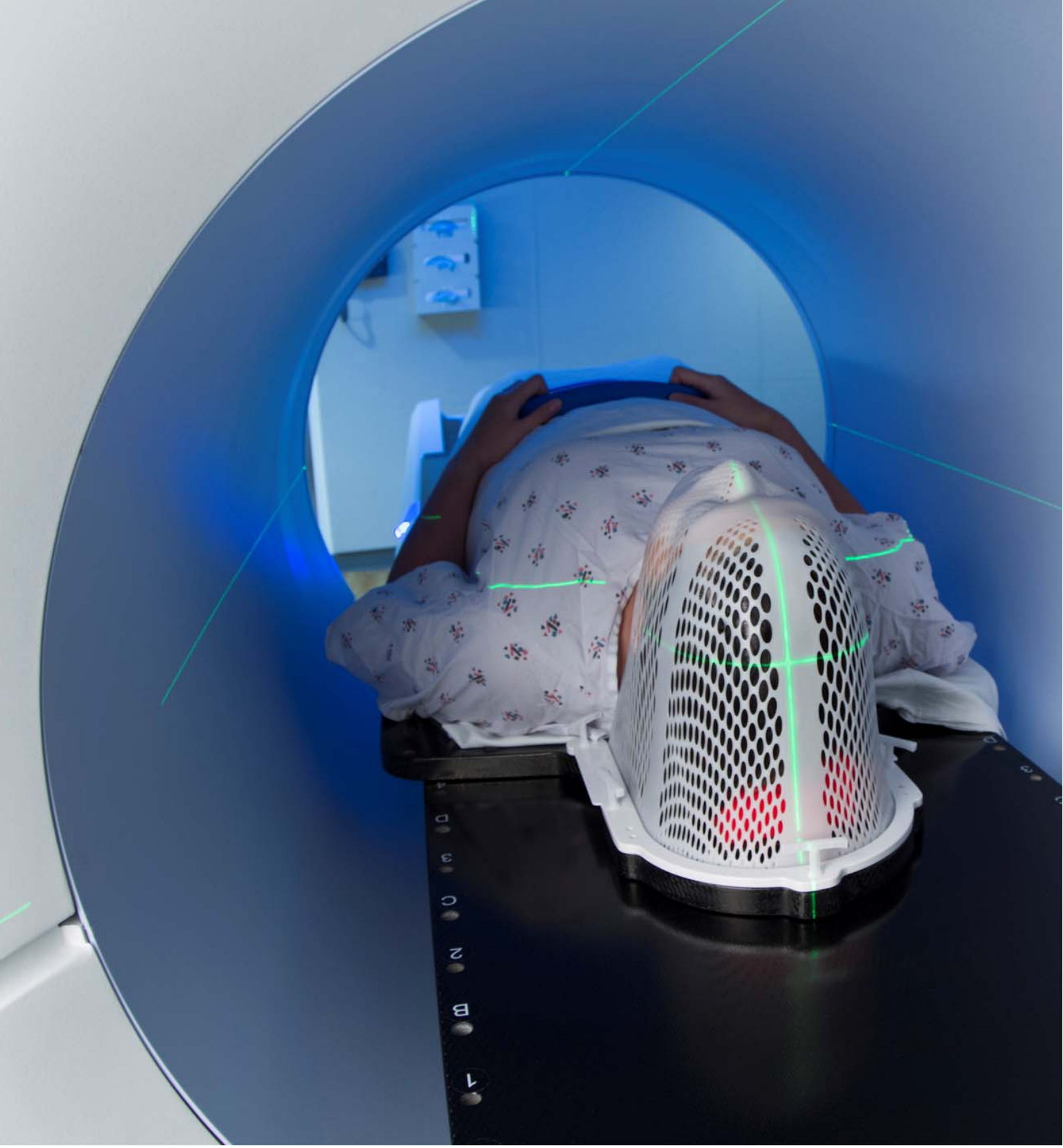
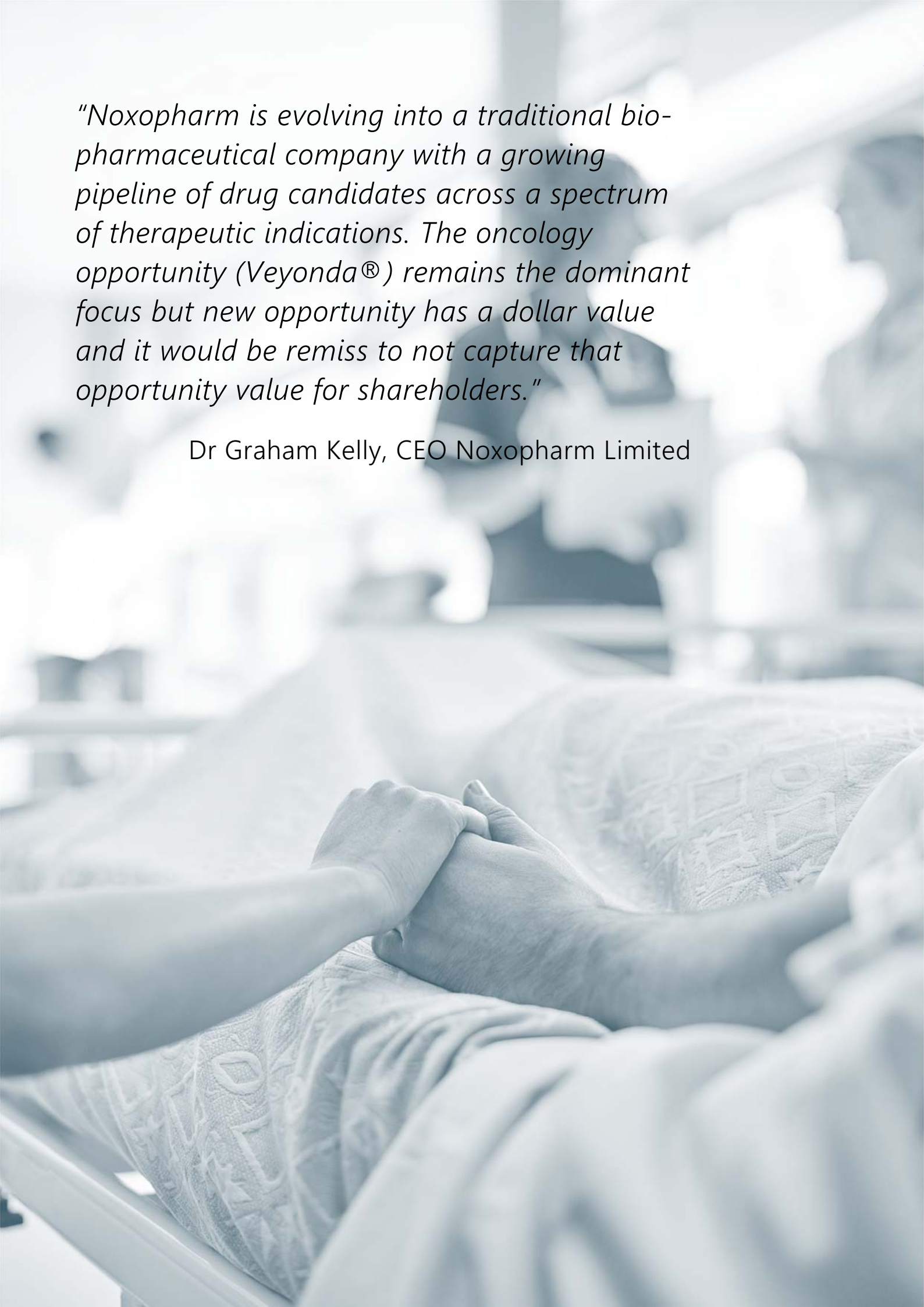


NOXOPHARM

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018

NOXOPHARM LIMITED
ABN 50 608 966 123



"Noxopharm is evolving into a traditional bio-pharmaceutical company with a growing pipeline of drug candidates across a spectrum of therapeutic indications. The oncology opportunity (Veyonda®) remains the dominant focus but new opportunity has a dollar value and it would be remiss to not capture that opportunity value for shareholders."

Dr Graham Kelly, CEO Noxopharm Limited

CONTENTS

CORPORATE DIRECTORY

Directors	Mr. Peter Marks (Non-Executive Chairman) Dr. Graham Kelly (Managing Director and Chief Executive Officer) Dr. Ian Dixon (Non-Executive Director)
Company secretary	Mr. David Franks
Principal place of business	Suite 3, Level 4 828 Pacific Highway Gordon NSW 2072
Share register	Automic Pty Limited Level 3, 50 Holt Street Sydney NSW 2010 Telephone: 1300 288 664 Facsimile: +61 2 8583 3040
Auditor	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Addisons Lawyers Level 12, 60 Carrington Street Sydney NSW 2000
Stock Exchange Listing	Noxopharm Limited shares are listed on the Australian Securities Exchange (ASX code: NOX).
Website	www.noxopharm.com

GENERAL INFORMATION

The financial statements cover Noxopharm Limited as a consolidated entity consisting of Noxopharm Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Noxopharm Limited's functional and presentation currency.

Noxopharm Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Suite 3 Level 4, 828 Pacific Highway
GORDON NSW 2072

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2018. The directors have the power to amend and reissue the financial statements.

Corporate Governance Statement

The Corporate Governance Statement has been released to the ASX and is available on the Company's website at http://www.noxopharm.com

CHAIRMAN'S LETTER

Dear Shareholder,

This financial year has been one of increasing momentum for Noxopharm with three clinical studies underway, important additional programs being planned, and an expanding R&D program across a range of therapeutic indications. It is worth remembering that until we reach a point of generating ongoing revenue, the value of any drug development company lies in the strength of its intellectual property (IP). Developing IP and doing everything we can to protect that IP is our current business. Everything the Company has done this past year, and looks to do in the coming year, is about building its IP base to build sustainable and substantial shareholder value.

Our overarching objective is to bring Veyonda® (formerly known as NOX66) to market as a radio-enhancing drug. We remain excited and confident about the future of this drug candidate. Medicine has been searching for almost as long as radiotherapy has been used, to find a way of making radiotherapy more effective. We have every reason to believe that Veyonda® could be the drug that delivers on that hope, with the prospect of it becoming a standard co-treatment with most forms of radiotherapy.

This year, Noxopharm commenced its DARRT-1 Phase 1b clinical study in 24 late-stage prostate cancer patients, along with the LuPIN-1 study, also in late-stage prostate cancer patients. Both studies are looking to see if Veyonda® can boost the cancer-killing effect of radiotherapy. We reported during the year that a combination of Veyonda® and radiotherapy was well tolerated in both studies, leaving the coming year to report on the drug's efficacy.

Our growing confidence in Veyonda® has served to emphasise the value of the technology platform underlying that drug candidate and the potential opportunities that emerge from this important intellectual property. Two such opportunities, an anti-inflammatory drug and a neuroprotectant drug, were identified 18 months ago and housed in the Company's subsidiary, Nyrada Inc. Since then, we have come to appreciate the full potential value of that technology platform and now are looking as to how best to realise that value in the most strategic and timely manner.

Three capital raises were conducted during the year. $4 million was raised in February 2018 into Nyrada to advance its programs, while $5.5 million was raised in August 2017 and $10.8 million in March 2018 into Noxopharm to progress its initiatives. Both raises, along with the Federal Government's R&D Rebate Scheme have given the Company a solid funding base, although the Board remains responsive to ongoing drug development opportunity and in turn its funding.

The Company is in a solid position. Importantly, it has:

- established the required strategic scientific and commercial plans;
- a stable and committed staff;
- appropriate advisors;
- the necessary experience at both Board and executive level in drug development; and
- established the appropriate governance framework.

On behalf of the Board, let me close by thanking you, our shareholders, for your ongoing support, and to our management and personnel for bringing Noxopharm to its current position. As Chairman, I look forward to an exciting, highly productive and rewarding year ahead.

Peter Marks
Chairman
September, 2018

CEO REPORT: 2017/18 – YEAR IN REVIEW

An evolving story

One of the truisms of drug development is that the starting theory and the final product almost never look the same. Drug development is about having the foresight to expect that to happen, the alertness to change, and the willingness to adapt to that change. We started the year with a clear view that the role of the Company was as a pure oncology play, with our lead drug candidate, NOX66, potentially coming to market as a sensitiser of both chemotherapy and radiotherapy. Any IP that sprang from the Company's R&D activities that could have application outside the field of oncology would be separated and placed in a separate company that would avoid distraction and dilution of effort and resources in the main game.

We finished the year alert to change and a willingness to adapt to that change, all resulting in a much clearer idea of what we want the Company to be. The change has been a growing realisation of the value and size of the opportunity of its book of IP assets; the adaptation has been in the adoption of a corporate strategy that the Board perceives to be in the best, long-term interests of shareholders in exploiting the commercial opportunities now on offer.

Noxopharm is evolving into a traditional bio-pharmaceutical company with a growing pipeline of drug candidates across a spectrum of therapeutic indications. The oncology opportunity (NOX66) remains the dominant focus and nothing will distract from or dilute that very considerable opportunity. But new opportunity has a dollar value and it would be remiss to not capture that value for shareholders.

The change came from two realisations:

1. NOX66 is more than a potentially important new anti-cancer drug. It represents just one product of a technology platform whose surface we have only just scratched;
2. The non-oncology drug opportunities we have identified from that technology platform are in areas of considerable size and of large unmet medical need. These are not minor opportunities.

I have come to realise that the Company has realistic prospects of bringing to market as many as 3-4 drugs each capable of generating multi-billion dollars in sales.

Oncology Pipeline

Veyonda®

The active drug is idronoxil; the final suppository dosage form of idronoxil was known as NOX66; in preparation for its eventual marketing, NOX66 is now known as Veyonda®.

Veyonda® is a suppository. Why this dosage form? The class of drug that idronoxil belongs to doesn't work on a hit-and-run basis like other anti-cancer drugs. Idronoxil works by switching off certain functions in a cancer cell; take the drug away and those functions return. Idronoxil is like an antibiotic ….to be fully effective it needs to be present in the body on a virtual 24-hour basis. Oral dosing doesn't work with idronoxil, and giving the drug by intravenous injection on 2 or 3 days each week (the maximum number oncologists are happy with) isn't going to give the drug the coverage required. A suppository dosage form meets all the necessary criteria of delivering the drug in a form that works on a 24-hour basis with the convenience of self-administration at home.

Veyonda® was used in 3 clinical programs in the past year.

1. DARRT Program

DARRT = Direct and Abscopal Response to RadioTherapy.

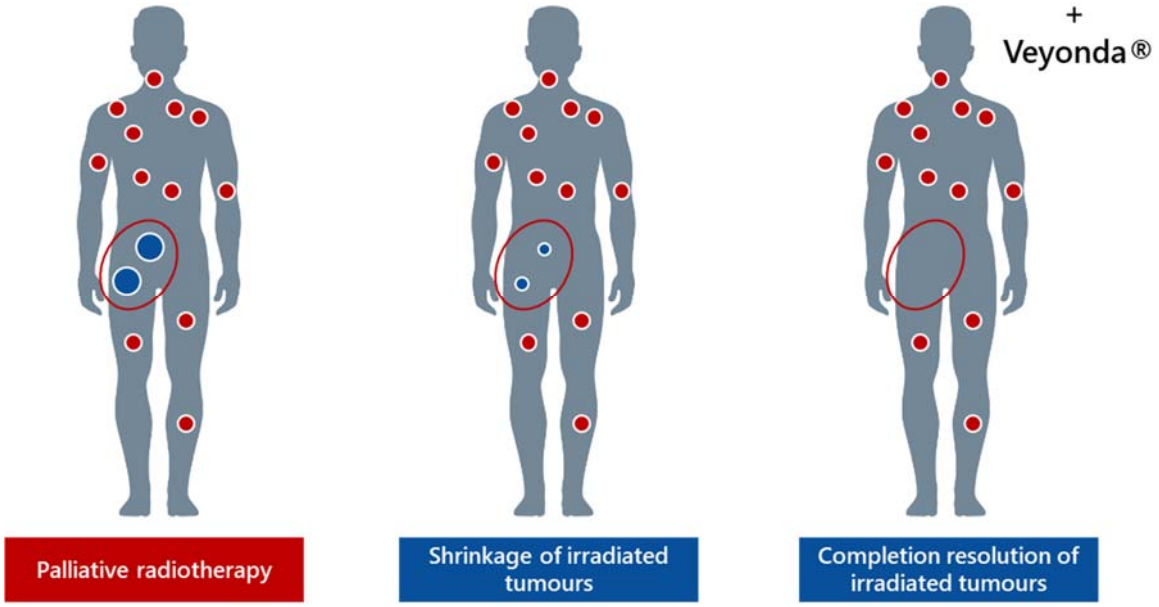
This is our main focus. This is the program that we believe provides Veyonda® with its best chance of achieving its first marketing approval, with metastatic castrate-resistant prostate cancer the target.

By treating with Veyonda® at the same time as 1-2 tumours are receiving palliative radiotherapy, the objective is to convert a modest outcome into something more meaningful for the patient.

The DARRT program involves treating patients for 18 days with Veyonda®, with 5 days of radiotherapy in the middle of that course of treatment.

Treatment for patients with late-stage solid cancer who are eligible for palliative radiotherapy

As a radio-enhancer, Veyonda® has two potential outcomes. The first is what happens to the 1 or 2 tumours that are receiving radiotherapy. The aim being to get greater shrinkage of the irradiated tumours, even complete remission compared to the usual partial remission with radiotherapy alone. This is the so-called **Direct Response**.

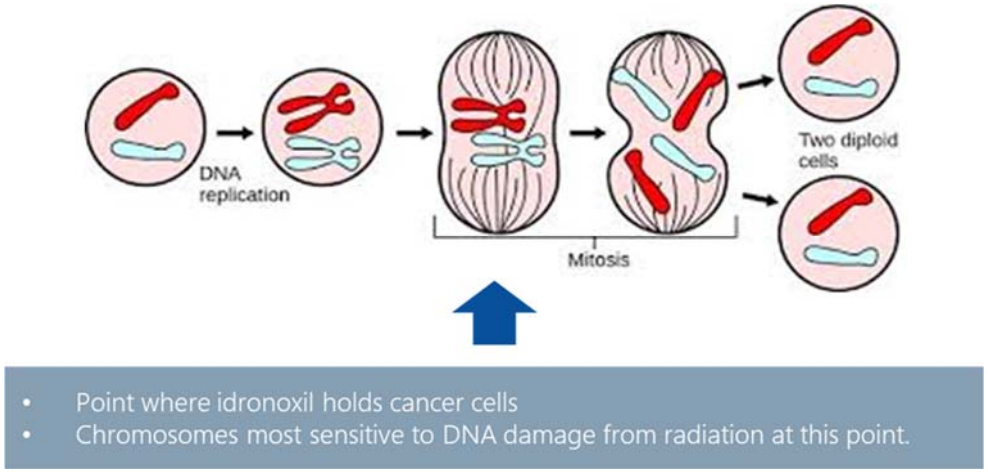


This past year we confirmed in the laboratory that idronoxil boosts the cancer cell-killing effect of radiation by a factor of as much as 3-times across a range of different cancers. Idronoxil works in two main ways: (i) making the cancer cell more susceptible to radiation damage, and (ii) preventing the cell from repairing the damage. Together, these two actions mean that cancer cells are more likely to die when exposed to a mixture of radiation and idronoxil.

Radiation works by destroying the cancer cell's chromosomes. The cell attempts to repair the damage over several days. If the repair is successful, the cell survives; if the damage is too great to be repaired, the cell dies. Idronoxil works by increasing the degree of chromosomal damage and then blocking the repair process.

Cancer cells are at their most vulnerable to radiation damage when they are in the act of dividing and when their chromosomes are in the process of splitting. The first way idronoxil works is by blocking cancer cells from proceeding through the cell division process by holding them at the point of chromosome division (so-called G2M phase). So, the first objective of Veyonda® is to get as many cancer cells as possible within a tumour in this vulnerable position and keep them in that position when the radiotherapy is applied.

Having suffered DNA damage, the cell then attempts to repair the damage, which idronoxil blocks by inhibiting DNA repair mechanisms.



DARRT is aiming to deliver the same direct radiation-boosting effect in vivo.

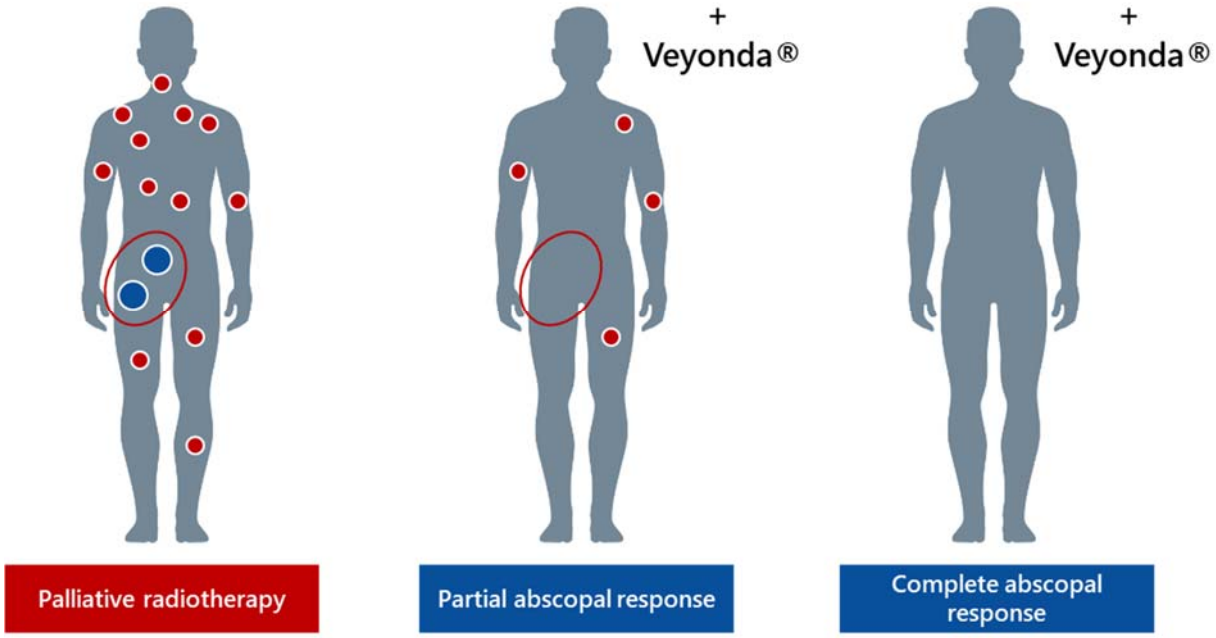
The second possible outcome is an **Abscopal Response**. With this, Noxopharm is attempting something that could be regarded as any drug developer's ultimate goal – a drug capable of delivering complete eradication of cancer from the body of a patient with late-stage metastatic disease with the same certainty and precision as a surgeon can achieve with a knife with early-stage cancer.

At this stage we don't know what proportion of patients we can achieve this in, or to what extent success is going to vary between different types of cancer, or even what the mechanisms behind it might be. What we know is that the year just past has provided us with the evidence that we have the means to achieve an abscopal response; the year to come should go a long way to revealing the extent of that opportunity.

An abscopal response refers to localised treatment, where there is no expectation of the effect of that treatment reaching outside of its field of application, but in fact where that very thing happens with the same disease in distant parts of the body responding as though they had received the same treatment.

With cancer, an abscopal response is mainly associated with radiotherapy where the application of radiation to 1 or 2 isolated tumours leads to the remission of some or all tumours in other parts of the body where no radiation could possibly have been received.

The abscopal response, whatever it is, once triggered leads to some or all of the remaining, untreated tumours shrinking or even disappearing completely over the following few months. There is evidence that the immune system is involved, with immune cells energised to attack the tumours. Then there is other evidence for something called epigenetics which involves chemical signals being emitted from the damaged tumours, going on to trigger suicide genes in the undamaged tumours. Time will tell what the roles of these and probably other yet-to-be-identified mechanisms are in the abscopal response.



Up to the turn of this century, reports of abscopal responses in cancer patients from radiotherapy were extremely rare. That has changed in recent years. The introduction of four drugs that stimulate the immune system and used in combination with radiotherapy has brought about a relatively high rate of abscopal response. These four drugs are:

- GM-CSF. A general immuno-stimulant (Genzyme).
- Pembrolizumab. Anti-PD-1 immunotherapy (Merck).
- Nivolumab. Anti-PD-1 immunotherapy (Bristol Myers Squibb).
- Ipilimumab. CTLA4-inhibitor (Bristol Myers Squibb).

Combinations of any of these drugs with external beam radiotherapy is reported to yield abscopal responses in the order of 20-25%, with responses ranging from partial to complete and lasting between several months to several years.

We believe that Veyonda® will become the 5th drug on that list, itself an immuno-oncology drug that we now know stimulates the body's immune system comprising blood monocytes and natural killer (NK) cells.

But Veyonda® has some important potential advantages over the other four immuno-oncology drugs:

(i) it has dual actions of radio-enhancement and immuno-stimulation, theoretically increasing the cancer cell-killing effect of the radiotherapy;

(ii) it requires just a short period of treatment (3 weeks) compared to ongoing, long-term treatment with the other drugs; and

(iii) it is considerably better tolerated;

(iv) idronoxil radio-sensitises across a broad range of cancer types, whereas the PD-1 inhibitors appear to be more restrictive in their range of use.

DARRT-1

DARRT-1 (also known as NOX66-002A), is a Phase 1b study in 24 men with late-stage prostate cancer. These men have exhausted all standard treatment options. They are eligible for palliative radiotherapy, meaning that management of their disease is limited to making their remaining life as comfortable as possible by treating symptoms such as pain with strong analgesia plus radiotherapy to shrink larger tumours.

DARRT-1 is divided into 4 patient cohorts with the first 3 cohorts serving as a dose-response sighting study. We regard a therapeutic dose of Veyonda® as 1200 mg daily. Cohorts 1 to 3 comprise 4 patients each with the Veyonda® dosage rising from 400mg to 800 mg to 1200 mg per day. Cohort 4 (12 men) will receive 1200 mg Veyonda®. Tumour responses are measured by radiological scans at 6, 12 and 24 weeks.

The study had recruited 9 of 24 patients by the end of June 2018. On 8 August 2018 we reported that 2 patients had experienced a partial abscopal response, 1 of them in Cohort 2 (800 mg dose) at the 12-week scan, and the first and only patient recruited into Cohort 2 (1200 mg) at the 6-week scan. The remaining patients are anticipated being recruited by the end of 2018 calendar year and will come from Australia, New Zealand and Georgia.

We expect the current financial year to reveal:

- the incidence of direct and abscopal responses with the target dosage of 1200 mg;
- the conversion rate of partial to complete abscopal responses over time; and
- the longevity of the response.

The Company currently is planning to extend the DARRT program into lung cancer (DARRT-2) and sarcomas (DARRT-3) and currently is working to have both Phase 2 studies commencing in H1 2019. The strategy here is twofold. The first is to provide evidence of clinical benefit across different tumour types outside of prostate cancer to aid in the adoption of Veyonda® once it comes to market. The second is to provide an opportunity (with sarcomas) to achieve Orphan Drug approval status. Orphan Drug status can lead to quicker registration.

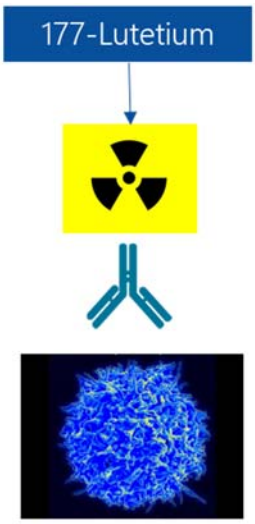
DARRT offers a potentially ground-breaking approach to the management of late-stage disease across a variety of cancer types. Veyonda® and DARRT offer that escape from the current view of the inevitability of limited survival once a cancer becomes metastatic.

1.2 LuPIN Program

LuPIN = Lutetium-PSMA In Combination with Veyonda®

This is the second way we are using Veyonda® to boost the effect of radiotherapy. In this case, Veyonda® is being used in combination with another experimental drug, 177lutetium-PSMA-617 (Lu-PSMA-617).

The rationale behind Lu-PSMA-617 therapy is that prostate cancer cells express a protein known as prostate specific membrane antigen (PSMA). A peptide (617) was isolated from an antibody that binds to PSMA and a radionuclide (177lutetium) then attached to that peptide. When the peptide-radionuclide complex (Lu-PSMA-617) is injected intravenously, the peptide seeks out prostate cancer cells anywhere in the body and binds to them, delivering a payload of radioactivity that irradiates the cancer cells over a period of several weeks.



This form of therapy is experimental, although has been used in upwards of 1,000 men, mainly in Germany and Australia, on an experimental basis over the past few years. While promising, the treatment has two limitations: the first is that like any form of radiation, there is a limit to the amount that can be administered, effectively capping its dosage and its potency; the second is that the radiation only penetrates to a maximum length of about 2 mm, meaning that the core of larger tumours receive sub-optimal levels of radiation. Published reports indicate that in broad terms, approximately one-third of men fail to respond, another one-third respond initially but relapse before completing their course of treatment, and the final one-third are able to complete their course but mostly are not in complete remission and eventually go on to relapse. Nevertheless, for a disease state where patient survival is measured in months and is associated with significant pain from bony lesions, any benefit, even temporary and even in a minority of patients is regarded in the oncology field as significant.

Lu-PSMA-617 is licensed to US biotech company, Endocyte Inc (Nasdaq: ECYT), which currently is conducting a Phase 3 registration study in the US and Europe. It's worth noting that as a sign of how much value the market puts on providing even a modest benefit in late-stage prostate cancer, the market capitalisation of Endocyte rose 30-fold from about US$50 million earlier this year before announcing their license, to approximately US$1.5 billion in September.

The rationale behind using Veyonda® in combination with Lu-PSMA-617 is that Veyonda® will boost the cancer-killing effect of the radiation, particularly with larger tumours where the radiation has limited penetration. The main outcome being sought is that the use of Veyonda® will lead more men to being able to complete their full course of treatment with Lu-PSMA-617. If successful, it would be reasonable to expect to see Veyonda® credited with the same implied value as Lu-PSMA-617.

The Lu-PIN study is being conducted at St Vincent's Hospital, Sydney, one of only several hospitals worldwide permitted to conduct clinical studies with Lu-PSMA-617 outside of the Phase 3 clinical study. Noxopharm and Endocyte are providing their respective drug candidates for testing in combination.

A treatment course of Lu-PSMA-617 involves 6 intravenous injections, 6-weeks apart (total treatment course of 9 months). In the Lu-PIN study, Veyonda® is given daily for 10 days starting Day -1 in relation to each Lu-PSMA-617 injection. The study is looking at how well tolerated the combination treatment is, along with efficacy outcomes (PSA levels, pain scores and scans at 3, 6 and 12 months).

The original study intended to treat 16 patients, the first 8 patients receiving 400 mg Veyonda® and the next 8 patients, 800 mg Veyonda®. By 30 June 2018, the first cohort of 8 patients either had completed their 36-week course of treatment or were close to completion, and treatment of the second cohort of patients had started. The combined treatment was well tolerated, with no dose-limiting toxicity encountered.

On 5 September 2018 we reported that in light of the treatment being well tolerated in a high proportion of patients remaining on treatment over the 36-week course of treatment, approval was granted to double the size of the study to 32 patients. We anticipate this study being fully recruited by the end of calendar year 2018, with a final read-out due 12 months later.

1.3 CEP Program

CEP = Chemotherapy Enhancement Program

CEP-1 was a Phase 1a/Phase 1b study of a combination of Veyonda® and carboplatin in patients with late-stage solid cancers that had become unresponsive to standard therapies. This was our first-in-human study using Veyonda® and therefore was important in confirming the safety of the drug. While safety was a primary outcome, another key objective was to see if Veyonda® would boost the efficacy of the cytotoxic chemotherapy, carboplatin, to the extent that the dosage of carboplatin could be lowered to a less toxic dosage. The study was just a sighting study and deliberately not powered to be anything more than that, with 18 patients recruited and no control arm. Nevertheless, a combination of Veyonda® and carboplatin (at a dosage 2/3rds that of a standard dosage), achieved a high proportion of stable disease and partial responses in patients who came into the study with progressive metastatic disease. Importantly, this was achieved without any dose-limiting toxicity.

The Company was pleased with the study's outcome, with the key positive take-out messages being:

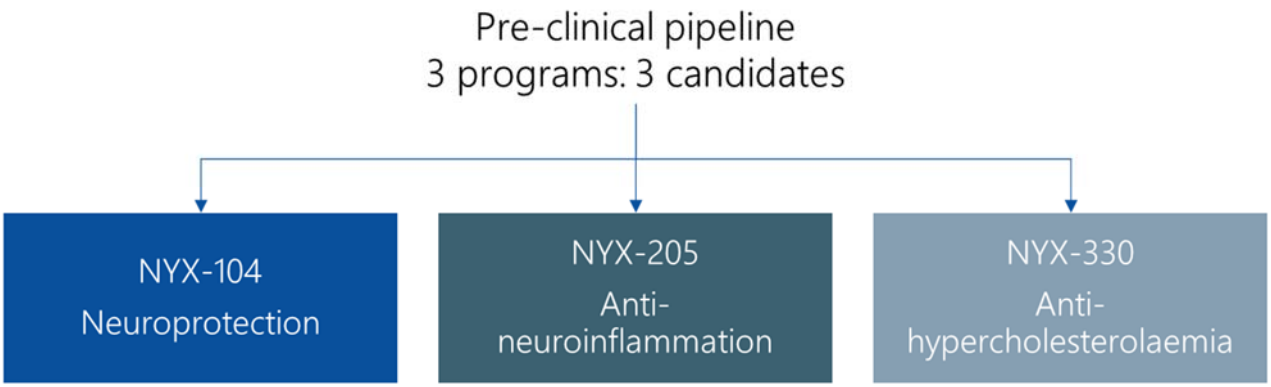
- the good general acceptance of the Veyonda® dosage form;
- the high tolerability of Veyonda® with lack of any serious side-effects; and
- evidence that a combination of Veyonda® and low-dose carboplatin is a realistic treatment option for patients with late-stage cancer.

The Company believes that a combination of Veyonda® and low-dose carboplatin would be an attractive treatment regimen for a wide range of cancer patients, particularly elderly and frail patients, or patients with residual toxicity from previous chemotherapies but who want further treatment. But despite this substantial need, the Company at this stage has the resources to take Veyonda® through to market in the one program, and on that basis has decided to focus on its 2 radio-enhancing programs (DARRT and LuPIN), believing that they offer a quicker way to achieve marketing approval.

With greater resources, a Phase 2 CEP-2 study is likely in 2019 or 2020.

2. NON-ONCOLOGY PIPELINE

Up to now, it was considered beneficial to separate the oncology and non-oncology assets into separate structures. Nyrada Inc was established to hold the non-oncology assets although it sits within the consolidated Noxopharm Group.



NYX-104. Neuroprotection

NYX-104 is known as a neuroprotectant – a drug intended to protect the brain from a form of damage known as excitotoxicity.

Excitotoxicity is a hidden, silent, degenerative disease process affecting most people over their lifetime to a varying degree. Excitotoxicity is a form of inherent 'secondary injury' that follows an initial primary injury to the brain, spinal cord or peripheral nerves. Excitotoxicity literally is death of nerve cells due to them being over-excited.

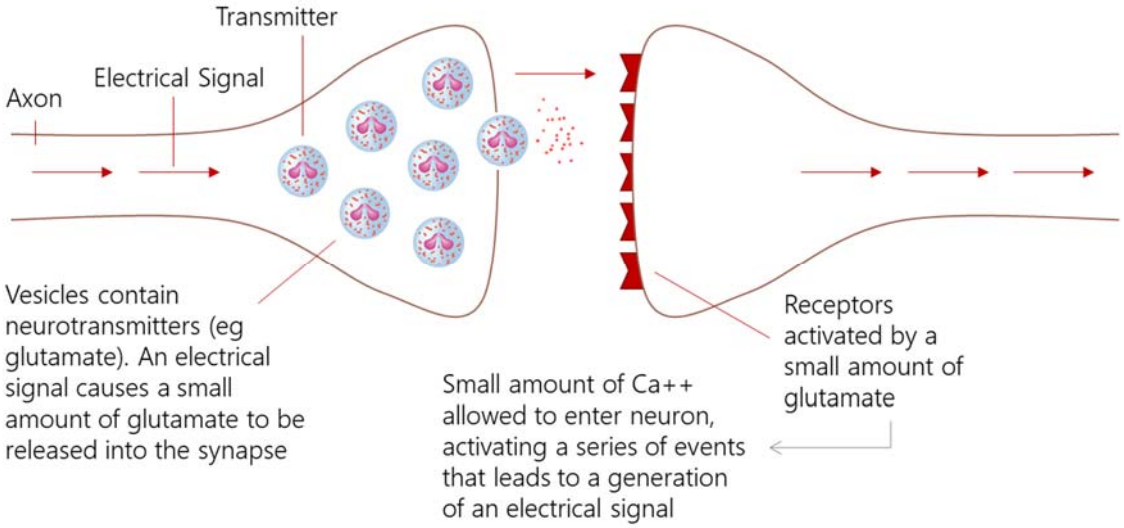
At its most severe, it is responsible for a significant number of deaths and long-term disabilities and extended rehabilitation times for a wide range of conditions affecting the nervous system. Excitotoxicity can follow sudden interruption to the blood supply to the brain (eg. stroke), trauma (eg. head injury, spinal injury), concussion (eg. early-onset dementia in boxers and footballers), severe epileptic seizure, excessive noise (eg. hearing loss in musicians, defence personnel), autoimmune disease (eg. motor neurone disease), and degenerative diseases (eg. Alzheimer's, Parkinson's).

Despite extensive research effort, excitotoxicity remains almost completely untreated. There is a significant and urgent need to develop a drug that will protect the brain from excitotoxicity. Such a drug is known as a neuroprotectant.

The human brain is an extraordinarily complex, inter-connecting network of about 85 billion nerve cells known as neurons. Each neuron is connected to hundreds, even thousands, of other neurons, producing trillions of individual connections in the brain.

These neurons are connected by junctions known as 'synapses', with electrical signals passing across the synapses through the release of chemicals known as neurotransmitters.

There are different forms of neurotransmitter chemicals (eg. serotonin), with glutamate being far and away the most common form. When an electrical impulse reaches the synapse, a small amount of glutamate is released which crosses the synapse and activates receptors on the receiving neuron, leading to stores of positively charged ions (calcium, sodium, potassium ions) in the receiving neuron being released, in turn raising the voltage in the receiving neuron, and eventually triggering an electrical impulse.



When a neuron is damaged, its immediate response is to dump its entire store of glutamate into the synapse. Instead of the usual controlled release of a small amount of glutamate leading to gentle stimulation of the receiving glutamate receptors, the sudden appearance of high levels of glutamate over-stimulates the glutamate receptors, causing the release of toxic levels of calcium in the receiving neuron. The sudden and dramatic increase in voltage irreversibly damages the neuron and ultimately kills the cell. And so, starts a cascade where the newly damaged neuron then dumps its neurotransmitters, and so on, with the cascade of cell death fanning out. By the time the cascade stops after a week or so, the area of dead brain cells can be up to about 8-times the size of the original injury.

Excitotoxicity appears to accompany any situation causing injury or death of neurons:

- Physical injury (trauma, stroke, concussion);
- Degenerative processes (Alzheimer's, Parkinson's, Huntingdon's);
- Demyelinating diseases (motor neurone disease, multiple sclerosis);
- Infections; and
- Severe epilepsy.

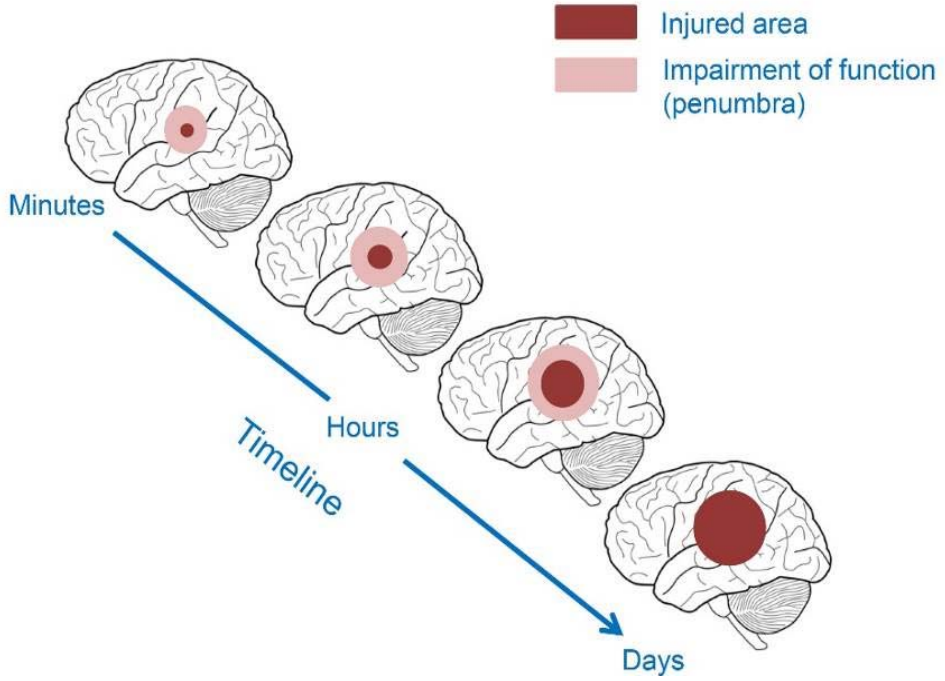
The form of excitotoxicity that the Company has chosen to target initially in the clinic is ischaemic stroke.

A stroke occurs when the blood supply to part of the brain is suddenly interrupted either because the blood supply has been obstructed (eg. a blood clot) or a blood vessel in the brain has burst (haemorrhage). The former is known as ischemic stroke and accounts for about 87% of all strokes. But in either case, the outcome is the same in that the part of the brain supplied by the affected artery is deprived of blood flow, meaning that it is suddenly deprived of oxygen, and oxygen-starved brain cells quickly die.

The sequence of events following a stroke occurs over 3 distinct time zones:

- Within minutes. Loss of oxygen leads to rapid cell death in the **core infarct (blood-deprived) area** where there has been complete loss of blood flow. These cells are not replaced and this area of cell death is unrecoverable.
- Within hours. A zone forms immediately surrounding the core infarct area and is known as the **stroke penumbra**. This zone will have some blood flow, but still less than normal and therefore exposing the brain cells in this area to reduced oxygen levels. This area will contain a mixture of damaged and dead brain cells.
- Over the following 7-10 days. The stroke penumbra zone expands as the excitotoxicity process continues to kill the brain cells. This **excitotoxicity zone** expands for 7-10 days after the primary infarct, with the final total area of brain injury increasing as much as 8-times that of the original core infarct area.

Progression of the area of brain death following stroke in the brain over time



A neuro-protectant drug is not intended to protect against the occurrence of a stroke, and nor could it be expected to make any real difference to the extent of the stroke penumbra in the days immediately following a stroke. This area of primary brain damage is irretrievable, and a neuro-protectant drug is unlikely to have any impact on the loss of brain function associated with this primary injury. Even if the area of eventual brain damage was limited to this primary damage, there still would be deaths and still other patients left with long-term disabilities, all depending on the size of the infarct and the region of the brain affected.

But it is the extent of the secondary injury due to excitotoxicity that leads to the bulk of long-term disabilities post-stroke. What a neuro-protectant drug is intended to do is to limit the area of brain damage to that of the primary injury, thereby reducing the extent of the cascade of secondary brain death, hopefully leaving stroke victims with less severe disabilities:

- increasing the likelihood of full recovery, and
- shortening rehabilitation times.

The estimated total cost of stroke in the US, predominantly due to the cost of lengthy rehabilitation, is about $43 billion per year with 65% of stroke victims requiring assisted living for the rest of their life.

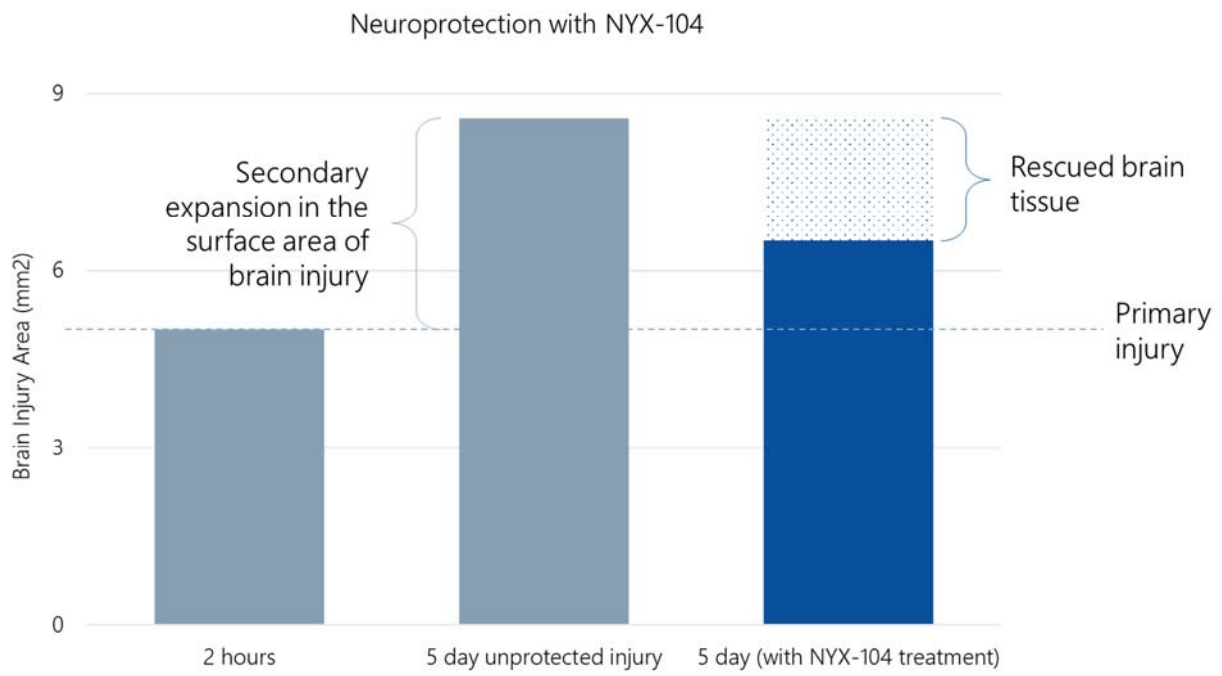
No treatment currently exists that provides effective protection from the excitotoxicity process.

The Company believes that NYX-104 might be the first drug capable of offering that protection.

Working with collaborators at University of NSW, Sydney, NYX-104 has been tested in a mouse model of ischaemic stroke developed by the UNSW team. This model involves the creation by laser beam of an area of infarct (loss of blood supply) about 2 mm in diameter. This area of brain cell death then triggers the excitotoxicity process, eventually resulting in an expanded area of brain death, with the final area of brain death measured 5-days later.

NYX-104 was administered daily for 4 days beginning on the day of injury, resulting in the area of expansion of the brain injury from the primary zone being reduced by 56%, representing a significant reduction in the degree of excitotoxicity with this initial dosing regimen.

Effect of Neuroprotection with NYX-104



While the Company believes that NYX-104 displays sufficient potency to be a therapeutic candidate, it nevertheless believes that the molecule can be modified to deliver even greater potency and current R&D efforts are focused on achieving that optimisation.

NYX-205. Anti-neuroinflammation

NYX-205 is being developed as a drug to treat inflammation of the nervous tissue (neuro-inflammation).

Neuro-inflammation is inflammation of the brain, spinal cord and peripheral nerves and is thought to involve the same general mechanisms as in the rest of the body. Neuro-inflammation is a component of many diseases/disorders of the brain including stroke, traumatic brain injury, Alzheimer's, Parkinson's and multiple sclerosis, and of the peripheral nerves including diabetic peripheral neuropathy and chronic inflammatory demyelinating neuropathies such as Guillain-Barre Syndrome.

Where developing drugs to achieve better treatment of chronic inflammation in most parts of the body remains an ongoing challenge, the treatment of chronic inflammation of nerve tissue remains even more of a challenge because of the problem of getting anti-inflammatory drugs across the blood-brain barrier (into the brain and spinal cord) and across the blood-nerve barrier (into peripheral nerves).

There are no drugs currently marketed that offer effective, long-term treatment of chronic neuro-inflammation.

NYX-205 is a new form of anti-inflammatory drug designed to arrest the inflammatory process at its very beginnings in the body's immune cells, rather than the approach of current standard anti-inflammatory drugs such as aspirin, ibuprofen, diclofenac, cortisone, dexamethasone etc which target more downstream parts of the inflammatory process. This approach also offers the prospect of being able to treat autoimmune diseases which are a form of chronic inflammation.

A number of other companies are known to be actively developing drugs with a similar mechanism of action to NYX-205, but where NYX-205 is distinctive is in its ability to cross the barrier that excludes the great majority of drugs from entering the brain, spinal cord and peripheral nerves. Hence the Company's focus on developing NYX-205 as a treatment of chronic inflammatory conditions of the brain and peripheral nerves.

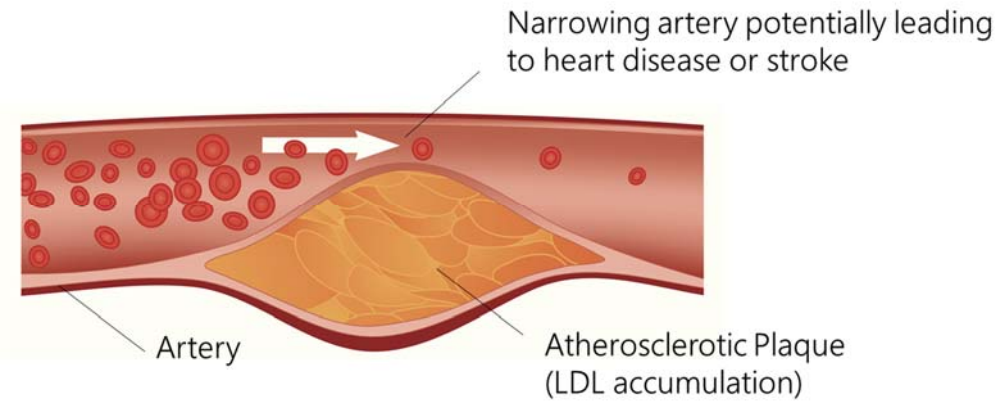
This program currently is the subject of 2 areas of activity: (i) manipulation of the NYX-205 structure in order to achieve even greater potency, and (ii) conduct of animal studies to determine the most appropriate clinical indication(s) to pursue.

NYX-330. Anti-hypercholesterolaemia

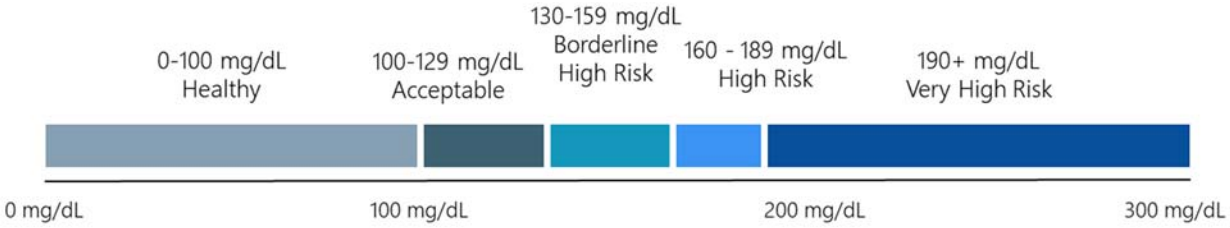
NYX-330 is a PCSK9-inhibitor being developed as a companion product for statin drugs in lowering LDL (low density lipoprotein) cholesterol levels in patients at risk of cardiovascular disease (heart attack, stroke).

LDL is the form that cholesterol is distributed around the body in blood. The body has a number of control systems that under normal circumstances keep blood LDL levels in check by balancing how much LDL is produced with the rate of its removal from blood. Those control systems are put under stress from a number of factors including obesity, poor diet, lack of exercise, smoking, alcohol abuse etc, resulting in elevated levels of LDL in the blood. One of the consequences of high blood LDL levels is that excess LDL settles in the walls of arteries, forming a disease known as atherosclerosis with resulting risk of heart attack and stroke.

Atherosclerosis caused by LDL



On a community basis, recommendations have been drawn up by health bodies on LDL levels as a general guidance.



In 2012, it was estimated that 78 million US adults (nearly 37% of all adults) had LDL levels that fell in the range considered at-risk for heart disease and stroke and which required cholesterol-lowering medication.

The standard treatment of high blood LDL levels for the past 20 years has been the statin drugs. On average, statins lower LDL levels between about 30-55%. The response rate varies between the different forms of statins, but in general terms 10-20% of patients fail to achieve a 30% fall and 40-50% fail to achieve a 50% fall in LDL levels. Combined, this muted response with the approximately 1 in 5 people who cannot tolerate statin therapy, the final result is that many patients fail to receive the full benefit from statin therapy in terms of reduced risk of cardiovascular disease.

Twelve years ago, the cause of the muted response to statin therapy in many patients was unearthed with the discovery that a plasma protein called PCSK9 was working against the effectiveness of statins. PCSK9 plays a key role in the body's control over blood LDL levels by acting as a brake on the liver's rate of removal of LDL from blood. The higher PCSK9 levels in blood are, the greater the brake and the more LDL stays in the blood.

Statins work by blocking the amount of LDL made in the body. One of the consequences of that is that the body increases PCSK9 levels in blood, effectively off-setting the full benefit of statin therapy.

Clinical studies involving tens of thousands of individuals have shown that blocking PCSK9 function at the same time as statin therapy, leads to LDL levels falling 50-60% in most individuals, translating into significantly fewer heart attacks and stroke.

Given that global statin sales in 2017 were US$19 billion, finding a companion PCSK9-inhibitor for statins has become one of the most sought-after drug development objectives in the pharmaceutical industry.

A preferred PCSK9 inhibitor was identified early as being:

- a small molecule
- an oral tablet
- once daily dosing
- well tolerated
- comparable priced to statins (< $10 per day).

Early efforts at developing a small molecule inhibitor failed, leading to the development of monoclonal antibodies, two of which came to market in 2015. Despite their proven benefit in combining with statin therapy to lead to significant drops in LDL levels, both products enjoy only limited market uptake because they require to be injected every 2-4 weeks on an ongoing basis at a cost of US$14,000 p.a.

A team of Australian chemists succeeded in 2016 in discovering a small molecule able to bind to PCSK9 and to inhibit its ability to bind to the LDL receptor. That molecule is NYX-330, a first-in-class, small molecule inhibitor of PCSK9 currently under development as an oral, once a day tablet to be taken in conjunction with a statin drug.

NYX-330 has been tested in an animal model and had its LDL-lowering ability confirmed. Current studies are focused on optimising the LDL-lowering potency of NYX-330.

Staffing

Staffing level currently stands at 17, which includes 3 additional full-time staff in the past financial year. The Company continues to pursue a virtual business model by outsourcing activities where possible. All of its R&D activities are conducted through either academic collaborations or fee-for-service providers.

The Company is confident that it has a sufficient number and quality of staff to conduct its business and will continue to recruit additional staff and add to its list of preferred contractors as required.

Funding

The Group undertook a $4,000,000 raising (by convertible note) for Nyrada in February 2018. For Noxopharm a $5,500,000 raising in August 2017 and a $10,800,000 raising in March 2018 (both equity placements) were completed.

The Nyrada funds are ear-marked for the 3 non-oncology drug programs and the Noxopharm funds are being applied principally to the clinical development of Veyonda®.

The Australian Government's R&D Rebate Scheme will continue to be an important source of funding, returning 43% of approved expenditure.

In addition, the Board will continue to monitor the Company's financial position relative to its opportunities and where appropriate consider additional funding through appropriate capital programs, always bearing in mind the balance between minimising the dilutionary effect of such placements with the need to create greater shareholder value.

Outlook

The Group (Noxopharm, Nyrada and Noxopharm Asia Limited) has a pipeline of significant drug assets, each first in class, each in areas of considerable unmet need, and each capable of evolving into major revenue-drivers. I am confident we have the strategy, the staff, the resources and the determination to turn this opportunity into reality.

The current financial year also will bring Veyonda® one step closer to its Phase 3 registration study and one step closer to a clearer understanding of the true clinical potential and commercial value of this drug.

It only remains for me to thank our shareholders for their support and patience. We are here only because of their trust, and I want to reassure them that that trust is not misplaced.

Graham Kelly
CEO & Managing Director.
September, 2018

"Medicine has been searching for almost as long as radiotherapy has been used, to find a way of making radiotherapy more effective. We have every reason to believe that Veyonda® could be the drug that delivers on that hope, with the prospect of it becoming a standard co-treatment with most forms of radiotherapy."

Peter Marks, Chairman, Noxopharm Limited

DIRECTORS' REPORT – 30 JUNE 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Noxopharm Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were directors of Noxopharm Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Dr. Graham Kelly, Managing Director and Chief Executive Officer
- Mr. Peter Marks, Non-Executive Chairman
- Dr. Ian Dixon, Non-Executive Director

Principal activities

The Company's principal activity in the course of the current financial year continues to be drug development, with the primary focus being the clinical development of NOX66 as an adjuvant therapy in chemotherapy and radiotherapy in the treatment of late-stage cancers. There were no significant changes in the nature of the Company's principal activity during the financial year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $18,283,501 (30 June 2017: $3,045,901).

During the financial year, the Company has:

- continued to refine its strategic drug development plan embracing both clinical and pre-clinical programs for NOX66;
- made further appointments as part of its preparation for the projected expansion in the NOX66 clinical trials program, with appointments covering drug manufacture, pre-clinical activities, and clinical trial management;
- concluded the Phase 1b CEP-1 clinical study; presented the interim data to 3 scientific conferences; released the data to the ASX;
- commenced the DARRT-1 clinical study in late-stage prostate cancer;
- commenced the LuPIN-1 clinical study;
- undertaken steps to ensure an ongoing supply of idronoxil by a contract manufacturer for the Company's expanding clinical program, including preparation for the large-scale manufacture of GMP-quality drug product for registration studies commencing in 2019;
- continued pre-clinical studies of NOX66 in the treatment of brain cancers;
- initiated pre-clinical studies to better understand the mechanisms involved in the radio-enhancing effect of NOX66;
- raised AUD$5.5M and AUD$10.8M (before costs) from sophisticated and institutional investors to fund the Company's ongoing clinical program and operating costs;
- formally established Nyrada Inc, the Noxopharm majority-owned US-registered spin-off Company to house the Company's non-oncology IP and obtained shareholder approval for Nyrada at an EGM in November 2017.

Significant changes in the state of affairs

On 29 August 2017, the Company formed a new foreign company, Nyrada Inc which is a US-based entity, for the purpose of developing non-oncology drug intellectual property with Altnia Holdings Pty Ltd, a company related to Dr Ian Dixon. Upon incorporation, the Company owned 50% of Nyrada Inc. On 20 November 2017, subsequent to receipt of shareholder approval, Nyrada Inc acquired the following entities: Norbio No.1 Pty Ltd and Norbio No.2 Pty Ltd (from the Company) and Cardio Therapeutics Pty Ltd (from Altnia Holdings Pty Ltd). The effect of these acquisitions was that the Company owned 66.7% and controlled Nyrada Inc from 20 November 2017.

On 11 December 2017, the Company changed its registered office to: Suite 3, Level 4 828 Pacific Highway GORDON NSW 2072

On 22 December 2017, the Company and Kazia Therapeutics Ltd settled the matters outlined in Note 7 in the financial statements and its continuous obligation under the settlement agreement has been met.

On 16 February 2018, Nyrada Inc raised approximately $4 million (before costs) by issuance of convertible notes. Refer to Note 13 for further details.

During the year, the Company issued 30,759,167 ordinary shares through placement and exercise of options, raising approximately $16.9 million (before costs).

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 9 August 2018, 6,875,358 options and 15,857,897 shares were released from escrow. The release of the options and shares from escrow does not affect the results of the consolidated entity.

On 9 August 2018, Graham Kelly (Managing Director) voluntarily extended the escrow on his shares and options until 8 May 2019 for the following securities:

- 31,027,568 ordinary shares
- 12,075,000 unlisted options (exercise price of $0.30, expiry 28 February 2021).

The shares and options were originally due to be released on 9 August 2018.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Dr. Graham Kelly
Title:	Managing Director and Chief Executive Officer
Experience and expertise:	Graham graduated with degrees in Science (1968) and Veterinary Science (1969) from The University of Sydney. After graduation he joined the newly-formed Department of Transplant Surgery in the Faculty of Medicine at The University of Sydney, gaining a Doctor of Philosophy in 1972. The subject of his PhD thesis was the manufacture and use of a novel drug for the treatment of tissue rejection in kidney transplant recipients, with that drug subsequently being commercialised and used globally in kidney transplantation. Graham was appointed Senior Research Fellow in Experimental Surgery at The University of Sydney, contributing through research in the areas of organ recovery for transplantation and liver transplant surgery. The increased susceptibility of organ transplant recipients to malignant cancer eventually led Graham to focus on the causes of that phenomenon, and in turn, to the broader issue of the link between diet and the incidences of certain cancers. The latter area of research led to a research interest in dietary isoflavones and their role in human health. Graham developed a theory that dietary isoflavones were metabolised within the body into novel chemicals that possessed important hormone-like functions, and as such made important contributions to human health. That theory provided the basis for Graham leaving academia and founding the company, Norvet Ltd, which listed on the ASX in 1994. That company subsequently changed its name to Novogen Ltd and listed in the US on NASDAQ (1998). Graham was variously CEO, Executive Chairman and an Executive Director of Novogen, 1994-2006. He also was Executive Chairman of Marshall Edwards Inc (MEI) which listed on London's AIM exchange (2001) and NASDAQ (2003). MEI subsequently became MEI Pharma Inc. Graham resigned from his executive and Board positions at Novogen and MEI in 2006. In 2011, Graham joined private biotechnology company, Triaxial Pharmaceuticals Pty Ltd, as Executive Chairman. Concerned at the direction being taken by the Novogen Board in having stripped all assets from the Company and leaving it without a business, Graham engineered a reverse takeover of Novogen Ltd by Triaxial in December 2012 and set about rebuilding the Company. He remained as CEO and Executive Chairman of Novogen until June 2015 and was responsible for in-licensing that Company's anti-tropomyosin drug technology, for establishing a joint venture company with Yale University, and for establishing a solid financial base. In early-2012, Graham addressed the matter of the transport of isoflavones in the blood of humans, conducting formulation studies in a private capacity that led shortly thereafter to the concept behind NOX66. After leaving Novogen in 2015, Graham established private biotechnology company Noxopharm Ltd in order to commercialise NOX66.
Other current directorships	N/A
Former directorships in last 3 years	Novogen Limited (resigned 22 July 2015)
Interests in shares	31,410,203
Interests in options	12,075,000

Information on directors (continued)

Name:	Peter Marks
Title:	Non-Executive Chairman
Experience and expertise:	Peter brings over 30 years' experience in corporate advisory, investment banking and director/advisory roles to the Board. With several leading firms, Peter's corporate skills lie in capital raising for pre-IPO and listed companies, cross border M&A transactions, corporate underwriting, and venture capital transactions for companies in Australia, US & Israel. Over this period Peter has been involved in a very broad range of transactions, with a special focus in the life sciences, biotechnology, medical technology and high tech segments. He has been a Director and/or Chairman of several public companies. He currently is a Director of Prana Biotechnology Ltd (ASX & Nasdaq listed) since 2005 and Non-Executive Director of Fluence Corporation Ltd (formerly Emefcy Group Limited) (ASX listed) since 2015. Peter provides strategic and corporate advice at various stages of technology commercialisation for companies to transition to an operating entity, and helps facilitate significant commercial transactions to create shareholder value. Peter holds a Bachelor of Economics, Bachelor of Laws and a Graduate Diploma in Commercial Law from Monash University, Australia. He also holds an MBA from the University of Edinburgh, Scotland.
Other current directorships	Prana Biotechnology Limited (ASX: PBT) Since 29 July 2005; Fluence Corporation Ltd (ASX: FLC) Since 12 May 2015 (formerly known as Emefcy Group Limited)
Former directorships in last 3 years	Armadale Capital Plc (AIM listed)
Interests in shares	500,000
Interests in options	700,000

Information on directors (continued)

Name:	Dr Ian Dixon
Title:	Non-Executive Director
Experience and expertise:	Dr Ian Dixon has a PhD in biomedical engineering from Monash University, an MBA from Swinburne University and professional engineering qualifications. Ian brings to the Board an extensive entrepreneurial background in founding, building and running public companies, in recognising the potential commercial value of early-stage drug development, and in understanding the challenges involved in drug development. In 2011 Ian co-founded Cynata Inc, a company that is progressing the commercialisation of what has become the Cymerus technology of ASX-listed Cynata Therapeutics Ltd (ASX-CYP). Ian is also a founder of Nyrada Inc. and a co-inventor of Nyrada drug NYX-330. Ian is CEO of Exopharm Ltd, a company advancing exosomes as a new class of medicine for regenerative medicine and is a co-inventor of the Exopharm LEAP technology. Previously, Ian has worked for Vision Systems Ltd as head of the Product Group and was involved in a range of complex product/technology developments. Ian is also founder of Genscreen Pty Ltd (2003-2018) and was a Director of Cell Therapies Pty Ltd. Ian currently also serves as a part-time executive director of Medigard Ltd (ASX: MGZ).
Other current directorships	Medigard Ltd (ASX: MGZ) – Since 21 November 2017
Former directorships in last 3 years	N/A
Interests in shares	1,766,246
Interests in options	1,200,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr. David Franks

David Franks (BEc, CA, FFin, FGIA, JP) has held the position of Company Secretary since 16 January 2017. David is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 20 years in finance and accounting, initially qualifying with Price Waterhouse in their Business Services and Corporate Finance Divisions, David has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare. David Franks is currently the Company Secretary for the following public entities: Adcorp Australia Limited, Consolidated Operations Group Limited, Elk Petroleum Limited, Kelly Partners Group Limited, Noxopharm Limited, White Energy Company Limited and White Energy Technology Limited. David is also a Senior Executive of Automic Group Pty Ltd.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Audit & Risk Committee	
	Attended	Held	Attended	Held
Dr Graham Kelly	6	8	2	2
Peter Marks	8	8	2	2
Dr Ian Dixon	8	8	2	2

Held: represents the number of meetings held during the time the director held office.

All board members are members of the Audit and Risk Committee.

Remuneration report (audited)

The Remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

Remuneration governance

The objective of the remuneration committee (constituting the full Board) is to ensure that pay and rewards are competitive and appropriate for the results delivered. The remuneration committee charter adopted by the Board aims to align rewards with achievement of strategic objectives and the creation of value for shareholders. The remuneration framework applied provides a mix of fixed and variable pay and a blend of short and long-term incentives as appropriate. Issues of remuneration are considered annually or otherwise as required.

Non-executive directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable companies) for time commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, Directors are encouraged to hold shares in the Company.

Non-Executive Directors' fees and payments are reviewed annually by the Board of Directors. The Board of Directors considers advice from external sources (excluding remuneration consultants) as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the company.

The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Retirement benefits and allowances

No retirement benefits are payable other than statutory superannuation, if applicable to the Directors of the Company.

Other benefits

No motor vehicle, health insurance or other similar allowances are made available to Directors (other than through salary sacrifice arrangements).

Executive remuneration

Executive pay and reward consists of base pay, short-term performance incentives, long-term performance incentives and other remuneration such as superannuation. Superannuation contributions are paid into the executive's nominated superannuation fund.

Base Pay

Executives are offered a competitive level of base pay which comprises the fixed (unrisked) component of their pay and rewards. Base pay for senior executives is reviewed annually to ensure market competitiveness. There are no guaranteed base pay increases included in any senior executives' contracts. Base pay was increased during the year.

Short-term and long-term incentives

The Company currently operates an Executive Share Option Plan ("ESOP") which has been approved by shareholders in the 2016 Annual General Meeting. Performance based Remuneration The purpose of a performance bonus is to reward individual performance in line with company objectives. Consequently, performance-based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the consolidated entity. This is regularly measured in respect of performance against key performance indicators (KPI's). The Company uses a variety of KPI's to determine achievement, depending on the role of the executive being assessed. These include:

- Successful contract negotiations;
- Company share price consistently reaching a targeted rate on the ASX or applicable market over a period of time;
- Company undertaking clinical trials in their primary drug NOX66 within specified time frame.

Securities trading Policy

The trading of Company's securities by employees and Directors is subject to, and conditional upon, the Securities Trading Policy which is available on the Company's website (www.noxopharm.com).

If remuneration consultants are to be engaged to provide remuneration recommendations as defined under section 9B of the Corporations Act 2001, then they are engaged by, and report directly to, the remuneration committee. No remuneration consultants were engaged to provide remuneration services during the financial year.

Remuneration Policy vs Financial Performance

The Company's policy is to remunerate based on industry practice and benchmark industry salaries rather than performance as this takes into account the risk and liabilities assumed by directors and executives as a result of their involvement in an R&D Biotech company. Directors and executives are fairly compensated for the extensive work they undertake.

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')

At the 2017 AGM, more than 75% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of 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 company secretary of Noxopharm Limited:

- Dr. Graham Kelly - Managing Director and Chief Executive Officer
- Mr. Peter Marks - Non-Executive Chairman
- Dr. Ian Dixon - Non-Executive Director
- Mr. David Franks – Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary*	Super-annuation	Long service leave	Equity-settled	Total
2018	$	$	$	$	$	$	$
Directors:							
Dr. Graham Kelly	459,298[2]	-	55,323[1]	45,433	-	207,249[3]	767,303
Mr. Peter Marks	141,932[2]	-	-	-	-	245,220[3]	387,152
Dr. Ian Dixon	85,445	-	-	4,555	-	239,900	329,900
Other Key Management Personnel							
Mr. David Franks	-	-	-	-	-	12,686	12,686
	686,675	**-**	**55,323**	**49,988**	**-**	**705,055**	**1,497,041**

1. includes provision for annual leave
2. includes director fees and remuneration paid by Nyrada Inc
3. includes the warrants / options by Nyrada Inc

Mr. David Franks, company secretary is also an associate of Franks & Associates Pty Ltd who provides accounting and company secretary services to the Company. The contracts & Associates are based on normal commercial terms. Payments made to Franks & Associates Pty Ltd during the year are disclosed in the related party transactions note of the financial statements.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary*	Super-annuation	Long service leave	Equity-settled	Total
2017	$	$	$	$	$	$	$
Directors:							
Dr. Graham Kelly	278,611	66,963	34,182[1]	23,791	-	-	403,547
Mr. Peter Marks	88,250	-	-	-	-	-	88,250
Dr. Ian Dixon	70,105	-	-	-	-	-	70,105
Other Key Management Personnel							
Mr. David Franks	-	-	-	-	-	-	-
	436,966	**66,963**	**34,182**	**23,791**	**-**	**-**	**561,902**

1. includes provision for annual leave

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	2018	2017	2018	2017	2018	2017
Directors:						
Dr. Graham Kelly	73%	83%	-	17%	27%	-
Mr. Peter Marks	37%	100%	-	-	63%	-
Dr. Ian Dixon	27%	100%	-	-	73%	-
Mr. David Franks	-	-	-	-	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:

Name:	Dr. Graham Kelly
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	09 August, 2016
Term of agreement:	Open
Details:	*Noxopharm Limited* Annual salary of $360,000 plus superannuation of 9.5%. Cash bonus of $50,000 (including superannuation) payable upon Nyrada successful first capital raising of more than A$3 million. Notice period of 90 days by Executive or the Company; 12 months by Company without cause. *Nyrada Inc* Annual salary of US$200,000 plus superannuation of 9.5%. Subject to restatement of the Nyrada Inc capital structure to 10,997,525 shares on issue, warrants will be issued upon the following condition: • 110,000 warrants granted on successful listing on ASX; • 110,000 warrants granted on successful NASDAQ listing; • 110,000 warrants granted on achieving market cap of A$400m; • 110,000 warrants granted on achieving a successful M&A, trade sale or licensing deal worth a minimum US$500m in respect of any one of the Company's clinical program. Warrant will vest on the achievement of each milestone and can be exercised within 3 years of each tranche vesting. The exercise price for each tranche will be set at a 30% premium to the 15 day VWAP share price at the time of the vesting.

Name:	Mr. Peter Marks
Title:	Chairman (Non-Executive Director of Nyrada Inc)
Term of agreement:	Open
Details:	*Nyrada Inc* Annual director fees of US$35,000 plus US$5,000 for Remuneration and Audit Committees Subject to restatement of the Nyrada Inc capital structure to 10,997,525 shares on issue, warrants will be issued upon the following condition: • 11,000 warrants granted at end of 31 December 2018; • 11,000 warrants granted at end of 31 December 2019; Warrant will vest on noted date and can be exercised by 15 February 2021. The exercise price for each tranche will be set at a 30% premium to the ASX IPO price.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Issued by Noxopharm Limited				
28 November 2017	28 November 2017	27 November 2020	$1.0158	$0.495
28 November 2017	28 November 2017	27 November 2020	$1.2189	$0.465
8 December 2017	1 December 2018	30 November 2021	$1.0800	$0.617
8 December 2017	1 December 2019	30 November 2021	$1.0800	$0.617
8 December 2017	1 December 2020	30 November 2021	$1.0800	$0.617
Agreed to be issued by Nyrada Inc				
15 February 2018	Depending on milestones	3 years after achieving milestone	30% of 15 days VWAP	$0.283 to $2.83
23 May 2018	31 December 2018 / 31 December 2019	15 February 2021	ASX IPO Price + 30%	$2.05

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Number of options granted during the year 2018	Number of options granted during the year 2017	Number of options vested during the year 2018	Number of options vested during the year 2017
Issued by Noxopharm Limited				
Dr. Ian Dixon	500,000	-	500,000	-
Mr. Peter Marks	500,000	-	500,000	-
Mr. David Franks	57,639	-	-	-

Additional information

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

	2018	2017
Share price at financial year end (cents)	61.00	36.50
Share price HIGH for the financial year ended 30 June (cents)	158.00	67.50
Share price LOW for the financial year ended 30 June (cents)	29.00	13.50

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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Dr. Graham Kelly	31,410,203	-	-	-	31,410,203
Mr. Peter Marks	500,000	-	-	-	500,000
Dr. Ian Dixon	1,766,426	-	-	-	1,766,426
Mr. David Franks	-	-	-	-	-
	33,676,629	**-**	**-**	**-**	**33,676,629**

Option holding - Company

The number of 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:

	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year
Options over Ordinary shares					
Dr. Graham Kelly	12,075,000	-	-	-	12,075,000
Mr. Peter Marks	200,000	500,000	-	-	700,000
Dr. Ian Dixon	700,000	500,000	-	-	1,200,000
Mr. David Franks	-	57,639	-	-	57,639
	12,975,000	**1,057,639**	**-**	**-**	**14,032,639**

Other transactions with key management personnel and their related parties

Company secretarial and bookkeeping services - provided by Franks & Associates Pty Ltd, an entity associated with Mr. David Franks, on commercial terms and conditions. Total fees paid (including GST and out of pocket expenses) to Franks & Associates Pty Ltd for the year ended 30 June 2018 was $285,648 (2017: $76,042).

Prue Kelly, spouse of Graham Kelly (Managing Director) is employed as the Company's full time Investor Relations Manager on the Company's employment terms and condition.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Noxopharm Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
31 January 2016	28 February 2021	$0.3000	-
31 January 2016	28 February 2021	$0.3000	1,542,858
31 January 2016	28 February 2021	$0.3000	18,950,358
28 November 2017	27 November 2020	$1.0158	500,000
28 November 2017	27 November 2020	$1.2189	500,000
8 December 2017	30 November 2021	$1.0800	789,470
18 January 2018	19 January 2020	$0.8000	3,000,000
			25,282,686

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Noxopharm Limited were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
8 August 2016	$0.3000	2,092,500

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity 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 to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd

There are no officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

William Buck Audit (Vic) Pty Ltd 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 Graham Kelly

Director

30 August 2018

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NOXOPHARM LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director

Melbourne, 30th August 2018

CHARTERED ACCOUNTANTS
& ADVISORS
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Melbourne VIC 3000
Telephone: +61 3 9824 8555
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	Consolidated 2018 $	Consolidated 2017 $
Revenue			
Other income	4	979,340	193,802
Expenses			
Corporate Administration Expenses	5	(2,052,887)	(1,125,852)
Research and Development Expenses		(4,112,765)	(816,101)
Depreciation Expenses		(58,885)	(30,256)
Finance Fee Expenses		(7,602)	(11,402)
Consulting, Employee & Director Expenses	5	(4,276,076)	(1,256,092)
Settlement agreement relating to dispute		(8,553,330)	
Finance costs		(238,296)	
Loss before income tax expense		**(18,320,501)**	**(3,045,901)**
Income tax expense	6	-	-
Loss after income tax expense for the year		**(18,320,501)**	**(3,045,901)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**(18,320,501)**	**(3,045,901)**
Loss for the year is attributable to:			
Non-controlling interest		(37,000)	
Owners of Noxopharm Limited	16	(18,283,501)	(3,045,901)
		(18,320,501)	**(3,045,901)**
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(37,000)	
Owners of Noxopharm Limited		(18,283,501)	(3,045,901)
		(18,320,501)	**(3,045,901)**
		Cents	**Cents**
Basic earnings per share	30	(17.39)	(3.94)
Diluted earnings per share	30	(17.39)	(3.94)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	8	12,613,534	2,457,848
Trade and other receivables		122,643	62,584
Other assets	9	1,339,512	46,842
Total current assets		**14,075,689**	**2,567,274**
Non-current assets			
Plant and equipment	10	317,822	64,358
Intangibles	11	37,000	768
Others	12	118,818	196,156
Total non-current assets		473,640	**261,282**
Total assets		**14,549,329**	**2,828,556**
Liabilities			
Current liabilities			
Trade and other payables		886,992	290,611
Employee entitlement		234,919	70,431
Total current liabilities		1,121,911	361,042
Non-current liabilities			
Borrowings	13	3,279,452	-
Total Non-current liabilities		3,279,452	-
Total liabilities		**4,401,363**	**361,042**
Net assets		**10,147,966**	**2,467,514**
Equity			
Issued capital	14	28,449,283	6,218,140
Reserves	15	3,732,810	-
Accumulated losses	16	(22,034,127)	(3,750,626)
Total equity		**10,147,966**	**2,467,514**

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2016	730,600	-	(704,725)	-	25,875
Loss after income tax expense for the year	-	-	(3,045,901)	-	(3,045,901)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,045,901)	-	(3,045,901)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 14)	6,000,000	-	-	-	6,000,000
Share issue costs	(512,460)	-	-	-	(512,460)
Balance at 30 June 2017	**6,218,140**	**-**	**(3,750,626)**	**-**	**2,467,514**

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	6,218,140	-	(3,750,626)	-	2,467,514
Loss after income tax expense for the year	-	-	(18,283,501)	(37,000)	(18,320,501)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(18,283,501)	(37,000)	(18,320,501)
Non-controlling interest arising from Nyrada Inc	-	-	-	37,000	37,000
Equity reserve arising from the issue of convertible notes	-	762,045	-	-	762,045
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 14)	16,927,750	-	-	-	16,927,750
Share-based payments (Note 31)	6,490,680	2,970,765	-	-	9,461,445
Share issue costs	(1,187,287)	-	-	-	(1,187,287)
Balance at 30 June 2018	**28,449,283**	**3,732,810**	**(22,034,127)**	**-**	**10,147,966**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Notes	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(10,048,952)	(3,109,495)
Interest received		62,806	67,503
Receipt from R&D tax rebate		910,518	124,026
Net cash used in operating activities	29	**(9,075,628)**	**(2,917,966)**
Cash flows from investing activities			
Payments for plant and equipment	10	(312,349)	(66,473)
Payments for intangibles	11	-	(12,330)
Payments for security deposits		-	(77,338)
Deposit for bank guarantee		-	(118,818)
Proceeds from sale of plant and equipment		-	2,273
Net cash used in investing activities		**(312,349)**	**(272,686)**
Cash flows from financing activities			
Proceeds from issue of shares	14	16,927,750	6,000,000
Proceeds from convertible notes, net of costs		3,803,200	-
Share issue transaction costs		(1,187,287)	(512,460)
Net cash from financing activities		**19,543,663**	**5,487,540**
Net increase in cash and cash equivalents		10,155,686	2,296,888
Cash and cash equivalents at the beginning of the financial year		2,457,848	160,960
Cash and cash equivalents at the end of the financial year	**8**	**12,613,534**	**2,457,848**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied in this reporting period, unless otherwise stated. The financial statements are for Noxopharm Limited ("the Company") and its subsidiaries ("the consolidated entity").

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 and the Corporations Act 2001. Noxopharm Limited is a for - profit entity for the purpose of preparing the financial statements. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss.

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.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Noxopharm Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Noxopharm Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity 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.

Note 1. Significant accounting policies (continued)

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Noxopharm Limited's functional and presentation currency. The entity's subsidiary, Noxopharm Asia Limited, uses Hong Kong dollar as its functional currency and all other subsidiaries (including Nyrada Inc) uses Australian dollar as their functional 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.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Other Income recognition

Other income is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Other income is measured at the fair value of the consideration received or receivable.

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.

Government research and development tax incentives

Government grants, including research and development incentives are recognised at fair value when there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to research and development expenditure are recognised as income over the periods necessary to match the grant costs they are compensating. The incentive is recognised as income as it is not tied to offsetting assessable income in tax.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Note 1. Significant accounting policies (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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 the consolidated entity's 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 the consolidated entity's 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 short-term deposits includes cash at bank (including debit cards) and in hand and short-term deposits with an original maturity of three months or less, or redeemable at any time.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the consolidated entity will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

Plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 consolidated entity and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight - line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Computer equipment	3 years
Furniture and fittings	5 years
Lab equipment	5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1. Significant accounting policies (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the consolidated entity's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight - line basis over the term of the lease.

Intangible assets

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Research and development costs

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not available for use, or more frequently when an indication of impairment arises during the reporting period.

Supplies acquired for research and development purposes are initially capitalised as part of other current assets until these supplies are consumed in research activity.

Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services. Licensing fees are recognised as an expense when it is confirmed that they are payable by the consolidated entity.

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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 1. Significant accounting policies (continued)

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.

Employee benefits

Short-term employee benefits

Provision is made for the consolidated entity's obligation for short - term employee benefits. Short - term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short - term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Balance sheet. The consolidated entity's obligations for employees' annual leave entitlements are recognised as provisions in the Balance sheet.

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. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

Note 1. Significant accounting policies (continued)

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.

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

Basic earnings per share is calculated by dividing the profit attributable to the owners of Noxopharm 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.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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 taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flow.

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 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 1. Significant accounting policies (continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 and its impact is likely to result in additional disclosure for the consolidated entity's financial assets and liabilities.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is likely to be immaterial at this stage as the consolidated entity does not have any revenue generating operations yet.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The standard will affect primarily the accounting for the consolidated entity’s operating leases. However, management has not yet determined to what extent these commitments will result in the recognition of an asset and liability for future payments and how this will affect the consolidated entity’s profit and classification of cash flows.

Note 1. Significant accounting policies (continued)

Some commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB16. This may include the commitments as disclosed in Note 24.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred net losses after tax of $18,320,501 (2017: $3,045,901) and net cash outflows from operating activities of $9,075,628 (2017: $2,917,966) for the year ended 30 June 2018. At 30 June 2018, the consolidated entity's cash position was $12,613,534.

The directors have prepared cash flow forecasts which indicate that the current cash resources will be sufficient to fund its principal activities and working capital requirements without capital raising to fund its current operations through to 31 August 2019. Should the Company determine in the future that it is in the best interest of shareholders to bring forward or expand its currently anticipated clinical program, it would need to do so with completing a capital raising program to match the increased expenditure profile.

Based on the cash flow forecasts and current (28 August 2018) cash position, the directors are confident that the consolidated entity will be able to continue as a going concern.

Note 2. Critical accounting judgements, estimates and assumptions

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.

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.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Operating segments

The consolidated entity continues to operate in one segment, being the clinical development in the field of both oncology and non-oncology. The segment details are therefore fully reflected in the body of the annual report.

Note 4. Other Income

	Consolidated	
	2018	2017
	$	$
Interest income	62,806	67,503
Other revenue	6,016	2,273
R&D tax incentives	910,518	124,026
Other income	**979,340**	**193,802**

Note 5. Expenses

	Consolidated	
	2018	2017
	$	$
Loss before income tax includes the following specific expenses:		
Corporate Administration expenses		
Audit, accounting and company secretarial fees	467,820	172,884
Insurances	97,939	68,028
Rental expenses	211,432	63,335
Office expenses	136,276	6,752
Corporate administration expenses	237,152	124,206
Legal fees	414,735	187,869
Recruitment fees	35,640	96,836
ASX and filing fees	164,835	137,716
Marketing and advertising	52,743	107,086
Travel and entertainment expenses	234,315	161,140
	2,052,887	**1,125,852**
Consulting, Employee and Director Expenses		
Consulting expenses	76,344	30,282
Employee related expenses	2,538,348	933,434
Superannuation and other employee related expenses	498,134	134,021
Director expenses (excluding executive directors)	255,135	158,355
Share-based payment expense - Noxopharm Limited	653,556	-
Share-based payment expense - Nyrada Inc	254,559	-
	4,276,076	1,256,092

Note 6. Income Tax Expenses

	Consolidated	
	2018	2017
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(18,320,501)	(3,045,901)
Tax at the statutory tax rate of 27.5% (2017: 30%)	(5,038,138)	(913,770)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax incentives	(250,392)	(37,208)
Other expenses not deductible	249,732	38,386
Deferred tax assets relating to tax losses not recognised	4,881,062	927,375
Net movement in temporary differences not recognised	157,736	(14,783)
Income tax expense	-	-

	Consolidated	
	2018	2017
	$	$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	21,442,783	3,693,467
Potential tax benefit @ 27.5%	5,896,765	1,015,703

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2018	2017
	$	$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Other	139,828	6,197
Employee provisions	45,234	21,129
Total deferred tax assets not recognised	185,062	27,326

Note 7. Kazia Therapeutics Limited

Kazia Therapeutics Limited ("Kazia") (ASX: KZA) claimed that in relation to that Company's key asset, NOX66, it owned all intellectual property in the formulation and use of the technology. The Company disputed that claim and that NOX66 is owned by the Company ("Dispute"). On 22 December 2017 Noxopharm settled the Dispute, with a payment for settlement of the Dispute being:

- 5,317,123 ordinary shares in Noxopharm Limited, held under voluntary escrow until 14 June 2018; and
- 3,000,000 unlisted options in Noxopharm Limited, with an exercise price of $0.80, expiring 18 January 2020, unable to be exercised prior to 18 July 2018.

In addition, a cash payment of $165,000 (including GST) was paid by the Company to Kazia for technical information in the form of a report and related materials and costs.

The total value as at the original date of arrangement (22 December) has been valued at $8,141,242 and has been recognised within the statement of profit or loss as follows:

- $150,000 in the Research and Development costs; and
- $7,991,242 in Settlement Agreement relating to Dispute (and which is a non-cash item for Noxopharm).

The ordinary shares were valued using market price of the shares at the date the settlement agreement ($1.115) and the fair value of the options ($0.6876 each) were calculated using the Black-Scholes model, based the following assumptions:

- Share price at date of grant: $1.115
- Exercise price per option: $0.80
- Volatility: 100%
- Risk-free rate: 2.145%
- Expiry: 2 years from issue date

On 21 May 2018, the Company issued a further 653,591 ordinary shares to Kazia for a value of $562,088 based on the market price of the shares at that date and has been recognised within the statement of profit or loss.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2018	2017
	$	$
Cash at bank and in hand	2,523,144	2,457,848
Term deposits - redeemable on demand	10,000,763	-
Bank debit cards	89,627	-
	12,613,534	2,457,848

Note 9. Current assets - other assets

	Consolidated	
	2018	2017
	$	$
Prepayments	70,502	46,842
Research and development lab supplies	1,269,010	-
	1,339,512	46,842

The research and development lab supplies are mainly materials that are used in the research and development process. These materials are recognised as an expense as and when they are utilised in the research and development process.

Note 10. Non-current assets - plant and equipment

	Consolidated	
	2018	2017
	$	$
Fixtures & fittings - at cost	219,429	63,492
Less: Accumulated depreciation	(35,915)	(10,328)
	183,514	53,164
Computer equipment - at cost	85,131	22,906
Less: Accumulated depreciation	(33,948)	(11,712)
	51,183	11,194
Lab Equipment - at cost	94,187	-
Less: Accumulated depreciation	(11,062)	-
	83,125	-
	317,822	**64,358**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer equipment $	Furniture & fittings $	Lab equipment $	Total $
Balance at July 1 2016	8,620	7,959	-	16,579
Additions	12,395	54,078	-	66,473
Depreciation expense	(9,821)	(8,873)	-	(18,694)
Balance at 30 June 2017	11,194	53,164	-	64,358
Additions	62,225	155,937	94,187	312,349
Depreciation expense	(22,236)	(25,587)	(11,062)	(58,885)
Balance at 30 June 2018	51,183	183,514	83,125	317,822

Note 11. Non-current assets - intangibles

	Consolidated	
	2018	2017
	$	$
Website - at cost	12,330	12,330
Less: Accumulated amortisation	(12,330)	(11,562)
	-	768
Intellectual property - PCSK9	37,000	-
	37,000	-

Note 12. Non-current assets - other

	Consolidated	
	2018	2017
	$	$
Rental deposit	-	77,338
Term deposit pledged for bank guarantee	118,818	118,818
	118,818	196,156

Note 13. Non-current liabilities- borrowings

	Consolidated	
	2018	2017
	$	$
Borrowings - Convertible notes payable	3,279,452	-

Refer to note 20 for further information on financial instruments.

On 16 February 2018, Nyrada Inc closed its convertible note raising, having raised $4.0 million via the issue of notes of $1.00 each. Each note can be converted or redeemed as follows:

- If Nyrada Inc lists on a stock exchange in Australia or USA within 18 months of the issue of note, each 12 notes will convert to 3 New Shares and 2 New Options, where each New Option has an exercise price of $6.00 and expiry of 30 November 2020;
- If Nyrada Inc does not list on a stock exchange in Australia or USA within 18 months of the issue of note, then the notes will be redeemed 1) to the extent possible, by the issue of shares in the Company at a 25% discount to the 10-day VWAP immediately prior to the conversion notice or 2) payment of the face value of the notes.

As the convertible notes demonstrates certain characteristics of equity, the convertible notes have been discounted using an effective interest of 15% on the basis of observable market interest rate on similar instrument such as unsecured debt, and research and development financing to determine the equity portion. As a result, a conversion reserve of $762,045 has been recognised within equity of the group consolidated accounts.

Note 14. Equity - issued capital

	Consolidated			
	2018	2017	2018	2017
	Shares	Shares	$	$
Ordinary shares - fully paid	121,901,310	85,171,429	28,449,283	6,218,140

Note 14. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2016	45,171,429	715,500
Initial public offering	8 August 2016	30,000,000	6,000,000
Conversion of performance shares to ordinary shares	20 December 2016	10,000,000	15,100
Share issue costs		-	(512,460)
Balance	30 June 2017	85,171,429	6,218,140
Share placement	4 September 2017	16,666,667	5,500,000
Exercise of options	7 November 2017	100,000	30,000
Exercise of options	15 November 2017	350,000	105,000
Exercise of options	7 December 2017	807,500	242,250
Exercise of options	18 December 2017	100,000	30,000
Shares issued to Kazia	22 December 2017	5,317,123	5,928,592
Exercise of options	25 January 2018	685,000	205,500
Share placement	29 March 2018	7,264,966	6,538,469
Share placement	21 May 2018	4,735,034	4,261,531
Shares issued to Kazia	21 May 2018	653,591	562,088
Exercise of options	28 May 2018	50,000	15,000
Share issue costs		-	(1,187,287)
Balance	30 June 2018	**121,901,310**	**28,449,283**

Movements in options

Details	Date	Options	$
Balance	1 July 2016	22,585,716	-
Balance	30 June 2017	22,585,716	-
Conversion of options to shares		(2,092,500)	-
Options issued to directors		1,000,000	-
Options issued to employees under the employee share plan		789,740	-
Options issued to Kazia		3,000,000	-
Balance	30 June 2018	**25,282,956**	**-**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

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.

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.

Note 15. Equity - reserves

	Consolidated	
	2018	2017
	$	$
Options reserve – Noxopharm Limited	2,716,206	-
Options reserve – Nyrada Inc	254,559	-
Other reserves – Nyrada Inc convertible notes conversion	762,045	-
	3,732,810	**-**

Option reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Option reserve - Nyrada Inc

The reserve is used to recognise the value of equity benefits issued by Nyrada Inc to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Other reserves – Nyrada Inc convertible notes conversion

The other reserve represents the equity element of the convertible notes issued by Nyrada Inc. Refer to Note 13 for details.

Note 16. Equity – accumulated losses

	Consolidated	
	2018	2017
	$	$
Accumulated losses at the beginning of the financial year	(3,750,626)	(704,725)
Loss after income tax expense for the year	(18,283,501)	(3,045,901)
Accumulated losses at the end of the financial year	**(22,034,127)**	**(3,750,626)**

Note 17. Equity - non-controlling interest

	Consolidated	
	2018	2017
	$	$
Issued capital	37,000	-
Accumulated losses	(37,000)	-
	-	-

Note 18. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 19. Nyrada Inc and Cardio Therapeutics Pty Ltd

Nyrada Inc (Nyrada)

On 25 September 2017, the Company formed a subsidiary company, Nyrada Inc ("Nyrada") , a US-registered company based in New York. Its purpose is to house non-oncology IP that is outside Noxopharm Limited's primary focus on oncology drug development. Nyrada was jointly owned by Noxopharm and Altnia Holdings Pty Ltd, as trustee for I. Dixon Family Trust (Altnia).

Noxopharm entered into a share sales and subscription agreement with Nyrada in which Noxopharm agreed to transfer the total share capital of its wholly owned subsidiaries of Norbio No. 1 Pty Ltd and Norbio No. 2 Pty Ltd to Nyrada in consideration for 6,669 shares in Nyrada, representing 66.7% of the Nyrada's share capital.

As these transactions were deemed to be under common control, the transactions have been accounted for using the pooling of interest method and the assets and liabilities transferred were recognised based on the book value (nil) at the date of transfer. No goodwill or fair value adjustments were recognised.

Cardio Therapeutics Pty Ltd (Cardio)

Nyrada also entered into a share sale and subscription agreement with Altnia Holdings Pty Ltd ('Altnia'), a company related to Dr Ian Dixon (director of Noxopharm Limited), in which Altnia agreed to transfer the total issued share capital of Cardio in consideration for 3,329 shares in Nyrada, representing 33.3% of Nyrada's share capital.

The above transaction has been accounted for under the requirements of AASB 2 Share-based payments and a total asset of $37,000 relating to the costs incurred for the IP on PCSK9 has been recognised in the consolidated financial statements.

The transfer of shares to Nyrada Inc was completed on 20 November 2017.

Note 20. Financial instruments

Financial risk management objectives

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Company's implementation of that system on a regular basis.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

The Company financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables.

	Consolidated	
	2018	2017
	$	$
Cash and cash equivalent	12,613,534	2,457,848
Trade and other payables	(886,992)	(290,611)
	11,726,542	**2,167,237**

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The foreign currency risk is deemed to be minimal as most of the transactions are primarily conducted in the entity's functional currency and changes in foreign exchange rate would not have any significant impact to the financial position of the entity.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The interest rate risk is deemed to be minimal as the cash are held in fixed interest rate term deposit and therefore changes in variable rates does not affect the interest earned on these term deposit. Interest earned on non-term deposit account are minimal.

The entity does not have any external interest bearing borrowings.

Credit risk

The Company is exposed to credit risk via its cash and cash equivalents and trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company ensures that surplus cash is invested with financial institutions that maintain a high credit rating. The Company's major ongoing customer are Government bodies for the receipt of GST refunds due to the Company from the Australian Taxation Office.

There has been no significant change in the Company's exposure to credit risk since incorporation. The Board believes that the Company does not have significant credit risk at this time in respect of its trade and other receivables.

Note 20. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company is exposed to liquidity risk via its trade and other payables.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Company's Management at Board meetings to ensure that the Company continues to be able to meet its debts as and when they fall due. Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2018	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	886,992	-	-	-	886,992
Convertible notes	-	-	3,990,100	-	-	3,990,100
Total non-derivatives		886,992	3,990,100	-	-	4,877,092

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2017	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	290,611	-	-	-	290,611
Total non-derivatives		290,611	-	-	-	290,611

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate to their carrying amounts largely due to being liquid assets or liabilities that will be settled within 12 months.

The convertible notes are deemed to be carried close to the fair value on the basis of market rates has been used to initially determine the opening position of the notes.

Note 21. Key management personnel disclosures

Compensation

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

	Consolidated	
	2018	2017
	$	$
Short-term employee benefits	741,998	538,111
Post-employment benefits	49,988	23,791
Share-based payments	705,055	-
	1,497,041	561,902

Other Transactions with Key Management Personnel

Company secretarial and bookkeeping services - provided by Franks & Associates Pty Ltd, an entity associated with Mr. David Franks, on commercial terms and conditions.

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the company, and unrelated firms:

	Consolidated	
	2018	2017
	$	$
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	48,000	25,000
Audit services - unrelated firms (Nexia Sydney Audit Pty Ltd)		
Audit or review of the financial statements	12,000	-
Other services - unrelated firms (Nexia Sydney Audit Pty Ltd)		
Due diligence	15,000	-
	27,000	**-**

Note 23. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2018 of $118,818 (2017: $118,818) to its landlords.

Further to Note 7, for a period of 2 years from the 18 January 2018, Kazia's shareholding in the Company will not be diluted below 4.9% of the issued share capital in the Company, or if Kazia sells any of the Company shares originally allotted, then a pro-rata percentage. Therefore, if further shares are required to be allotted under this arrangement, the Company would recognise at that time an additional "Settlement Agreement relating to Dispute" expense for the value of the shares issued.

Note 24. Commitments

	Consolidated	
	2018	2017
	$	$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	-	95,430
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	166,563	160,542
Later than one year but not later than five years	99,108	265,670
	265,671	**426,212**

Note 25. Related party transactions

Parent entity

Noxopharm Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 27.

Key management personnel

Disclosures relating to key management personnel are set out in Note 21 and the remuneration report included in the directors' report.

Transactions with related parties

During the period, the Company formed a subsidiary company, Nyrada Inc with Altnia Holdings Pty Ltd, as trustee of I. Dixon Family Trust. I. Dixon Family Trust is associated with Dr Ian Dixon (Director). Refer to Note 19 for further details on the formation of Nyrada Inc including the acquisition of Cardio Therapeutics Pty Ltd.

Company secretarial and bookkeeping / financial accounting services - provided by Franks & Associates Pty Ltd, an entity associated with Mr. David Franks, on commercial terms and conditions. Total fees (including GST and out of pocket expenses) paid to Franks & Associates Pty Ltd for the year ended 30 June 2018 was $285,648 (2017: $76,042). On 1 July 2018, Automic Group Pty Ltd ('Automic') acquired Franks & Associates Pty Ltd. Automic is the share registry of Noxopharm Limited. All services provided by Franks & Associates Pty Ltd and Automic Group Pty Ltd during the year ended 30 June 2018 and to the date of this report were on commercial terms.

Prue Kelly, spouse of Graham Kelly (Managing Director) is employed as the Company's full time Investor Relations Manager on the Company's employment terms and condition.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	2017
	$	$
Loss after income tax	(15,710,580)	(2,926,758)
Total comprehensive income	**(15,710,580)**	**(2,926,758)**

Statement of financial position

	Parent	
	2018	2017
	$	$
Total current assets	10,851,837	2,547,327
Total assets	12,398,045	2,947,699
Total current liabilities	574,622	361,042
Total liabilities	574,622	361,042
Equity		
Issued capital	28,449,283	6,218,140
Options reserve	2,716,206	-
Accumulated losses	(19,342,066)	(3,631,483)
Total equity	**11,823,423**	**2,586,657**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 2017 other than as listed below.

Further to Note 7 and Note 23, for a period of 2 years from the 18 January 2018, Kazia's shareholding in the Company will not be diluted below 4.9% of the issued share capital in the Company, or if Kazia sells any of the Company shares originally allotted, then a pro-rata percentage. Therefore, if further shares are required to be allotted under this arrangement, the Company would recognise at that time an additional "Settlement Agreement relating to Dispute" expense for the value of the shares issued.

Capital commitments - Property, plant and equipment

See Note 24 regarding the capital commitment for the parent entity.

Note 26. Parent entity information (continued)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 27. Interests in subsidiaries

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

		Ownership interest	
		2018	2017
Name	Principal place of business / Country of incorporation	%	%
Noxopharm Asia Limited	Hong Kong	100.00%	100.00%
Norbio Holding Pty Ltd	Australia	100.00%	-
Nyrada Inc	USA	66.67%	-
Norbio No 1 Pty Ltd	Australia	66.67%	-
Norbio No 2 Pty Ltd	Australia	66.67%	-
Cardio Therapeutics Pty Ltd	Australia	66.67%	-

Note 28. Events after the reporting period

On 9 August 2018, 6,875,358 options and 15,857,897 shares were released from escrow. The release of the options and shares from escrow does not affect the results of the consolidated entity.

On 9 August 2018, Graham Kelly (Managing Director) has voluntarily extended the escrow on his shares and options until 8 May 2019 for the following securities :

- 31,027,568 ordinary shares
- 12,075,000 unlisted options (exercise price of $0.30, expiry 28 February 2021).

The shares and options were originally due to be released on 9 August 2018.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2018	2017
	$	$
Loss after income tax expense for the year	(18,320,501)	(3,045,901)
Adjustments for:		
Depreciation and amortisation	58,885	30,256
Share-based payments	9,461,445	-
Gain on disposal of plant and equipment	-	(2,273)
Unwinding of the discount on convertible notes (finance costs)	238,296	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(60,058)	23,732
Increase in lab supplies	(1,269,010)	-
Increase in other current assets	53,678	59,495
Increase in trade and other payables	597,149	16,725
Increase in employee benefits	164,488	-
Net cash used in operating activities	**(9,075,628)**	**(2,917,966)**

Note 30. Earnings per share

	Consolidated	
	2018	2017
	$	$
Loss after income tax	(18,320,501)	(3,045,901)
Non-controlling interest	37,000	-
Loss after income tax attributable to the owners of Noxopharm Limited	(18,283,501)	(3,045,901)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	105,119,843	77,335,813
Weighted average number of ordinary shares used in calculating diluted earnings per share	105,119,843	77,335,813
	Cents	**Cents**
Basic earnings per share	(17.39)	(3.94)
Diluted earnings per share	(17.39)	(3.94)

The 20,493,216 (2017: 7,758,334) options issued could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

Note 31. Share-based payments

Noxopharm Limited

During the year, the Company has granted the following share-based payments:

- 500,000 3 years Tranche A option exercisable at $1.0158 per option and 500,000 3 years Tranche B option exercisable at $1.2189 per option to two of the Company's directors;
- 789,470 4 years Options exercisable at $0.92 per option to certain employees of the Company; and
- Shares and options issued to Kazia (see Note 7 for further details).

Set out below are summaries of options granted to the employees and directors of the Company:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited / other	Balance at the end of the year
27/11/2017	27/11/2020	$1.0158	-	500,000	-	-	500,000
27/11/2017	27/11/2020	$1.2189	-	500,000	-	-	500,000
01/12/2017	01/12/2021	$1.0800	-	789,470	-	-	789,470
			-	1,789,470	-	-	1,789,470

Set out below are the options exercisable at the end of the financial year:

		2018	2017
Grant date	Expiry date	Number	Number
27/11/2017	27/11/2020	1,000,000	-
		1,000,000	-

The weighted average exercise price during the financial year was $1.1009.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.86 years.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/11/2017	27/11/2020	$0.8400	$1.0158	100.00%	-	2.17%	$0.495
27/11/2007	27/11/2020	$0.8400	$1.2189	100.00%	-	2.17%	$0.464
01/12/2017	01/12/2021	$0.9200	$1.0800	100.00%	-	2.17%	$0.617

Note 31. Share-based payments (continued)

Nyrada Inc

The Company's subsidiary, Nyrada Inc agreed to grant various share-based payment to its directors, and other executives and advisers. These options however has not been issued but has been included in the financial statements for the purposes of meeting the requirements of AASB 2 Share-Based Payments.

Set out below are summaries of options granted by Nyrada Inc during the year:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited / other	Balance at the end of the year
15/02/2018	See below[1]	See below[2]	-	440,000	-	-	440,000
15/02/2018	15/02/2021	See below[2]	-	33,000	-	-	33,000
01/05/2018	15/02/2021	See below[2]	-	22,000	-	-	22,000
23/05/2018	15/02/2021	See below[2]	-	44,000	-	-	44,000
23/05/2018	See below[1]	See below[2]	-	44,000	-	-	44,000
			-	583,000	-	-	583,000

1. The shares vest as and when various milestones are met. Once vested, the option expires 3 years from vesting date.

2. The exercise price is determine based on either 20% to 30% premium of the future ASX IPO price, or a 30% premium on the 15-days VWAP.

For the options issued for Nyrada Inc, the company has engaged an external valuation expert to perform the valuation as the exercise price for the shares are based on a premium (between 20% to 30%) set on either 15 days VWAP or at the ASX IPO price.

Other assumptions used includes the following:

Grant date	Expiry date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
15/02/2018	See below[1]	75.00%	-	2.19%	$0.283 to $2.830
15/02/2018	15/02/2021	75.00%	-	2.15%	$2.050
01/05/2018	15/02/2021	75.00%	-	2.15%	$2.070
23/05/2018	15/02/2021	75.00%	-	2.15%	$2.160
23/05/2018	See below[1]	75.00%	-	2.10%	$2.770

1. The shares vest as and when various milestones are met. Once vested, the option expires 3 years from vesting date.

DIRECTORS' DECLARATION

In the directors' opinion:

- 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 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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 Graham Kelly
Director
30 August 2018

Noxopharm Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Noxopharm Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 other explanatory information, 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 2018 and of its financial performance for the then year 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* (the 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.

CHARTERED ACCOUNTANTS
& ADVISORS
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Melbourne VIC 3000
Telephone: +61 3 9824 8555
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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.

SETTLEMENT OF DISPUTE WITH KAZIA THERAPEUTICS LIMITED	
Area of focus **Refer also to notes 7 & 23**	**How our audit addressed it**
As disclosed in the financial statements, the Group settled a dispute with Kazia Therapeutics Limited (Kazia) in December 2017. As at that date the following consideration was paid to Kazia in-respect of settling the matter: - An initial cash contribution of $150,000 - The issue of 5,317,123 ordinary shares (escrowed for approximately 6 months) - The issue of 3,000,000 unlisted options, with an exercise price set at 80 cents, expiring 18 January 2020 and also escrowed for approximately 6 months - And an undertaking to ensure that Kazia maintains, at a minimum, a 4.90% shareholding interest in the Group for two years from 18 January 2018. We note that subsequent to this transaction that the contingent liability has already been activated on the back of capital raising activities that occurred subsequent to the settlement, resulting in a further charge of $562,088 in relation to this matter The transaction included some accounting complexities relating to the following matters: - Identifying the appropriate spot price to apply for calculating the fair value of ordinary shares issued; - Calculating the value of the options issued, including their underlying volatility; and - The classification of the minimum 4.90% interest in the Group as a contingent liability.	Our audit procedures included: - Reading through the settlement agreement to the dispute to ensure all material terms and conditions relevant to accounting for the matter were completely and accurately recorded and disclosed in the financial statements; - Vouching to management's usage of experts in calculating the fair value of options issued; - Vouching to spot price information to the date that the settlement matter was concluded; - Discussing internally with our Technical team the classification of the 4.90% anti-dilution clause as a contingent liability Finally, we ensured that disclosure of the settlement was completely and accurately recorded in the financial statements.

ISSUE OF CONVERTIBLE NOTES	
Area of focus **Refer also to notes 13 & 14**	**How our audit addressed it**
In January-February 2018 the Group issued convertible notes in its US-based subsidiary Nyrada Inc (Nyrada). The convertible notes include the following conversion clauses: - If Nyrada lists within 18 months of the issue of the Note (in either an exchange in the US or Australia), each parcel of 12 notes will convert into 3 Nyrada shares at $AUD6 price + 2 attaching options at a strike price of $AUD 6 (with an exercise expiry date of 30 November 2020); and - If Nyrada does not list, upon maturity the convertible notes may be redeemed, either by a) a conversion into shares in the Company at a discount of 25% to the 10-day trading volume-weighted average share price (VWAP) in the Company prior to conversion; b) or by repayment of the principal value. This area of accounting is complex. The accounting standards require a separate classification and measurement of the underlying principal debt component from the conversion component, which may alternatively require classification as either equity or debt depending upon the characteristics of the underlying instrument. Thereon, the measurement of those components is dependent upon sophisticated fair valuation measurement tools that encapsulate the fair value portion of either the debt or equity component (or even both depending upon the circumstance).	Given the variable characteristics of the conversion formula, being a) whether or not Nyrada is successfully listed; or b) if not, a conversion based upon a discounted VWAP formula, we assessed the conversion entitlement as an embedded derivative, classified as a financial liability in the statement of financial position. This derivative was fair valued by an external specialist at both inception and at the 30 June 2018 reporting date, with changes in fair value taken to the profit or loss. In-addition, the discount to face value, represented by the fair value of the derivative, was unwound pro-rata from the initial recognition of the convertible note instrument through to the 30 June 2018 reporting date. Using the expertise of our own Corporate Advisory division, we assessed management's calculation (incorporating their use of an external specialist) and classification of both the embedded derivative and underlying principal instrument and recalculated the model. We also tested the model back to a sample of underlying convertible note deeds and agreed cash proceeds arising from the original note issue. Finally, we ensured that disclosures made in the financial report in-respect of the note were appropriate and accurate.

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 2018, 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 Director's 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 has 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

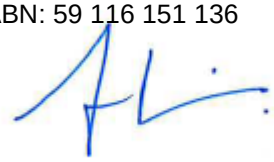
We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Noxopharm Limited, for the year ended 30 June 2018, 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.

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136



J. C. Luckins
Director

Melbourne 30th August 2018

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 21 August 2018.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of Holders of ordinary shares	Number of holders of ordinary unquoted shares escrowed to 8 May 2019	Number of holders of (Exercise price $0.30, expiry 28 February 2021)	Number of holders of (Exercise price $0.30, expiry 28 February 2021) Voluntary Escrow Until 8 May 2019	Number of holders of (Exercise price $0.80, expiry 19 January 2020)
1 to 1,000	263	-	-	-	-
1,001 to 5,000	441	-	-	-	-
5,001 to 10,000	312	-	-	-	-
10,001 to 100,000	542	-	5	-	-
100,001 and over	112	1	9	1	1
	1,670	1	14	1	1
Holding less than a marketable parcel	166	-	-	-	-

	Number of holders of (Exercise price $1.0158, expiry 27 November 2020)	Number of holders of (Exercise price $1.2189, expiry 27 November 2020)	Number of holders of (Exercise price $1.08, expiry 30 November 2021) – Vest 1.12.2018	Number of holders of (Exercise price $1.08, expiry 30 November 2021) – Vest 1.12.2019	Number of holders of (Exercise price $1.08, expiry 30 November 2021) – Vest 1.12.2020
1 to 1,000					
1,001 to 5,000	-	-	-	-	-
5,001 to 10,000	-	-	2	2	2
10,001 to 100,000	-	-	12	12	12
100,001 and over	2	2	-	-	-
	2	2	14	14	14

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MILLIGENE PTY LTD (THE GE + PR KELLY FAM TRUST) *	31,027,568	25.45
DRH SUPERANNUATION PTY LTD (DRH SUPERFUND NO 2)	6,496,237	5.33
KAZIA THERAPEUTICS LIMITED	5,970,714	4.90
RGT CAPITAL FUND NO 5 (NOXO) PTY LTD	5,659,706	4.64
ANGLO MENDA PTY LTD	5,000,000	4.10
GOODRIDGE NOMINEES PTY LTD (THE GOODRIDGE FAMILY A/C)	3,937,260	3.23
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,268,556	2.68
RHLC PTY LTD (RHLC S/F A/C)	2,367,815	1.94
SUBURBAN HOLDINGS PTY LIMITED (SUBURBAN SUPER FUND A/C)	1,975,346	1.62
HELIUM MANAGEMENT PTY LTD (HELIUM S/F A/C)	1,766,246	1.45
HALCYON NOMINEES PTY LTD (HALCYON SUPER FUND A/C)	1,115,002	0.91
JOHN W KING NOMINEES PTY LTD	1,036,060	0.85
CODE NOMINEES PTY LTD (28698 A/C)	1,025,664	0.84
MR KENNETH JOSEPH HALL (HALL PARK A/C)	900,000	0.74
CITICORP NOMINEES PTY LIMITED	881,190	0.72
UURO PTY LTD	860,000	0.71
MR TIMOTHY FRANK ROBERTSON	850,000	0.70
FARJOY PTY LTD	830,000	0.68
MR JOHN THOM	814,750	0.67
MR COLIN JAMES EASTERBROOK & MRS JANET ELIZABETH EASTERBROOK (C & J EASTERBROOK SUPER A/C)	800,000	0.66
	76,582,114	62.82

* Unlisted Ordinary Shares – Voluntary Escrow Until 8 May 2019

Unquoted equity securities

	Number on issue	Number of holders
Unlisted Ordinary Shares – Voluntary Escrow Until 8 May 2019	31,027,568	1
Unlisted Options (Exercise price $0.30, expiry 28 February 2021)	8,418,216	14
Unlisted Options (Exercise price $0.30, expiry 28 February 2021) – Voluntary Escrow Until 8 May 2019	12,075,000	1
Unlisted Options (Exercise price $0.80, expiry 19 January 2020)	3,000,000	1
Unlisted Options (Exercise price $1.0158, expiry 27 November 2020)	500,000	2
Unlisted Options (Exercise price $1.2189, expiry 27 November 2020)	500,000	2
Unlisted Options (Exercise price $1.08, expiry 30 November 2021) – Vest 1 December 2018	263,158	14
Unlisted Options (Exercise price $1.08, expiry 30 November 2021) – Vest 1 December 2019	263,158	14
Unlisted Options (Exercise price $1.08, expiry 30 November 2021) – Vest 1 December 2020	263,154	14

Holders of more than 20% of unquoted equity security holders (excluding Employee Incentive Schemes)

	Number held	% of total securities
Unlisted Ordinary Shares – Voluntary Escrow Until 8 May 2019		
MILLIGENE PTY LTD (THE GE + PR KELLY FAM TRUST)	31,027,568	100.00
Unlisted Options (Exercise price $0.30, expiry 28 February 2021)		
DRH SUPERANNUATION PTY LTD <DRH SUPERFUND NO 2>	2,723,215	32.35
ANGLO MENDA PTY LTD <THE ANGLO AUSTRALASIA TRUST>	2,544,643	30.23
Unlisted Options (Exercise price $0.30, expiry 28 February 2021) – Voluntary Escrow Until 8 May 2019		
MILLIGENE PTY LTD (THE GE + PR KELLY FAM TRUST)	12,075,000	100.00
Unlisted Options (Exercise price $0.80, expiry 19 January 2020)		
KAZIA THERAPEUTICS LIMITED	3,000,000	100.00

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
MILLIGENE PTY LTD (THE GE + PR KELLY FAM TRUST) BENDE HOLDINGS PTY LTD PHYTOSE CORPORATION PTY LTD (BOUNDARYONE SUPER FUND) MR GRAHAM KELLY PRUE KELLY	31,410,203	25.77
DRH SUPERANNUATION PTY LTD (DRH SUPERFUND NO 2)	7,271,237	5.96

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

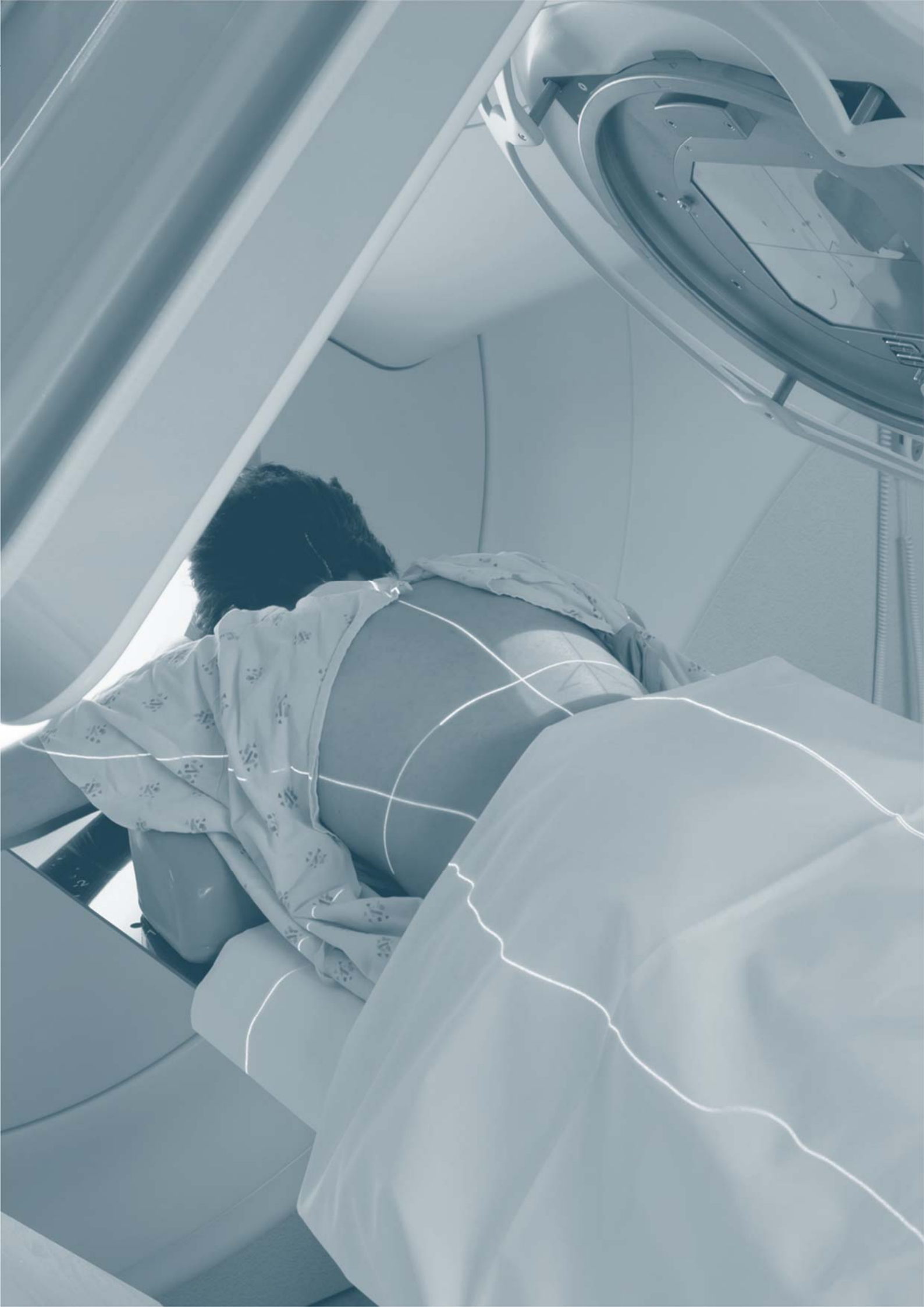
Options

All quoted and unquoted options do not carry any voting rights.

There are no other classes of equity securities.

ASX Listing Rule 3.13.1 and 14.3

The Annual General Meeting is scheduled to be held on 21 November 2018.

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