



ASX Release

Anatara Appendix 4C

BRISBANE & MELBOURNE, 15th January 2020: Anatara Lifesciences Ltd (ASX:ANR) is pleased to release its Appendix 4C for the quarter ending 31st December 2019. The Company's cash plus term deposits at the end of the quarter stood at \$4.30m (30th September 2019: \$4.45m). On 31st December 2019, the Company had cash at bank of \$3,801,117 and \$500,000 in term deposits. Expenditure during the quarter was lower than forecast due to timing of payments for R&D expenditure.

Forecast expenditure for the March 2020 quarter is anticipated to increase as research and development activities for development of the Company's Gastrointestinal Reprogramming (GaRP) dietary supplement advances. A refund from the Australian Taxation Office under the Federal Government's Research and Development (R&D) Tax Incentive scheme of \$847,325 was received in November 2019.

Anatara made two notable announcements during the quarter; reporting the achievement of key milestones for its GaRP dietary supplement development program: (1) additional successful preclinical data, including observing an adjuvant effect and potential dose-sparing properties when combined with a commonly used class of disease modifying medication; (2) finalisation of the draft clinical trial protocol in irritable bowel syndrome (IBS).

The Company remains highly encouraged by the successful *in vitro* and *in vivo* preclinical data reported for its GaRP dietary supplement to date, providing the Company with every confidence going into a human clinical study this year. Anatara believes its GaRP dietary supplement may be the breakthrough product so desperately needed by patients suffering chronic bowel conditions, such as irritable bowel syndrome (IBS) and inflammatory bowel disease (IBD).

In parallel, the Company is continuing discussions with multinational animal health partners to licence its non-antibiotic animal product for gut health, Detach[®], and expects to announce a partnering deal by the end of FY 2020.

Anatara announced in November that the Company is currently exploring options to build marketing capability and a pipeline of over-the-counter (OTC) gastrointestinal (GI) products in Australia. Anatara is evaluating a range of evidence-based GI health consumer products, already commercialised in international markets, with negotiations advanced with one potential product partner. Anatara is targeting products which are 1) currently on market in international markets, 2) market leaders in their home markets and 3) are accompanied by strong preclinical and human clinical evidence.

Anatara believes expansion of its gastrointestinal health product pipeline, through in-licencing and distribution, will provide opportunity for the Company to develop in-house OTC expertise, build



brand and consumer awareness prior to the launch of Anatarara's own GaRP product and increase near term revenues and return on investment for shareholders.

Anatarara's CEO, Mr. Steven Lydeamore said, "We are coming into an exciting news flow period for the Company and we now have the opportunity to expand our gastrointestinal health footprint in the consumer health market in Australia. For those reasons, I am very optimistic about our future and look forward to delivering value and growth for shareholders."

The Company continued an active market awareness program during the period. Anatarara CEO, Steve Lydeamore, presented at the Australian Microcap Investment Conference, the Australia Biotech Invest & Partnering Conference and the Pitt Street Research Lifesciences Conference in November. A video of the latter conference, along with other interviews and media coverage can be found at anataralifesciences.com/media-centre/media-coverage/. Investor meetings were held in Brisbane, Melbourne and Sydney in October and Adelaide, Brisbane and Sydney in November. Anatarara's Annual General Meeting was held during the period, in Sydney on 11 November 2019; three of the four resolutions were passed.

Anatarara's Gastrointestinal ReProgramming (GaRP) dietary supplement

Anatarara's GaRP dietary supplement is being developed to specifically target two human gastrointestinal disorders, irritable bowel syndrome (IBS) and inflammatory bowel disease (IBD). IBS is the most common GI condition affecting approximately 11% of the global population¹ while IBD affects an estimated five million people globally²

Current pharmaceutical treatments have high failure rates and severe side-effects, leading to over 50% of IBS³ and IBD⁴ patients trying complementary and alternative medicines (CAMS) in the hope of effectively managing their chronic bowel condition. As many patients and healthcare providers believe the risk benefit of CAMs to be favourable, patients are willing to invest in their health, with this market segment being significant. In 2018, expenditure on gastrointestinal supplements and OTC digestive remedies in the US alone was US\$8 billion^{5,6}.

¹ Clinical Gastroenterology and Hepatology 2012; 10, 712-721.

² Crohn's and Colitis Australia.

³ Grundmann O & Yoon S (2014) World J. Gastroenterol 20 (2). p.346.

⁴ Lovell R & Ford A (2012) Clin. Gastroenterol. Hepatol. 10. p.712

⁵ Mintel's 2018 Digestive Health U.S., July 2019.

⁶ 2018 category insight Report: follow your gut-a global look at Digestive Health Products.

For more information please contact:

| General inquiries | |
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About Anantara Lifesciences Ltd

Anatara Lifesciences Ltd (ASX:ANR) is developing and commercialising innovative, evidence-based products for gastrointestinal health where there is significant unmet need. Anatara is a life sciences company with expertise in developing products for animal and human health. Anatara is focused on building a pipeline of human gastrointestinal health products. Underlying this product development program is our commitment to delivering real outcomes for patients and strong value for our shareholders.

Disclaimer

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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

Anatara Lifesciences Ltd (ASX: ANR)

ABN

41 145 239 872

Quarter ended ("current quarter")

31 December 2019

| Consolidated statement of cash flows | Current quarter A'000 | Year to date (6 months) A'000 |
|---|----------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) research and development | (245) | (453) |
| (b) product manufacturing and operating costs | - | - |
| (c) advertising and marketing | - | - |
| (d) leased assets | - | - |
| (e) staff costs | (441) | (970) |
| (f) administration and corporate costs | (358) | (665) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 15 | 72 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 847 | 847 |
| 1.8 Other | 34 | 67 |
| 1.9 Net cash from / (used in) operating activities | (148) | (1,102) |

| Consolidated statement of cash flows | Current quarter A'000 | Year to date (6 months) A'000 |
|--|--------------------------|-------------------------------------|
| 2. Cash flows from investing activities | - | - |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | (3) |
| (b) businesses (see item 10) | - | - |
| (c) investments (<i>term deposits of greater than 90 days</i>) | (500) | (1,000) |
| (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 (<i>term deposits of greater than 90 days</i>) | 500 | 4,550 |
| (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 | - | 3,547 |

| | | |
|---|---|---|
| 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 | 3,953 | 1,360 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (148) | (1,102) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | 3,547 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | (4) | (4) |
| 4.6 | Cash and cash equivalents at end of quarter | 3,801 | 3,801 |

| | | | |
|------------|---|------------------------------------|-------------------------------------|
| 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 | 651 | 953 |
| 5.2 | Call deposits (<i>deposits with terms of less than or equal to 90 days</i>) | 3,150 | 3,000 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,801 | 3,953 |

(*) As at 31 December 2019, other than the cash and cash equivalents presented above, the Company also had \$500,000 (30 September 2019: \$500,000) in deposits with terms of greater than 90 days.

| | | |
|-----------|--|------------------------------------|
| 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 | 99 |
| 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 | |

Item 6.1 Reflects amounts paid to directors including director's fees, salaries, superannuation, bonuses and consulting fees (excluding reimbursements).

| 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 | |
| - | |

| 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. | | |
| - | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Research and development | 589 |
| 9.2 Product manufacturing and operating costs | - |
| 9.3 Advertising and marketing | - |
| 9.4 Leased assets | - |
| 9.5 Staff costs | 453 |
| 9.6 Administration and corporate costs | 308 |
| 9.7 Other (provide details if material) | - |
| 9.8 Total estimated cash outflows | 1,350 |

| 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:
(Chief Executive Officer)

Date: 15 January 2020

Print name: Steven Lydeamore

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.