



29 October 2021

QUARTERLY ACTIVITIES REPORT – 30 September 2021

Highlights:

- Revenue of A\$1,160,723 generated – a 92% increase on the prior corresponding period (PCP) (Q3 CY2020: A\$605,889)
- Revenue growth highlights Creso Pharma’s transition from product development focused biotech company to large, globally focused life sciences company
- Robust cash position of ~\$12 million at 30 September 2021. The Company also has ~\$4.8 million ‘in the money’ options, which when exercised would result in cash reserves of ~\$17million.

Mernova Medicinal Inc. (“Mernova”) – Cannabis cultivation and sales division (Canada):

- A\$797,963 (C\$738,695ⁱ) in sales recorded for the quarter – a 34% increase on the PCP (Q3 CY2020: A\$594,240)
- 14 new high THC strains acquired – those that qualify with Mernova’s strict quality standards to be sold under *Ritual* brands
- Existing sales licence extended by Health Canada – allows Mernova to sell cannabis products for medicinal purposes in addition to Canada’s recreational market
- *Ritual Sticks* products now being sold through New Brunswick’s only legal cannabis retailer, Cannabis NB
- Strong customer demand continuing with POs for *Ritual Green* and *Ritual Sticks* products
- Growth prospects are robust with additional POs expected from new and existing provincial partners and wholesale groups
- *Ritual Green* products reached 3.2% market share in Nova Scotia for the week ended 24 October – product demand increasing due to some of the highest THC percentages on the market

Creso Switzerland – Nutraceutical division (Europe):

- A\$362,760 (CHF244,904ⁱⁱ) in quarterly revenue recorded - up 7,697% on the PCP (Q3 FY2020: A\$4,653)
- Innovative cannaDOL® formulations launched in Swiss sports market through newly established e-commerce channel, as well as in pharmacies, sports and fitness centres
- New e-commerce site launched under ‘Born to move’ sub brand and comprises:
 - cannaDOL® booster for use before sports activity
 - cannaDOL® revitalize topical gel
 - cannaDOL® recovery for after physical activity to help to manage recovery
- European market presence expanded with two purchase orders from import/export partner MHG GmbH Switzerland (“MHG”) for human health products



- Maiden purchase order secured in Poland from Polvet Healthcare Teodorowski Spółka Jawna Clinic for anibidiol® granule animal health product
- Latin American commercial partners Adler Laboratories and Medara S.A. completed all required import procedures for anibidiol® to be sold in Uruguay

Halucenex Life Sciences Inc. (“Halucenex”):

- Acquisition of Halucenex Life Sciences Inc. completed – provides Creso Pharma with access to the emerging global market for psychedelic medicines
- Controlled Drugs and Substances Dealer’s Licence secured allowing Halucenex to possess, sell, transport and conduct R&D on a broad range of psychedelic substances including psilocybin, ketamine, LSD and MDMA amongst others
- Work towards phase II clinical trial to test the efficacy of psilocybin when used to treat Post Traumatic Stress Disorder (PTSD) progressed pleasingly;
- Trial expected to begin during Q2 of 2022, subject to receipt of regulatory approvals
- USP 62 test work underway – successful completion of protocols would deem Halucenex’s GMP grade psilocybin safe for human consumption and use in clinical trials
- MOU with Landing Strong, a Nova Scotia-based mental health organisation providing structured support for military members, first responders and veterans
- State of the art CO2 Supercritical Extraction System to progress product development and R&D commissioned
- Research Collaboration Agreement secured with Acadia University to develop soft gel capsule drug delivery format containing CBD and psilocybin respectively

Corporate developments:

- NASDAQ & ASX dual listing being pursued following mutual termination of proposed merger with Red Light Holland Corporation
- Leading New York based corporate advisor EAS Advisors LLC mandated to expedite potential NASDAQ process
- Potential NASDAQ listing is expected to unlock deeper pools of capital, provide access for North American investors, efficient M&A and expedited partnerships with US groups
- Significantly strengthened management team with the appointment of leading cannabis and psychedelic industry experts:
 - Mr William Lay appointed as Executive Vice President – Strategy, Origination & Operations
 - Dr Miri Halperin Wernli engaged as strategic advisor
- Both appointments have extensive expertise in cannabis and psychedelic sectors
- Mr Lay was previously Associate Director M&A of Canopy Growth (NASDAQ: CGC, CSE: WEED) which had a peak market capitalisation of US\$17Bn
- Creso Pharma now has four ex-Canopy Growth executives and intends to leverage their expertise, relationships and experience



- He has also overseen or supported over C\$5Bn in cannabis transactions, including leading the largest cannabis acquisition in industry history
- Appointments will assist the Company's existing team to drive growth in North America
- Mr Lay to primarily focus on M&A – first transaction completed post quarter end

Creso Pharma acquires assets of ImpACTIVE Holdings Ltd ("ImpACTIVE"):

- Asset purchase agreement with Canadian life sciences company, ImpACTIVE, to purchase brand and product portfolio of CBD-based products
- ImpACTIVE products deliver anti-inflammatory relief to professional and amateur athletes suffering from chronic muscle and joint pain, and joint and limb recovery
- ImpACTIVE assets include 8 products for sale, as well as a growing development pipeline
- All products contain less than 0.3% THC on a dry weight basis significantly reducing global regulatory hurdles
- Online sales of ImpACTIVE products to launch imminently– discussions with potential retail groups are well progressed
- Deal is based on sales performance with significant sales target set
- Products are being approved through a product procurement platform used by large US retailers – tender applications with CVS and Walgreens under way
- Integration now complete with developments expected to materialise shortly

Key focus for current quarter and beyond – aggressive US scale up:

- Strong focus on rapid scale up of operations – Creso Pharma pursuing multiple opportunities to drive US market penetration during current quarter
- Aggressive business development strategy implemented with M&A and partnership agreements expected to increase
- Multiple policy changes and regulations have been introduced providing an ideal expansion pathway for Creso Pharma
- Product suite expansion and partnership agreements well progressed with multiple US partners expected shortly
- Creso Pharma is also in the process of recruiting further key industry experts to join management, executive and board positions

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to provide this Quarterly Activities Report for the period ended 30 September 2021 (the 'quarter'), together with its Appendix 4C Quarterly Cash Flow Report.

Commentary:

Non-Executive Chairman Mr Adam Blumenthal said: *"The quarter continued the rapid growth of the Company as progress was made on a number of key initiatives across all divisions of the business.*

"After the successful completion of the Halucenex acquisition, the commencement of USP 62 testing and securing our Controlled Drugs and Substances Dealer's Licence are huge advancements. As we progress



our entry into the psychedelics space these provide us with a competitive advantage and put us in a strong position to begin our phase II clinical trial following additional approvals.

“Our global footprint has continued to expand with first purchase orders secured in Poland for animal health products and the launching of a new e-commerce platform for new human health products in Switzerland. We are also now positioned to take advantage of the growing Latin American market after the completion of registration and import procedures in Uruguay, which will be used as a catalyst to expand our sales pipeline across the region.

“After in depth market reviews and consultations with investors in the US and Australia, the decision to terminate our agreement with Red Light Holland was made. Our focus has now shifted to a proposed NASDAQ dual listing that will provide Creso with numerous strategic advantages and allow for easier comparisons to our North American listed peers. After engaging EAS Advisors to advise on the listing, we expect the process to be expedited as we leverage their considerable knowledge and experience.

“To coincide with the NASDAQ listing Creso Pharma has significantly scaled up initiatives to allow for an aggressive US market entry. The appointment of Will Lay, as well as acquisitions post quarter mark the beginning of our North American expansion. At present, we have a number of opportunities in train, which we intend to capitalise on this quarter for widespread market penetration. The Company looks forward to updating its shareholders in the near term, once these opportunities materialise.”

Financial overview:

Creso Pharma generated A\$1,160,723 in revenue during the period, which is a 92% increase on the PCP. The strong uplift highlights the robust revenue streams that the Company’s Canadian and Swiss operations are building, underpinned by ongoing uptake of Creso Pharma’s leading product suite across multiple cannabis and CBD therapeutic subsectors.

Mernova’s sales rose 34% on the previous corresponding period, exemplifying the business divisions recurring revenue profile. Growth is expected to continue during the current quarter and beyond. A suite of new product launches and provincial expansion will occur this quarter to drive additional growth.

The Company’s Swiss operations achieved revenue a growth trajectory of 1,190% on previous quarter (Q2 CY2021: A\$27,070). The expansion of Swiss operations into a range of countries is well progressed and the Company is in advanced discussions with US partners to drive further distribution and significantly increase sales and market presence.

Creso Pharma retained \$11.9m at bank as at 30 September 2021 and is sufficiently funded to progress its aggressive growth trajectory. The Company also has ~\$4.8 million ‘in the money’ options, which when exercised would result in cash reserves of ~17million. Creso Pharma advises that options valued at \$150,000 were exercised this week.

Corporate overview:

NASDAQ dual listing:

During the quarter, a mutual decision was made to terminate the definitive scheme implementation deed (the “Deed”) entered into with Red Light Holland Corp. (“Red Light Holland”). The decision to terminate the Deed follows Creso Pharma’s ongoing review of market conditions and consultation with shareholders and institutional investors as well as limitations brought on by the effects of COVID-19.



Creso Pharma has now shifted its focus towards unlocking growth through a proposed NASDAQ dual listing. To assist with the dual listing process, the Company has secured agreements with a leading corporate advisory firm, New York-based, EAS Advisors LLC (“EAS” or “EAS Advisors”) (www.easadvisors.com). For further information on these agreements, refer to the ASX announcement released on 31 August 2021.

Management anticipates that a dual listing will provide access to deeper pools of capital and North American investors with access and liquidity to invest in an established cannabis and psychedelics business. The secondary listing is also expected to allow for more efficient M&A activity, as well as expedited potential partnerships with North American groups. Additionally, it will allow the company to act quickly on potential legislative changes which may have a positive effect on the recreational cannabis industry and the use of psychedelic compounds as an alternative therapy route.

Acquisition of Halucenex Life Sciences Inc.:

Following shareholder approval at Company’s annual general meeting held on 24 June 2021, the acquisition of Halucenex Life Sciences was completed 15 July 2021. The acquisition marks an important milestone, as it provides direct access to the emerging psychedelic-assisted psychotherapy (PAP) sector. The key terms of the acquisition are detailed in the Company’s previous ASX releases (refer ASX announcement: 15 March 2021).

Strengthened management and executive team:

Ahead of the proposed NASDAQ dual listing, the Company has considerably strengthened its management team with the appointment of Mr William Lay as Executive Vice President – Strategy, Origination & Operations and founder and former director Dr Miri Halperin Wernli as strategic advisor.

Both executives have extensive expertise in the psychedelic, recreational cannabis and CBD industries, as well as established networks across North America and other international markets which is expected to be beneficial for Creso Pharma as it progresses its growth trajectory. The key details of the appointments are detailed in the Company’s previous ASX releases (refer ASX announcement: 6 September 2021).

Work towards aggressive US-focused expansion:

During the period, the Company undertook a number of steps to progress rapid growth trajectory into the US market. Following the appointment of Mr William Lay and in collaboration with strategic advisor Mr Bruce Linton, Creso Pharma has embarked on a number of business development initiatives to increase partnerships, market penetration and potential M&A. Subsequent to the end of the quarter, this led to the acquisition of ImpACTIVE’s product suite (refer ASX announcement: 25 October 2021) which is expected to increase the Company’s US market presence and drive sales. The Company has a strong focus on M&A and engages in discussions with potential M&A targets frequently.

The Company is also actively pursuing additional, US-based executives to broaden its management team. Potential appointments will work alongside Mr William Lay and Mr Bruce Linton, as well as Mernova’s Canadian team to drive growth through M&A and distribution partnerships.



Operational overview:

Mernova Medicinal Inc. – Cannabis cultivations and sales division

During the quarter, unaudited revenue generated from Mernova was approximately A\$797,963 (C\$738,695ⁱ), representing a 34% increase on the previous corresponding period (Q3 CY2020: \$596,240).

Mernova continued to achieve strong demand across its product range with new Purchase Orders (“POs”) for the sale of *Ritual Green* and *Ritual Sticks* products underpinning growth. Cannabis NB, New Brunswick’s only legal cannabis retailer, is now selling *Ritual Sticks* products, further attesting to the product expansion efforts undertaken by the Company. Creso Pharma anticipates additional POs will be achieved from commercial partners and wholesale groups in the near term.

The Company acquired fourteen new high THC cannabis strains during the quarter, with those that qualify according to Mernova’s strict quality standards to be sold under the *Ritual Green* and *Ritual Sticks* brands, as well as future *Ritual* brands. The new strains are expected to further support the increasing customer demand for the Company’s top-quality indoor grown, hand trimmed, hang dried, cured, artisanal, craft cannabis products. The introduction follows considerable due diligence and market research, with each of the new strains selected for quality and high-THC content – expected to be between 20% and 34%. Creso Pharma is confident that new products will further build on Mernova’s strong brand recognition in the highly competitive Canadian market.

On 11 August 2021, Mernova secured approval from Health Canada for an extension to its sales licence, allowing it to progress the sale of its leading product range for medicinal purposes. This extension will allow Mernova to expand its presence in the highly lucrative Canadian medicinal cannabis market selling direct-to-patients, without the need for provincial wholesalers. In 2019, total spending on medicinal cannabis in the country was estimated at approximately C\$500mⁱⁱⁱ. Mernova management is now exploring opportunities through existing, established medicinal clinics and other health care providers, to progress first sales into the Canadian medicinal market.

Creso Pharma Switzerland – Nutraceutical division (Europe):

During the quarter, unaudited revenue was A\$362,760 (CHF244,904). While there was no revenue from animal health product sales during the period, revenue from human health product sales represented an 1,190% uplift on previous quarter (Q2 CY2021: A\$27,070). New purchase orders received from partners in Europe and new product launches underpinned the ongoing European market expansion and customer demand for Creso Pharma’s products.

During the quarter, Creso Pharma finalised several steps to launch its newly developed, innovative cannaDOL® products into the Swiss sport, health and wellness markets through all established commercial channels and the recently developed e-commerce website. The newly established e-commerce channel is classified under new sub brand, ‘Born to move’ and includes three new products:

- **cannaDOL® booster:** for use before sport and recreational activity
- **cannaDOL® revitalize gel:** which provides an immediate cooling effect, a long-lasting soothing and relaxing heat on skin and can be used before and after physical activity
- **cannaDOL® recovery:** to aid in recovery from sport and other physical activities

The new website unlocks a new potential revenue channel and follows considerable due diligence and consultation with potential customers, suppliers and consumers. The new products will also be sold



across major wholesalers in Switzerland with the Company’s reach extending to over 2,100 points of sale including pharmacies, pharmacy networks, drugstores and over 400 sport & fitness centres. Further distribution into the sports markets in additional European countries are being established with Poland and Portugal earmarked for near term expansion.



Image: Creso Pharma’s new e-commerce channel and ‘Born to move’ range

Purchase orders received from Swiss based health products distributor MHG GmbH Switzerland (“MHG”) for Creso Pharma’s cannaQIX® hemp seed oil lozenges and cannaQIX® 50 lozenges further broadened the Company’s European market presence. MHG has extensive expertise in pharmaceutical product distribution and an established market presence with over 3,500 international points of sale. The products will be sold through MHG’s sales channels into a range of other countries including Macedonia, Albania, Serbia, and Croatia amongst others.

As previously reported (refer ASX announcement: 21 May 2021), a Letter of Intent (LOI) was entered into with Polvet Healthcare Teodorowski Spółka Jawna (“Polvet”) for the marketing and distribution of Creso Pharma’s animal health product range in Poland. During the quarter, Creso Pharma received its maiden PO from Polvet for the Company’s hemp flour based, anibidiol® granule product for pets, large companion animals and livestock. Poland represents a large addressable opportunity, with a population of 38m domestic consumers and as one of the largest pet markets in the Central-Eastern European region^{iv}.

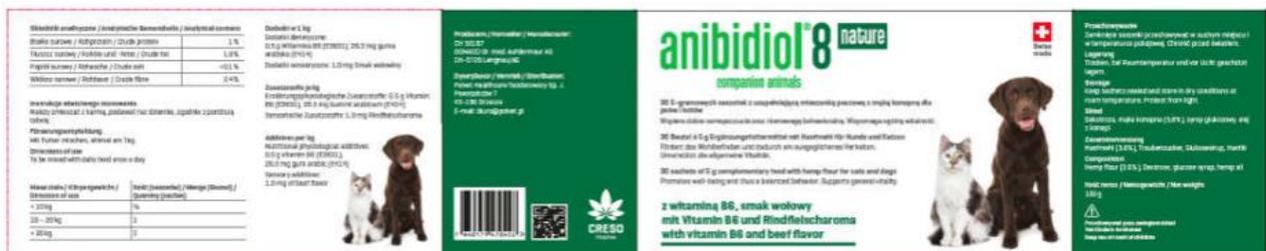


Image: Creso Pharma’s anibidiol® products

The Company’s anibidiol® products are also now able to be sold throughout Uruguay following Creso Pharma’s Latin American commercial Partners Adler Laboratories and Medara S.A. completing all the required import procedures. This follows the regulatory approval from Uruguay’s Ministry of Agriculture and Animal Feed which made anibidiol® the first ever CBD hemp-based complementary feed approved for pets in Latin America (refer ASX announcement: 21 December 2020).



Creso Pharma intends to leverage this opportunity to capitalise on the growing Latin American pet food market, with the overall pet food market being valued at US\$8.29Bn in 2021 and projected to reach US\$11.69Bn in value by 2026^v.

Halucenex Life Sciences Inc.

On 15 July 2021, the Company announced the completion of the Halucenex acquisition making Creso Pharma the first ASX-listed company with a 100% owned psychedelics subsidiary. It provides Creso Pharma with access to the emerging global market for psychedelic medicines estimated to be worth up to US\$100Bn^{vi}.

The primary focus for Halucenex during the quarter was to progress work towards its phase II clinical trial testing the efficacy of psilocybin when used to treat Post Traumatic Stress Disorder (PTSD). Halucenex made strong progress, with all USP 62 test work now underway with leading R&D partner Nucro-Technics. Successful completion of the protocols would deem Halucenex's GMP grade psilocybin safe for human consumption and allow Halucenex to further progress its Clinical Trial Authorisation (CTA) with Health Canada.

In a significant development, Halucenex secured its Controlled Drugs and Substances Dealer's Licence allowing Halucenex to possess, sell, transport and conduct R&D on a broad range of psychedelic substances including psilocybin, ketamine, LSD and MDMA amongst others. The licence considerably expands the scope of work in regard to psychedelics and is expected to fast track the phase II clinical trial considerably.

Additional agreements and operational progress during the quarter include:

- *Landing Strong*
MOU signed with Landing Strong a Nova Scotia-based mental health organisation that provides structured support for military members, first responders and veterans. The MOU provides an option for post clinical trial support and workplace integration programs for phase II clinical trial participants. For further details, refer to the ASX announcement released on 23 July 2021.
- *Advanced Extraction Systems Inc. (AESI)*
AESI were commissioned during the quarter to produce a State of the art CO2 Supercritical Extraction System in order to progress product development and R&D. AESI specialises in compound extraction in the cannabis industry – all systems exceed safety design requirements in US, Canada and Europe. The system will assist with production of botanical psilocybin mushroom extract and expedite natural product development initiatives. For further details, refer to the ASX announcement released on 23 August 2021.
- *Acadia University*
A Research Collaboration Agreement was secured with Acadia University to develop soft gel capsule drug delivery format containing CBD and psilocybin respectively. Acadia is one of Canada's oldest and most respected universities. Located in the Annapolis Valley, outside of Halifax, Nova Scotia the Universities state of the art research centres are located near Halucenex's existing operations allowing both parties to expedite initiatives. Product development initiatives is expected to strengthen Creso Pharma's IP and provide another strategic advantage in rapidly growing markets. For further details, refer to the ASX announcement released on 20 September 2021.

**Favourable regulatory shifts:**

Subsequent to the end of the quarter, Californian Governor Newsom signed Assembly Bill 45 into law, allowing for hemp and CBD extracts to be included in food, beverage, dietary, cosmetic and food products in California^{vii}.

To capitalise on the regulation shift, Creso Pharma has completed a comprehensive market entry strategy and will now begin to scale up efforts in order to expedite its entry into the state. The Company has begun to increase production through its Swiss operations to meet the expected demand for its innovative hemp-derived CBD products.

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the Board of Creso Pharma Limited.

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About Creso Pharma

Creso Pharma Limited (ASX:CPH) brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and life style products with wide patient and consumer reach for human and animal health.

Creso Pharma uses GMP (Good Manufacturing Practice) development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids. To learn more please visit: www.cresopharma.com

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Forward Looking statements

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Creso could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation.

The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to up-date such statements, except to the extent required by applicable laws.

ⁱ Based on a CAD to AUD exchange rate of \$1.0802

ⁱⁱ Based on a CHF to AUD exchange rate of \$1.4812

ⁱⁱⁱ <https://www.statista.com/statistics/587568/estimated-medical-marijuana-market-size-canada/>

^{iv} <https://globalpets.community/article/polish-pet-market-2020>

^v <https://www.marketdataforecast.com/market-reports/latin-america-pet-food-market>

^{vi} Canaccord Genuity US Equity Research – Biotechnology Industry Update - Psychedelic-derived medicines and therapies: a follow-up primer

^{vii} https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB45

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Creso Pharma Limited

ABN

89 609 406 911

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,805	4,128
1.2 Payments for		
(a) research and development	(46)	(105)
(b) product manufacturing and operating costs	(853)	(2,487)
(c) advertising and marketing	(1,084)	(5,129)
(d) leased assets	-	-
(e) staff costs	(1,415)	(4,950)
(f) administration and corporate costs	(1,992)	(7,867)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid		(399)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	(139)
1.8 Other (provide details if material)	-	75
1.9 Net cash from / (used in) operating activities	(3,585)	(16,873)
Note:		
During the quarter and the year to date, the Company issued shares in lieu of cash payments for debts outstanding comprising:		
	13,600,000 shares	34,167,506 shares
Deemed value in lieu of cash	2,156	6,136

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(497)	(866)
(c) property, plant and equipment	(154)	(209)
(d) investments	-	-
(e) intellectual property	-	(261)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) 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)	-	(51)
2.6 Net cash from / (used in) investing activities	(651)	(1,387)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	18,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	2,535	8,264
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,696)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(54)	(404)
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	2,481	24,164

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,563	6,004
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,585)	(16,873)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(651)	(1,387)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,481	24,164
4.5	Effect of movement in exchange rates on cash held	48	(52)
4.6	Cash and cash equivalents at end of period	11,856	11,856

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	11,856	13,563
5.2	Call deposits	-	-
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)	11,856	13,563
6.	Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1		342
6.2	Aggregate amount of payments to related parties and their associates included in item 2		-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments made to related parties and their associates comprise:	\$A'000
- Directors fees	107
- Capital raising Fees	-
- Other services	235
Aggregate amount as above	342

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Secured Loan facilities	-	-
Unsecured Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** nil

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(3,585)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	11,856
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	11,856
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.31

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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.

Date: 29 October 2021

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.