



ASX & Media Release

December 2017 Appendix 4C

Melbourne, Australia; January 31, 2018: Patrys Limited (**ASX: PAB**) is pleased to lodge its Appendix 4C for the quarter ended 31 December 2017.

FINANCE

The Company held cash reserves of \$912,000 at the end of December, with net cash outflows from operating activities during the quarter of \$436,000.

The Company notes that it has lodged a modified application for a Federal Government R&D Tax Rebate for approximately \$290,000 and that it has received notification that this application has been accepted.

The Company further notes that it is actively pursuing multiple insurance claims related to the failed manufacturing run of PAT- SM6 in 2014/15. Given the magnitude, number and complexity of the claims this is a protracted process. As has been previously noted, the Company received \$1.272 million in insurance recoveries in 2015.

Subsequent event

On January 15, 2018 the Company announced a \$2.4 million Rights Issue, fully underwritten by Somers and Partners. The non-renounceable 2:11 Rights Issue to eligible shareholders is for new shares priced at 1.7 cents per share to raise approximately \$2.4 million before costs. Funds raised will be used to accelerate development of the Deoxymab platform, further business development of the IgM platform, ancillary other developments, operations, insurance claim prosecution, corporate activities and working capital. Patrys is also offering Eligible Shareholders the right to increase their shareholding in the Company via a Share Top Up Facility should there be any shortfall under the Rights Issue. Offer Documents were dispatched to shareholders on Monday 22 January, 2018 and the Closing Date for the Issue is Friday 9 February, 2018.

The estimated cash outflows for the quarter ending 31 March 2018 include provisions for two non-recurring items. Cash outflows in the quarter ended 31 December 2017, were approximately \$108,000 less than forecast for that quarter. A provision for this under expenditure has been made in the estimated cash outflows for the quarter ending 31 March 2018. Further, the estimated cash outflows for the quarter ending 31 March 2018 also include a non-recurring provision of approximately \$160,000 for costs associated with the Rights Issue.

OPERATIONS

Patrys continues to progress its PAT-DX1 asset, building a strong position in the field of DNA damage repair (DDR) therapeutics. During the quarter Patrys reported new data confirming synergy between PAT-DX1 and the approved PARP inhibitor olaparib, the establishment of research collaborations with Australia's two leading medical research institutes, granting of a new patent for the IgM asset PAT-LM1, the launch of a video explaining the mode of action of Deoxymab 3E10 and the initiation of equity analyst coverage on the Company by NDF Research.



In October 2017 the Company announced that it finalised the terms of a Federal Government Innovation Connections grant with the Garvan Institute of Medical Research to support research within the PAT-DX1 program. The grant, worth \$50,000, will be used to determine the efficacy of PAT-DX1 in *in vitro* studies of pancreatic cancer cell lines and several well-characterised pancreatic cancer models both as a single agent and as a combination therapies. The research will be undertaken by Dr Marina Pajic, Leader of the Personalised Cancer Therapeutics Laboratory, who has established unique research tools for studying pancreatic cancer.

In November 2017 the Company announced that it had formalised a collaboration with the Walter and Eliza Hall Institute of Medical Research (WEHI) to combine Patrys' PAT-DX1 program and proprietary intellectual property of the WEHI. The collaboration will be used to couple Patrys' PAT-DX1 with a proprietary antibody from the WEHI (7D10) to generate a bi-specific antibody with the potential to kill cancer cells by blocking the Bak pathway. The research will be led by Dr Ruth Kluck, laboratory head in the Molecular Genetics of Cancer Division.

In December 2017 the Company announced that its collaborators at Yale University had found that PAT-DX1 acts synergistically with olaparib, the first approved PARP (poly (ADP-ribose) polymerase) inhibitor. Both molecules killed a range of different cancer cells as single agents, and when used simultaneously their combined action was synergistic rather than additive, supporting the understanding that they act through different but complementary pathways. These findings indicate the potential for combinations of PAT-DX1 and PARP inhibitors to have an increased impact on DNA repair-deficient tumours while still sparing normal tissues.

Patrys' IgM intellectual property portfolio was strengthened in October 2017 with the granting of a patent in the PAT-LM1 family by the United States Patent and Trademark Office (patent number 9,783,599). The US patent protects the use of PAT-LM1 treating colon cancer metastasis, and strengthens the IgM IP portfolio for business development efforts.

Consistent with previous disclosures from the Company, manufacturing of PAT-SM6 and a possible clinical trial remain on hold until non-dilutive funding for this program can be obtained. The Company continues to pursue multiple insurance claims associated with the manufacturing runs of PAT-SM6 in 2014 and 2015.

Subsequent event

On 29 January 2018 the Company announced that its drug candidate PAT-DX1-NP (PAT-DX1 linked to nanoparticles that can be loaded with chemotherapeutic (or other) drugs) successfully localized to triple negative breast cancer tumors in mice. This confirmed earlier similar experiments using glioblastoma in September 2017. In addition, the Company announced that PAT-DX1-NP also localised to axillary lymph node metastases, raising the possibility that an eventual therapeutic based on PAT-DX1 could have broad utility, treating both primary and secondary tumors – potentially before the latter had even been identified. Additionally there is now support for diagnostic imaging applications for the PAT-DX1 technology, which has been foreseen in the Company's patent strategy and intellectual property filings.

An Appendix 4C accompanies this announcement.

For and on behalf of the Board of Patrys Limited,

Melanie Leydin
CFO and Company Secretary

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About Patrys Limited:

Based in Melbourne, Australia, Patrys (ASX: PAB) is focused on the development of antibodies as therapies for a range of different cancers. Patrys has a pipeline of anti-cancer antibodies for both internal development and as partnering opportunities. More information can be found at www.patrys.com.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Patrys Limited

ABN

97 123 055 363

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	27	27
1.2 Payments for		
(a) research and development	(175)	(439)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(106)	(200)
(f) administration and corporate costs	(142)	(261)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (IP expenditure)	(41)	(130)
1.9 Net cash from / (used in) operating activities	(436)	(994)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,342	1,911
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(436)	(994)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	6	(5)
4.6	Cash and cash equivalents at end of quarter	912	912

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	912	792
5.2	Call deposits	-	550
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	912	1,342

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	118
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Cash payments to directors for executive director salaries, non-executive director fees and consulting services for the quarter.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	238
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	114
9.6 Administration and corporate costs	349
9.7 Other (provide details if material) (IP)	59
9.8 Total estimated cash outflows	760

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

(Company secretary)

Date: 31 January 2018

Print name: Melanie Leydin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.