31 July 2024

ASX Announcement
June 2024 Quarterly Activity Report and Appendix 4C

- Island reported highly positive pharmacokinetic data and reconfirmed strong safety / tolerability data for ISLA-101 from its 24-subject Single Ascending Dose clinical study
- US$625k (~A$947k) of CDMRP grant reallocated to fund aspects of Island's planned ISLA-101 Phase 2a human clinical trial in dengue fever
- New modelling data confirmed predicted ideal single dose for coming ISLA-101 Phase 2 clinical study
- Post quarter, Island announced a term-sheet for the acquisition of BioCryst's antiviral molecule, galidesivir
- Island closed the quarter with a cash position of $1.7m

MELBOURNE Australia, 31 July 2024: Australian antiviral drug development company, Island Pharmaceuticals Ltd (ASX: ILA; "Island"; "the Company") is pleased to release its Appendix 4C and quarterly business activities review for the quarter ended 30 June 2024 (Q4 FY24).

CEO of Island Pharmaceuticals, Dr David Foster said, *"Through Q4 FY24, we made significant progress in advancing our lead asset, ISLA-101, towards a Phase 2 clinical trial in dengue fever. The highly positive pharmacokinetic data and strong safety profile of ISLA-101, combined with the reallocation of funding from the CDMRP grant and our new modelling data, combine to position us strongly for our upcoming clinical trial.*

It was also a pleasure to meet many shareholders in Australia and Asia during the period. My thanks goes to all those who made time to meet, and also those who supported Island through the February rights offer and following piggyback options.

We have recently commenced site initiation activities at SUNY Upstate Medical Hospital in New York. Moving into the current quarter, we expect to soon begin screening and enrolling subjects for the study. Dosing subjects with ISLA-101 in our Phase 2 clinical study will begin shortly after, with this activity supported by anticipated reporting after each cohort. This will be another exciting period of value build for ISLA-101.

Additionally, our term sheet announced with BioCryst Pharmaceuticals for an option to acquire galidesivir, a clinical stage antiviral molecule, provides potential to further expand our pipeline with a very exciting asset."

On 16 April 2024 Island announced highly positive pharmacokinetic data and reconfirmed strong safety / tolerability data for ISLA-101 from its 24-subject Single Ascending Dose clinical study. Data analysis showed that required levels of ISLA-101 concentration in the blood were observed after only a single dose, achieving one of the study's purposes. This ISLA-101 PK data from the 24-subject study, is critical for establishing appropriate dosing regimen for Island's planned Phase 2 clinical trial.

On 8 May 2024 Island announced that US$625k (~A$947K) in funding had been reallocated to directly support the Company's planned ISLA-101 Phase 2 human clinical trial in dengue fever. The Phase 2 trial will evaluate the effectiveness of Island's lead asset, ISLA-101, against dengue fever, when induced in healthy volunteers using a human challenge model.

On 3 June 2024 Island announced new data, which is expected to introduce significant, quantifiable time and cost savings into the Company's clinical program in dengue fever. Single Ascending Dose study outcomes, combined with this new data potentially obviates the need to conduct the Phase 2 study at multiple doses, enabling streamlining of resources and cost.

Post quarter, Island filed the final Single Ascending Dose Clinical Study Report from the recent clinical study with the US Food and Drug Administration (US FDA) on 3 July 2024, US time. On the same date, Island also filed a proposed updated protocol for the coming ISLA-101 Phase 2 Clinical Study.

Island will wait 30 calendar days from the date of filing while the FDA reviews the revised protocol, before initiating the ISLA-101 Phase 2 clinical trial.

In parallel, the Island Clinical team was pleased to conduct the site initiation visit with SUNY Upstate New York on 11 July 2024, US time. This is the first step in commencement of the Phase 2 human challenge trial for ISLA-101. Once the protocol is finalised, Island currently expects to begin screening and enrolling subjects in August 2024.

Post quarter, Island announced that it had executed a term sheet with global, NASDAQ-listed company BioCryst Pharmaceuticals, Inc. (Nasdaq: BCRX), to acquire galidesivir. Galidesivir is a clinical stage antiviral molecule that exhibits antiviral activity against several viruses, including Ebola, Zika and Marburg, for which there are no currently approved therapies.

Corporate Activities

In June, Island CEO Dr David Foster met with existing and potential new investors in Australia to provide an overview of the business and the market opportunity, and an update on the clinical development program for ISLA-101. In addition, Dr Foster opened the floor in a series of town hall forums to answer questions informally from interested investors. He also presented at the Sharewise investor webinar. The webinar video is available here.

Post quarter, Dr Paul MacLeman presented to investors and industry at the 18th Bioshares Biotech Summit in Fremantle, Western Australia. A copy of the presentation can be found here.

Post quarter, on 19 July 2024, Island advised that Ms Stephanie Vipond had stepped down as Joint Company Secretary, effective 19 July 2024 whilst she takes maternity leave. Cameron Jones remains as Company Secretary and is responsible for communications between the Company and the ASX pursuant to ASX Listing Rule 12.6.

Partnering Activities

On 24-25 April 2024, Dr David Foster presented at the Asia Bio Partnering Forum in Singapore. The inaugural event hosted biotech and healthcare leaders from around the world, connecting them with emerging innovators from across the Asia Pacific region with the goal of fostering partnerships and deals. As part of the same trip, Dr Foster presented Island to a mix of existing and new investors in Singapore and Hong Kong.

Financial Summary

Island's cash position was A$1.7 million as at 30 June 2024 (A$1.6 million as at 31 March 2024). During the June 2024 quarter total cash operating outflows were approximately A$639k as the Company finalised the ISLA-101 dose escalation study, conducted regulatory work and prepared for commencement of the Phase 2 study.

In support of the cash balance, during the reporting period, 12,990,209 Options (ASX:ILAO) were exercised which were attached to the fully underwritten rights issue, announced on 26 February 2024. A total of 12,990,209 new Ordinary Shares were issued, following the exercise of options, raising $779k. The exercise of options also resulted in the issue of 12,990,209 Piggy Back Options, exercisable at $0.06 per Option (Exercise Price) on or before 14 March 2025 (Expiry Date). Terms of the Options and Piggy Back Options are outlined in the Prospectus1 dated 26 February 2024.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C was A$154k and included Director fees, salary and superannuation for the CEO/Managing Director, Executive Chair and Non-Executive Directors.

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Approved for release to the ASX by:

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About Island Pharmaceuticals

Island (ASX: ILA) is a drug repurposing company, focused on areas of unmet need for antiviral therapeutics to address infectious diseases. Our lead asset is ISLA-101, a drug with a well-established safety profile, being repurposed for the prevention and treatment of dengue[2] fever and other mosquito (or vector) borne diseases.

If ISLA-101 achieves FDA approval, and certain other criteria are met, Island may be eligible to obtain a "Priority Review Voucher" at the time of FDA approval. This means that as well as getting approval to manufacture and sell ISLA-101, the Priority Review Voucher (PRV) could permit Island to expedite the FDA approval process for a new drug or sell the PRV in a secondary market.

Island encourages all current investors to go paperless by registering their details with the Company's share registry, Automic Registry Services, whose contact info is housed on the Shareholder Services page of the Company's website.

Visit www.islandpharmaceuticals.com for more on Island.

Appendix 4C

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

Name of entity	
ISLAND PHARMACEUTICALS LIMITED	
ABN	**Quarter ended ("current quarter")**
48 641 183 842	30 June 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(263)	(2,045)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(81)	(291)
	(f) administration and corporate costs	(292)	(1,218)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	5
1.5	Interest and other costs of finance paid	(3)	(10)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	396
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(639)**	**(3,163)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,950
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	779	779
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(132)
3.5	Proceeds from borrowings	-	386
3.6	Repayment of borrowings	(59)	(197)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(1)	(1)
3.10	**Net cash from / (used in) financing activities**	**719**	**2,785**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,582	1,998
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(639)	(3,163)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	719	2,785
4.5	Effect of movement in exchange rates on cash held	(2)	40
4.6	**Cash and cash equivalents at end of period**	**1,660**	**1,660**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,660	1,582
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,660**	**1,582**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	154
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

The amount at 6.1 includes Director fees, salary and superannuation for the CEO/Managing Director, Executive Chair and Non-Executive directors.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	422	422
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**422**	**422**

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

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

i)	Loan facility with Innovation Structured Finance Co., LLC serviced via Radium Capital and is an advance on 80% of the Company's R&D Tax Incentive (RDTI) for the financial year ending 30 June 2024. The interest rate for the loan facility is 16% per annum. Repayment is timed to coincide with the receipt of Island's 2024FY RDTI refund. An advance of $386,300 was received on 18 December 2023. As at 30 June 2024 interest accrued on the facility was approximately $35,668 and the total loan facility was $421,968, being fully drawn. The Company expects this loan facility to be settled in full in October 2024 upon receipt of the 2024FY RDTI refund.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(639)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,660
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,660
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**2.6**

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

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

Answer:

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

Answer:

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

Answer:

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

31 July 2024

Date: .....

The Board

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.