayment of borrowing and leases		(354,331)	(157,624)
Drawdown on borrowings		-	210,116
Net cash generated from financing activities		<u>1,889,433</u>	<u>770,990</u>
Net increase in cash held		290,325	(604,652)
Cash at the beginning of the financial year		<u>2,415,616</u>	<u>3,020,268</u>
Cash at the end of the financial year	19a	<u>2,705,941</u>	<u>2,415,616</u>

The accompanying notes form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

These consolidated financial statements and notes represent those of PharmAust Limited and its Controlled Entities (the "consolidated entity" or "Group").

1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within Note 1.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PharmAust Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended. PharmAust Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the parent has control. The consolidated entity controls an entity when the parent entity is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Foreign currency translation

The financial statements are presented in Australian dollars, which is PharmAust Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax.

Goods and services tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Income tax (Cont.)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Non-current assets or disposal groups classified as held for sale (Cont.)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Plant and equipment (Cont.)

Depreciation

The depreciable amount of all plant is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Plant and equipment	3-20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intellectual property rights- three oncology technology platforms

Intellectual property rights are recognised at cost of acquisition less accumulated amortisation and any impairment losses. For intellectual property rights not yet available for use, they are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Intangible assets have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project following commercialisation of the assets.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Employee benefits (Cont.)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of PharmAust Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Other finite life intangible assets not yet in use

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether other finite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital, royalty rates and growth rates of the estimated future cash flows.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 20 for further information.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

		CONSOLIDATED	
		2023	2022
		\$	\$
2	REVENUES		
	Sales	2,823,906	3,381,273
	OTHER INCOME		
	Interest received	81,025	536
	Other revenue	995,366	1,128,896
		<u>1,076,391</u>	<u>1,129,432</u>
		<u>3,900,297</u>	<u>4,510,705</u>
	<i>Timing of revenue recognition</i>		
	Goods transferred at a point in time	3,900,297	3,381,273
	Services transferred over time	-	-
		<u>3,900,297</u>	<u>3,381,273</u>
	Refer to Note 22 Segment Reporting for further information with respect to disaggregated revenue.		
3	INCOME TAX EXPENSE		
3a	No income tax is payable as a tax loss has been incurred for income tax purposes.		
	(Loss) before income tax	(6,054,560)	(1,708,209)
	Prima facie tax benefit at 25% (2022: 25%)	(1,513,640)	(469,758)
	Tax effect of:		
	- Other non-allowable items	948,943	9,528
	- Tax losses not brought to account	564,697	460,230
		<u>-</u>	<u>-</u>
3b	Deferred tax asset		
	The potential deferred tax assets have not been recognised in the statement of financial position because their recovery is not considered probable.		
	- Tax losses at 25% tax rate (not recognised) (2022: 25%)	<u>6,721,772</u>	<u>7,063,041</u>
	PharmAust Limited and its wholly-owned Australian subsidiary have formed an income tax consolidated group under the Tax Consolidation Regime. PharmAust Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each Company in the consolidated entity contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.		
4	CASH AND CASH EQUIVALENTS		
	Cash at bank	<u>2,705,941</u>	<u>2,415,616</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

		CONSOLIDATED	
		2023	2022
		\$	\$
5	TRADE AND OTHER RECEIVABLES		
5a	CURRENT		
	Trade receivables	226,216	185,322
	Less: Allowance for expected credit losses (Note 27)	(77,983)	-
		148,233	185,322

Trade receivables: Payment terms are 30 days from the date of recognition and carried at fair value.

- 5b Allowance for expected credit losses
Current trade and term receivables are non-interest bearing and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

The consolidated entity has recognised a loss of \$77,983 (2022: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$
Not overdue	38%	0%	150,687	151,421	57,711	-
0 to 3 months overdue	27%	0%	75,529	33,901	20,272	-
3 to 6 months overdue	0%	0%	-	-	-	-
Over 6 months overdue	0%	0%	-	-	-	-
			226,216	185,322	77,983	-

- 5c Fair value and credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

6	OTHER CURRENT ASSETS		
	GST	65,589	18,989
	Bond	4,225	4,225
	Prepayments	85,687	63,670
	Term deposits	11,554	-
		167,055	86,884

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

		CONSOLIDATED	
		2023	2022
		\$	\$
7	Inventories		
	Finished goods	1,050,669	973,385
	Raw materials	4,357	10,569
	Work in progress	-	59,037
	Provision for obsolescence	(506,498)	-
	Provision for impairment loss (Note 27)	(548,528)	-
		<u>-</u>	<u>1,042,991</u>
8	Intangible Assets		
	Intellectual property	3,107,476	3,107,476
	Licensing rights	-	2,091
		<u>3,107,476</u>	<u>3,109,567</u>
8a.	Intangible Assets – Intellectual Property		
	Intellectual property rights – at cost	5,179,128	5,179,128
	Amortisation	-	-
	Accumulated impairment losses	(2,071,652)	(2,071,652)
		<u>3,107,476</u>	<u>3,107,476</u>
	Movements in Carrying Amounts:		
	Balance at the beginning of the year	3,107,476	3,107,476
	Addition	-	-
	Impairment	-	-
	Balance at the end of the year	<u>3,107,476</u>	<u>3,107,476</u>

No amortisation has been recognised as these intellectual property rights are not yet at the commercialisation stage.

The Group has assessed the recoverability of the carrying amount of the Intangible Asset based on a 16-year value in use calculation using a discounted cash flow model for the intellectual property rights to the monepantel (MPL) oncology platform. The calculation is based on budgets approved by management, assuming commercialisation through a royalty revenue stream for both human and animal patents. The key assumptions used in the discounted cash flow model include:

- Royalty rate of 10% (2022: 10%).
- Post-tax discount rate of 30% (2022: 30%).

The discount rate of 30% post-tax reflects management's estimate of the time value of money and the Group's weighted average cost of capital.

Based on the results of the value in use calculation using a discounted cash flow model, there is no impairment required to be recognised.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

		CONSOLIDATED		
		2023	2022	
		\$	\$	
8	Intangible Assets (cont.)			
8b.	Intangible Assets – Licencing			
	Licencing rights – at cost	2,258	2,091	
	Amortisation	-	-	
	Accumulated impairment loss	(2,258)	-	
		<u>-</u>	<u>2,091</u>	
	Movements in Carrying Amounts:			
	Balance at the beginning of the year	2,091	34,613	
	Addition	167	-	
	Amortisation	-	-	
	Write off	-	(32,522)	
	Provision for impairment loss (Note 27)	(2,258)	-	
	Balance at the end of the year	<u>-</u>	<u>2,091</u>	
9	PLANT AND EQUIPMENT			
	Plant and equipment – Cost	3,511,530	3,634,310	
	Less: Accumulated depreciation	(1,652,129)	(1,472,210)	
	Less: Accumulated impairment loss	(1,857,760)	-	
		<u>1,641</u>	<u>2,162,100</u>	
	Right of use asset – Cost	1,498,466	1,480,247	
	Less: Accumulated depreciation	(558,530)	(404,447)	
	Less: Accumulated impairment loss (Note 27)	(939,936)	-	
		<u>-</u>	<u>1,075,800</u>	
		<u>1,641</u>	<u>3,237,900</u>	
	Movements in Carrying Amounts:			
		Plant and Equipment	Right of Use Asset	Total
		\$	\$	\$
	Balance at 1 July 2021	2,285,805	1,169,074	3,454,879
	Additions	48,911	54,570	103,481
	Disposals	(5,533)	-	(5,533)
	Depreciation expense	(167,083)	(147,844)	(314,927)
	Balance at 30 June 2022	<u>2,162,100</u>	<u>1,075,800</u>	<u>3,237,900</u>
	Additions	34,763	18,218	52,981
	Disposals	(180)	-	(180)
	Depreciation expense	(180,282)	(154,082)	(334,364)
	Provision for impairment loss (Note 27)	(2,014,760)	(939,936)	(2,954,696)
	Balance at 30 June 2023	<u>1,641</u>	<u>-</u>	<u>1,641</u>
10	TRADE AND OTHER PAYABLES			
	Trade creditors and accruals	<u>926,127</u>	<u>603,637</u>	
	Payment terms are 30 days from receipt of goods and/or services rendered.			

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

		CONSOLIDATED	
		2023	2022
		\$	\$
11	BORROWINGS		
	CURRENT		
	Radium Capital Funding ⁽¹⁾	-	210,116
		-	210,116

Terms and conditions:

[1] The Radium Capital Funding is a loan secured over the R&D refund, has a fixed interest rate charge at 15% per annum and with a maturity date on 31 December 2022.

12	EMPLOYEE BENEFITS		
	CURRENT		
	Employee entitlements	262,786	214,117
	NON-CURRENT		
	Employee entitlements	3,341	31,023

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

13	ISSUED CAPITAL		
	Issued and paid up ordinary shares	57,632,710	55,343,941

13a	Movement in fully paid ordinary shares				
		2023	2022	2023	2022
	Ordinary Shares	Number of shares		\$	\$
	1 July	316,912,383	316,729,920	55,343,941	55,326,441
	Shares issued	30,000,000	182,463	2,400,000	17,500
	Costs of share issues	-	-	(156,236)	-
	Share based payments (Note 20)	562,557	-	45,005	-
	30 June	347,474,940	316,912,383	57,632,710	55,343,941

13b	Terms and Conditions	
	Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.	

In the event of winding up the Company, ordinary shares rank after all other shareholders and creditors and are fully entitled to any proceeds from liquidation.

Ordinary shares issued as a result of the exercise of options, will rank equally and on the same terms and conditions as all other shareholders.

13c	Capital Risk Management	
	The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.	

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

13 ISSUED CAPITAL (cont.)

13c Capital Risk Management (cont.)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

	CONSOLIDATED	
	2023	2022
	\$	\$
14 RESERVES		
Share-based payments reserve	2,715,312	2,747,820
The share-based payments reserve is used to accumulate the fair value of the issue of options and performance rights.		
The movement in the share-based payments reserve was as follows:		
Opening balance	2,747,820	2,093,161
Share based payment (Note 20)	(92,508)	(63,839)
Issue of listed options ^[1]	-	792,286
Issue costs ^[1]	-	(73,788)
Issue of unlisted options ^[2]	60,000	-
Ending balance	2,715,312	2,747,820

[1] Issue of listed options

On 9 November 2021, 51,414,373 listed options were issued as part of Entitlement Options Issue at an issue price of \$0.01 per share. On 16 November 2021, a further 27,814,263 listed options were issued as part of Entitlement Options Issue shortfall at an issue price of \$0.01 per share. Total transaction value of \$792,286 (before costs). These options are exercisable at \$0.20 and expire on 31 October 2023.

[2] Issue of unlisted options

On 11 May 2023, 2,730,000 unlisted options were issued as part of consultant's remuneration at an issue price of \$0.10 per share.

15 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions which are no more favourable than those available to other parties. The following transactions occurred with related parties:

	CONSOLIDATED	
	2023	2022
	\$	\$
Transactions with related parties:		
<i>The following transactions occurred with related parties:</i>		
Services provided by Straight Lines Consultancy ^[1]	18,000	18,000
Balance with related parties:		
<i>The following balances are owing to related parties:</i>		
Due to Mandevilla Pty Ltd ^[2]	25,667	44,000

^[1] Sam Wright is director of Straight Lines Consultancy.

^[2] Neville Bassett is director of Mandevilla Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

		CONSOLIDATED	
		2023	2022
		\$	\$
16	EARNINGS PER SHARE		
	Net loss attributable to members of PharmAust Limited	6,211,560	1,708,209
	Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share.	No. 321,009,035	No. 316,884,889

16a Basic Earnings per Share

Basic earnings per share is determined by dividing the loss after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial period, adjusted for any bonus elements in ordinary shares issued during the year.

16b Diluted Earnings per Share

Diluted earnings per share is the same as basic earnings as the Group incurred a loss for the year ended 30 June 2023.

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, borrowings and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated	
		2023	2022
		\$	\$
Financial assets			
Cash and cash equivalents	4	2,705,941	2,415,616
Trade and other receivables (excluding Prepayment & GST)	5a & 6	165,989	185,322
Total financial assets		2,871,930	2,600,938
Financial liabilities			
Trade and other payables (excluding GST)	10	901,979	603,637
Borrowings	11	-	210,116
Lease liabilities		1,048,956	-
Total financial liabilities		1,950,935	813,753

Specific Financial Risk Exposures and Management

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and foreign exchange risk. Other minor risks are either recognized below or disclosed at Note 5c in the case of credit risk and Note 13c in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

2023

	Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Rate Within 1 Year \$	Fixed Interest Rate Within 1-5 Years \$	Non-Interest Bearing \$	Total \$
<i>Financial Assets</i>						
Cash and cash equivalents	0.34%	2,705,941	-	-	-	2,705,941
Trade and other receivables		-	-	-	165,989	165,989
Total Financial Assets		2,705,941	-	-	165,989	2,871,930
<i>Financial liabilities</i>						
Trade and other payables		-	-	-	(901,979)	(901,979)
Borrowings		-	-	-	-	-
Lease liabilities	7.5%	-	(158,454)	(890,503)	-	(1,048,957)
Total Financial Liabilities		-	(158,454)	(890,503)	(901,979)	(1,950,936)
Net Financial Assets/(Liabilities)		2,705,941	(158,454)	(890,503)	(735,990)	920,994

2022

	Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Rate Within 1 Year \$	Fixed Interest Rate Within 1-5 Years \$	Non-Interest Bearing \$	Total \$
<i>Financial Assets</i>						
Cash and cash equivalents	0.12%	2,407,591	8,025	-	-	2,415,616
Trade and other receivables		-	-	-	185,322	185,322
Total Financial Assets		2,407,591	8,025	-	185,322	2,600,938
<i>Financial liabilities</i>						
Trade and other payables		-	-	-	(603,637)	(603,637)
Borrowings	15%	-	(210,116)	-	-	(210,116)
Lease liabilities	7.5%	-	(137,952)	(1,037,001)	-	(1,174,953)
Total Financial Liabilities		-	(348,068)	(1,037,001)	(603,637)	(1,988,706)
Net Financial Assets/(Liabilities)		2,407,591	(340,043)	(1,037,001)	(418,315)	612,232

Interest rate sensitivity analysis

At 30 June 2023 if interest rates had changed by 100 basis points during the entire year with all other variables held constant, profit for the year and equity would have been \$27,059 (2022: \$24,076) lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	CONSOLIDATED	
	2023	2022
	\$	\$
Contracted maturities		
Payables		
- within 1 year	901,979	603,637
Borrowings		
- within 1 year	-	210,116

Price risk

The Group is not exposed to price risk.

Foreign exchange risk

The Group is exposed to foreign exchange rate arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2023		2022	
	USD	EUR	USD	EUR
	\$	\$	\$	\$
Trade receivables	78,754	754	24,654	1,595
Trade payables	23,958	-	51,378	330

Foreign currency risk sensitivity analysis

At 30 June, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the foreign currencies, with all other variables remaining constant is as follows:

	2023		2022	
	Change in profit and equity with a +/- 10% in AUD to			
	USD	EUR	USD	EUR
	\$	\$	\$	\$
Trade receivables	7,517	72	3,416	231
Trade payables	2,287	-	7,119	48

Net fair values

For assets and other liabilities the net fair value approximates their carrying value. The Group has no financial assets where the carrying amount exceeds net fair values at reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of profit or loss and other comprehensive income and in the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

18 INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

	COUNTRY OF CORPORATION	CLASS OF SHARES	EQUITY HOLDING 2023 %	EQUITY HOLDING 2022 %
Name:				
Epicchem Pty Ltd	Australia	Ordinary	100	100
Pitney Pharmaceuticals Pty Ltd	Australia	Ordinary	100	100
Epicchem OHD Pty Ltd	Australia	Ordinary	100	100

19 NOTES TO THE STATEMENT OF CASH FLOWS

19a Reconciliation of Cash

	CONSOLIDATED	
	2023 \$	2022 \$
Cash at bank	2,705,941	2,415,616
19b Reconciliation of net cash used in operating activities to (loss) after income tax		
(Loss) after income tax	(6,211,560)	(1,708,209)
Loss on disposal of plant and equipment	180	-
Depreciation	326,549	314,927
Share based payment expense	(10,005)	(46,339)
Impairment losses	3,583,465	-
Provision for inventory	506,498	-
Write down of intangibles	-	32,522
Movement in assets and liabilities:		
Inventory	(4,219)	(34,920)
Receivables	(40,895)	56,629
Other assets	(57,669)	(541)
Payables	322,489	44,630
Provisions	20,989	9,038
Net cash used in operating activities	(1,564,178)	(1,332,263)

19c Changes in liabilities arising from financing activities

	Bank loans \$	Lease liability \$	Total \$
Consolidated			
Balance at 30 June 2021	38,206	1,239,800	1,278,006
Net cash from/(used in) financing activities	171,910	(119,416)	52,494
Acquisition on of plant and equipment by means of leases	-	54,569	54,569
Balance at 30 June 2022	210,116	1,174,953	1,385,069
Net cash from/(used in) financing activities	(210,116)	(144,215)	(354,331)
Acquisition on of plant and equipment by means of leases	-	18,218	18,218
Balance at 30 June 2023	-	1,048,956	1,048,956

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

20 SHARE-BASED PAYMENTS

The Company has recognised the following amounts as expenses relating to share-based payments for the year.

	2023 \$	2022 \$
Share-based payments to KMP – shares ^[1]	-	17,500
Share-based payments to consultants – shares ^[2]	22,503	-
Share-based payments to consultants – unlisted options ^[3]	60,000	-
Share-based payments to KMP – performance rights (Note 21)	(92,508)	(63,839)
Total	(10,005)	(46,339)

[1] Share-based payments to KMP – shares

On 24 August 2021, 182,463 fully paid ordinary shares were issued to Colin La Galia as part of compensation during the year ended 30 June 2022, with a total value of \$17,500.

[2] Share-based payments to consultants – shares

On 11 May 2023, 562,557 shares were issued as part of prepayment to consultant's remuneration with a total value of \$45,005.

[3] Share-based payments to consultants – unlisted options

On 11 May 2023, 2,730,000 unlisted options were issued as part of consultant's remuneration at an issue price of \$0.10 per share.

Set out below are summaries of options and performance rights:

Listed Options
2023

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/forfeited/other No.	Balance at the end of the year No.
16/3/2018	31/1/2022	\$0.12	-	-	-	-	-
28/8/2019	30/6/2022	\$0.15	-	-	-	-	-
09/11/2021	31/10/2023	\$0.20	51,414,373	-	-	-	51,414,373
16/11/2021	31/10/2023	\$0.20	27,814,263	-	-	-	27,814,263
Listed Options			79,228,636	-	-	-	79,228,636

Weighted average exercise price \$0.20 \$0 \$0 \$0 \$0.20

Listed Options
2022

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/forfeited/other No.	Balance at the end of the year No.
16/3/2018	31/1/2022	\$0.12	50,000	-	-	(50,000)	-
28/8/2019	30/6/2022	\$0.15	250,000	-	-	(250,000)	-
09/11/2021	31/10/2023	\$0.20	-	51,414,373	-	-	51,414,373
16/11/2021	31/10/2023	\$0.20	-	27,814,263	-	-	27,814,263
Listed Options			300,000	79,228,636	-	(300,000)	79,228,636

Weighted average exercise price \$0.15 \$0.20 \$0 \$0.15 \$0.20

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.34 years (2022: 1.34 years).

Unlisted Options
2023

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/forfeited/other No.	Balance at the end of the year No.
30/06/2023	30/04/2026	\$0.15	-	15,650,006*	-	-	15,650,006
30/06/2023	28/02/2026	\$0.10	-	2,730,000	-	-	2,730,000
Unlisted Options			-	18,380,006	-	-	18,380,006

*650,000 options are issued subsequent to reporting date.

Weighted average exercise price \$0 \$0.14 \$0 \$0 \$0.14

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

20 SHARE-BASED PAYMENTS(CONT.)

No unlisted options in financial year ended 30 June 2022.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.81 years (2022: 0 years).

Performance rights 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other No.	Balance at the end of the year No.
26/4/2020	30/4/2022	\$nil	-	-	-	-	-
26/4/2020	31/10/2022	\$nil	2,000,000**	-	-	(2,000,000)	-
8/10/2020	31/3/2022	\$nil	-	-	-	-	-
			<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>

Performance rights 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other No.	Balance at the end of the year No.
26/4/2020	30/4/2022	\$nil	2,000,000*	-	-	(2,000,000)	-
26/4/2020	31/10/2022	\$nil	2,000,000**	-	-	-	2,000,000
8/10/2020	31/3/2022	\$nil	1,000,000***	-	-	(1,000,000)	-
			<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>	<u>2,000,000</u>

* 1 million performance rights vest upon Elanco US Inc exercising its Option under the Option Agreement with PharmAust Limited dated 12 April 2018 on terms that the boards of directors of PharmAust Limited and Elanco both formally approve and 1 million vest upon the formal commencement by PharmAust Limited or by an organisation working in collaboration with PharmAust Limited of a Phase I/II trial in humans of monepantel as an anti-COVID-19 treatment either alone or in combination with other drugs by one or more approved centres in Australia or the United States or United Kingdom following commencement of all formal approvals from relevant regulators and entities and the recruitment of the first patient.

** 1 million performance rights vest upon the formal commencement by PharmAust Limited of a Phase II trial in humans of monepantel as a treatment in neuro-degenerative disease either alone or in combination with other drugs at one or more approved centres in Australia or the United States or United Kingdom following commencement of all formal approvals from relevant regulators and entities and the recruitment of the first patient and 1 million vest upon the formal commencement by PharmAust Limited of a Phase II trial in humans of monepantel as an anti-cancer treatment either alone or in combination with other drugs either at one or more approved centres in Australia or the United States or United Kingdom following commencement of all formal approvals from relevant regulators and entities and the recruitment of the first patient.

*** Vest upon the entry by the Company into a binding commercial licensing agreement with a global pharmaceutical or veterinary company covering the use of MPL in anti-cancer applications in canine or feline patients.

21 KEY MANAGEMENT PERSONNEL

21a Remuneration of Key Management Personnel

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2023 \$	2022 \$
Short term employee benefits	864,737	1,116,313
Post-employment benefits	72,107	85,426
Share based payments ^[1]	(92,508)	(46,339)
	<u>844,336</u>	<u>1,155,400</u>

[1] Share-based payments

Share-based payments recognised in previous years are reversed as the vesting conditions of the performance rights issued as disclosed in note 20 are not met.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2023

22 SEGMENT REPORTING

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Descriptions of segments

- i. *Corporate*
The corporate segment covers all the corporate overhead expenses.
- ii. *Pharmaceutical*
The pharmaceutical segment provides products and services in synthetic and medicinal chemistry to the drug discovery and pharmaceutical industries.

Basis of accounting for purposes of reporting by operating segments

- a. **Accounting policies adopted**
All amounts reported to the Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in these financial statements.
- b. **Intersegment transactions**
There are intersegment sales and purchase within the consolidated entity.
Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.
- c. **Segment assets**
Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.
- d. **Segment liabilities**
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

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NOTES TO THE FINANCIAL STATEMENTS
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22 SEGMENT REPORTING(Cont'd)

The consolidated entity operates in two business segments as disclosed below:

i) Segment Performance

Consolidated

2023	Corporate & Research \$	Pharmaceutical - Epichem \$	Total \$
Revenue			
External sales	-	2,933,194	2,933,194
Other external revenue	950,387	180,224	1,130,611
Total segment revenue			4,063,805
Inter-segment elimination			(163,508)
Total revenue per statement of profit or loss and other comprehensive income			3,900,297
Results			
Segment result from continuing operations before tax	(1,734,871)	(4,476,689)	(6,211,560)

Consolidated

2022	Corporate & Research \$	Pharmaceutical - Epichem \$	Total \$
Revenue			
External sales	-	3,413,079	3,413,079
Other external revenue	834,697	344,960	1,179,657
Total segment revenue	834,697	3,758,039	4,592,736
Inter-segment elimination			(82,031)
Total revenue per statement of profit or loss and other comprehensive income			4,510,705
Results			
Segment result from continuing operations before tax	(1,575,849)	(132,360)	(1,708,209)

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

22 SEGMENT REPORTING (Cont.)

ii) Segment assets and liabilities

Consolidated

	Corporate & Research \$	Pharmaceutical - Epichem \$	Total \$
--	--	--	---------------------

2023

Segment assets

Segment assets	2,545,032	3,585,314	6,130,346
Total assets of the consolidated entity:	<u>2,545,032</u>	<u>3,585,314</u>	<u>6,130,346</u>

Segment liabilities

Segment operating liabilities	(628,954)	(1,612,257)	(2,241,211)
Total liabilities of the consolidated entity:	<u>(628,954)</u>	<u>(1,612,257)</u>	<u>(2,241,211)</u>

Consolidated

	Corporate & Research \$	Pharmaceutical - Epichem \$	Total \$
--	--	--	---------------------

2022

Segment assets

Segment assets	2,302,220	7,776,060	10,078,280
Total assets of the consolidated entity:	<u>2,302,220</u>	<u>7,776,060</u>	<u>10,078,280</u>

Segment liabilities

Segment operating liabilities	(636,800)	(1,597,046)	(2,233,846)
Total liabilities of the consolidated entity:	<u>(636,800)</u>	<u>(1,597,046)</u>	<u>(2,233,846)</u>

iii) Revenue by geographical region

	2023 \$	CONSOLIDATED 2022 \$
Revenue by geographical region		
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Switzerland	17,278	1,043,010
Australia	2,687,428	1,736,617
Sweden	-	323,850
USA	100,439	181,703
Others	18,761	96,093
Total revenue (exclude other income)	<u>2,823,906</u>	<u>3,381,273</u>

Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

Australia	6,130,346	10,078,280
Total assets	<u>6,130,346</u>	<u>10,078,280</u>

Major customers

The consolidated entity has a number of customers to which it provides both products and services. The consolidated entity supplies a single external customer within the pharmaceutical segment who accounts for 19% of external revenue (2022: 30%).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

23 CONTINGENT ASSETS AND LIABILITIES

The consolidated entity has no contingent assets and liabilities as at 30 June 2023.

24 PARENT INFORMATION

Statement of Financial Position	2023	2022
	\$	\$
Assets		
Total current assets	2,322,962	3,476,135
Non-current assets	3,438,990	3,438,990
Total assets	<u>5,761,952</u>	<u>6,915,125</u>
Liabilities		
Current liabilities	628,954	636,800
Non-current liabilities	-	-
Total liabilities	<u>628,954</u>	<u>636,800</u>
Equity		
Issued capital	57,632,710	55,343,941
Reserves	2,715,312	2,747,820
Accumulated losses	<u>(55,215,024)</u>	<u>(51,813,436)</u>
Total equity	<u>5,132,998</u>	<u>6,278,325</u>
Statement of profit or loss and other comprehensive income		
Loss for the year	(3,401,588)	(1,575,849)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(3,401,588)</u>	<u>(1,575,849)</u>

Guarantees

PharmAust Limited is not a guarantor of any debts owned by subsidiaries.

Other Commitments and Contingencies

PharmAust Limited has no commitments to acquire property, plant and equipment and has no contingent liabilities other than those disclosed in Note 23.

	CONSOLIDATED	
	2023	2022
	\$	\$
25 ACCUMULATED LOSSES		
Accumulated losses at beginning of the financial year	(50,247,327)	(48,539,118)
(Loss) after income tax for the year	<u>(6,211,560)</u>	<u>(1,708,209)</u>
Accumulated losses at the end of the financial year	<u>(56,458,887)</u>	<u>(50,247,327)</u>

26 EVENTS AFTER THE REPORTING PERIOD

On 1 August 2023, the management has initiated the process of voluntary liquidation for Epichem Pty Ltd, which involves the realization of the company's assets and the distribution of proceeds to creditors and shareholders according to applicable legal and regulatory requirements. The financial statements presented herein reflect the company's financial position and results of operations as of and for the financial year ended 30 June 2023, taking into consideration the events and conditions related to the voluntary liquidation process.

On 28 August 2023, Dr Michael Thurn, PhD, has been appointed as Chief Executive Officer (CEO) with effect on 1 September 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

27 IMPAIRMENT LOSSES

Subsequent to financial year ended 30 June 2023, Epichem Pty Ltd entered into voluntary liquidation. As a result, the following assets have been impaired.

	Consolidated	
	2023	2022
	\$	\$
Trade receivables (Note 5a)	(77,983)	-
Inventories (Note 7)	(548,528)	-
Intangible assets (Note 8b)	(2,258)	-
Plant and equipment (Note 9)	(2,014,760)	-
Right-of-use assets (Note 9)	(939,936)	-
	<u>(3,583,465)</u>	<u>-</u>

28 AUDITOR'S REMUNERATION

Remuneration of RSM Australia Partners as auditor for:
- auditing or reviewing the financial report
- taxation services

	84,450	77,500
	15,500	14,500
	<u>99,950</u>	<u>92,000</u>

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SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules, and not disclosed elsewhere in this report.

SHAREHOLDINGS

Mr Graham Darcy is a substantial shareholder holding a relevant interest in 22,250,000 shares representing 6.40% (2022: 7.02%) of voting power and has notified the Company in accordance with section 671B of the Corporations Act 2001.

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

PHARMAUST LIMITED		ORDINARY FULLY PAID SHARES (Total)	
Range of Units As Of 28/08/2023		Composition : ORD,ES1	
Range	Total holders	Units	% Units
1 - 1,000	241	73,134	0.02
1,001 - 5,000	490	1,676,218	0.48
5,001 - 10,000	574	4,540,934	1.30
10,001 - 100,000	1,317	48,908,507	14.02
100,001 Over	438	293,576,147	84.17
Rounding			0.01
Total	3,060	348,774,940	100.00

Unmarketable Parcels			
	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.0760 per unit	6,579	901	2,738,401

PHARMAUST LIMITED		LISTED OPTIONS EXPIRING 31/10/2023 @ \$0.01 (Total)	
Range of Units As Of 29/08/2023		Composition : OPT	
Range	Total holders	Units	% Units
1 - 1,000	67	34,597	0.04
1,001 - 5,000	286	768,566	0.97
5,001 - 10,000	124	939,061	1.19
10,001 - 100,000	269	9,416,026	11.88
100,001 Over	104	68,070,386	85.92
Rounding			0.00
Total	850	79,228,636	100.00

Unmarketable Parcels			
	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.0100 per unit	50,000	675	6,322,783

562,557 ordinary shares will be released from voluntary escrow on 4 September 2023.

There is no current on-market buy back taking place.

During the reporting period the Company used its cash and assets in a manner consistent with its business objectives.

PHARMAUST LIMITED

ORDINARY FULLY PAID SHARES

Top Holders (Grouped) As Of 28/08/2023

Composition : ORD

Rank	Name	Units	% Units
1	HYBRID HOLDINGS PTY LTD <DARCY FAMILY SUPER FUND A/C>	22,250,000	6.39
2	MR GERALD JAMES VAN BLOMMESTIEN + MRS GILLIAN VAN BLOMMESTEIN <VAN BLOMMESTEIN S/F A/C>	18,039,134	5.18
3	DR ROGER ASTON	15,044,815	4.32
4	MR MARCUS PAUL HUGHES	9,000,000	2.58
5	Longbow Croft Capital Pty Limited	8,500,058	2.44
6	MR CHEK LOON TAN	4,600,000	1.32
7	STRAIGHT LINES CONSULTANCY PTY LTD <STRAIGHT LINES CONSULT A/C>	4,550,000	1.31
8	MR DOUGLAS BREWSTER KITCHEN	4,254,236	1.22
9	C DARCY + D SIMPSON <SIMDAR 1994 SUPER FUND A/C>	4,145,458	1.19
10	MR RODNEY JOSEPH PETER ADKINS + MS ANNE-MARIE ADKINS <RAM SUPER FUND A/C>	4,062,707	1.17
11	MAGEE HOLDINGS PTY LTD <PLM SUPER FUND A/C>	3,800,000	1.09
12	MR RICHARD DESMOND REID	3,700,000	1.06
13	MR ROGER BOWMAN	3,500,000	1.01
14	MR PAUL DENHAM	3,164,607	0.91
15	MR PETER HOWELLS	3,000,000	0.86
16	CITICORP NOMINEES PTY LIMITED	2,897,934	0.83
17	MISS RUTH AMANDA STROPPIANA	2,830,679	0.81
18	MR MICHAEL PHILIP EASTERBROOK	2,700,000	0.78
19	MR KEVIN BERNARD MURPHY	2,571,577	0.74
20	JARMACK HOLDINGS PTY LIMITED <VIP SUPER FUND A/C>	2,341,570	0.67
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		124,952,775	35.88
Total Remaining Holders Balance		223,259,608	64.12

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PHARMAUST LIMITED

LISTED OPTIONS EXPIRING 31/10/2023 @ \$0.01 (Total)

Top Holders (Grouped) As Of 29/08/2023

Composition : OPT

Rank	Name	Units	% Units
1	HYBRID HOLDINGS PTY LTD <DARCY FAMILY SUPER FUND A/C>	5,622,500	7.10
2	MR GERALD JAMES VAN BLOMMESTIEN + MRS GILLIAN VAN BLOMMESTEIN <VAN BLOMMESTEIN S/F A/C>	4,555,761	5.75
3	MR RICHARD DESMOND REID	3,678,361	4.64
4	DR ROGER ASTON	3,649,904	4.61
5	MR JONATHAN HARWOOD	2,985,354	3.77
6	MR DAMIEN SONNY MICALLEF	2,106,327	2.66
7	Longbow Croft Capital Pty Limited	2,050,015	2.59
8	MR MARCUS PAUL HUGHES	2,020,000	2.55
9	MR MICHAEL PHILIP EASTERBROOK	1,500,000	1.89
10	MR RODNEY JOSEPH PETER ADKINS + MS ANNE-MARIE ADKINS <RAM SUPER FUND A/C>	1,489,005	1.88
11	MAGEE HOLDINGS PTY LTD <PLM SUPER FUND A/C>	1,410,698	1.78
12	MR GRANTLAND LLOYD PEARCE <PEARCE FAMILY SUP FUND A/C>	1,400,000	1.77
13	MR PETER JOHN SYMONS	1,210,000	1.53
14	MR MARK WILLIAM DUBBELAAR + MISS REBECCA CLAIRE DUBBELAAR	1,206,213	1.52
15	LERNER NOMINEES PTY LTD <TIMBERCREEK S/F A/C>	1,132,000	1.43
16	C DARCY + D SIMPSON <SIMDAR 1994 SUPER FUND A/C>	1,114,265	1.41
17	MR MICHAEL ROBERT BERISLAV BJELIS	1,080,000	1.36
18	ASEA CONNECT CONSULTING PTY LTD	1,000,000	1.26
18	MR KURT BARTON ATHERTON	1,000,000	1.26
18	MR ADAM JAMES DUFF <COASTAL GROUP A/C>	1,000,000	1.26
18	MR COLIN EARL GARNSWORTHY	1,000,000	1.26
18	MR RICHARD DESMOND REID	1,000,000	1.26
Totals: Top 22 holders of LISTED OPTIONS EXPIRING 31/10/2023 @ \$0.01 (Total)		43,210,403	54.54
Total Remaining Holders Balance		36,018,233	45.46

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