# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

(Mark One)

**[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2020**

or

**[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from ___________ to ___________**

**Commission File Number: 000-54878**

# PROPANC BIOPHARMA, INC.
(Exact name of registrant as specified in its charter)

| **Delaware** | **33-0662986** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**302, 6 Butler Street**
**Camberwell, VIC, 3124 Australia**
(Address of principal executive offices)(Zip Code)

**61 03 9882 6723**
(Registrant's telephone number, including area code)

**n/a**
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:

| Title of each class | Trading Symbol(s) | Name of principal U.S. market on which traded |
|---|---|---|
| None | None | None |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | [ ] | Accelerated filer | [ ] |
| Non-accelerated filer | [ ] | Smaller reporting company | [X] |
| | | Emerging growth company | [ ] |

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of May 11, 2020, there were 47,086,442 shares of the registrant's common stock, $0.001 par value per share, issued and outstanding.

**PROPANC BIOPHARMA INC.**

**Table of Contents**

## PART I — FINANCIAL INFORMATION

**Item 1. Financial Statements.**

The following unaudited interim condensed consolidated financial statements of Propanc Biopharma, Inc. are included in this Quarterly Report on Form 10-Q:

## INDEX TO FINANCIAL STATEMENTS

**PROPANC BIOPHARMA, INC. AND SUBSIDIARY**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

| | | March 31, 2020 (Unaudited) | | June 30, 2019 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **CURRENT ASSETS:** | | | | |
| Cash | $ | 26,957 | $ | 2,394 |
| GST tax receivable | | 4,543 | | 5,439 |
| Prepaid expenses and other current assets | | - | | 83,299 |
| **TOTAL CURRENT ASSETS** | | 31,500 | | 91,132 |
| Security deposit - related party | | 1,831 | | 2,103 |
| Operating lease right-of-use assets, net - related party | | 24,959 | | - |
| Property and equipment, net | | 5,648 | | 8,417 |
| **TOTAL ASSETS** | $ | 63,938 | $ | 101,652 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | | | |
| **CURRENT LIABILITIES:** | | | | |
| Accounts payable | $ | 1,005,700 | $ | 917,337 |
| Accrued expenses and other payables | | 470,847 | | 723,042 |
| Convertible notes and related accrued interest, net of discounts and premiums | | 2,711,173 | | 1,657,377 |
| Operating lease liability - current portion - related party | | 7,290 | | - |
| Embedded conversion option liabilities | | 318,368 | | 698,264 |
| Due to former director - related parties | | 27,131 | | 31,164 |
| Loans from directors and officer - related parties | | 45,155 | | 51,867 |
| Employee benefit liability | | 305,136 | | 323,837 |
| **TOTAL CURRENT LIABILITIES** | | 4,890,800 | | 4,402,888 |
| **NON-CURRENT LIABILITIES:** | | | | |
| Operating lease liability - long-term portion - related party | | 20,045 | | - |
| **TOTAL NON-CURRENT LIABILITIES** | | 20,045 | | - |
| **TOTAL LIABILITIES** | $ | 4,910,845 | $ | 4,402,888 |
| **Commitments and Contingencies (See Note 7)** | | | | |
| **STOCKHOLDERS' DEFICIT:** | | | | |
| Preferred stock, 1,500,005 shares authorized, $0.01 par value: | | | | |
| Series A preferred stock, $0.01 par value; 500,000 shares authorized; 500,000 and 500,000 shares issued and outstanding as of March 31, 2020 and June 30, 2019, respectively | $ | 5,000 | $ | 5,000 |
| Series B preferred stock, $0.01 par value; 5 shares authorized; 1 and 1 share issued and outstanding as of March 31, 2020 and June 30, 2019, respectively | | - | | - |
| Common stock, $0.001 par value; 1,000,000,000 shares authorized; 18,481,459 and 968,042 shares issued; 18,481,410 and 967,993 outstanding as of March 31, 2020 and June 30, 2019, respectively | | 18,481 | | 968 |
| Additional paid-in capital | | 48,879,086 | | 45,713,322 |
| Accumulated other comprehensive income | | 3,282,760 | | 1,066,998 |
| Accumulated deficit | | (56,985,758) | | (51,041,047) |
| Treasury stock (49 shares) | | (46,477) | | (46,477) |
| **TOTAL STOCKHOLDERS' DEFICIT** | | (4,846,908) | | (4,301,236) |
| **TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT** | $ | 63,938 | $ | 101,652 |

The accompanying unaudited condensed notes are an integral part of these unaudited condensed consolidated financial statements.

**PROPANC BIOPHARMA, INC. AND SUBSIDIARY**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**
**(Unaudited)**

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **REVENUE** | | | | |
| Revenue | $ - | $ - | $ - | $ - |
| **OPERATING EXPENSES** | | | | |
| Administration expenses | 542,093 | 511,822 | 2,751,478 | 1,553,016 |
| Occupancy expenses | 7,591 | 7,248 | 25,815 | 21,775 |
| Research and development | 57,484 | 52,655 | 122,893 | 203,625 |
| **TOTAL OPERATING EXPENSES** | 607,168 | 571,725 | 2,900,186 | 1,778,416 |
| **LOSS FROM OPERATIONS** | (607,168) | (571,725) | (2,900,186) | (1,778,416) |
| **OTHER INCOME (EXPENSE)** | | | | |
| Interest expense | (384,804) | (189,809) | (1,506,111) | (1,309,336) |
| Interest income | 137 | 2 | 143 | 29 |
| Change in fair value of derivative liabilities | 454,442 | 16,666 | 298,374 | (1,914,980) |
| Gain (loss) on debt settlements, net | - | (89) | - | 14,200 |
| Gain (loss) on extinguishment of debt, net | 60,835 | 38,726 | 81,011 | 1,204,242 |
| Foreign currency transaction gain (loss) | (2,135,421) | 125,099 | (2,053,010) | (488,813) |
| **TOTAL OTHER INCOME (EXPENSE)** | (2,004,811) | (9,405) | (3,179,593) | (2,494,658) |
| **LOSS BEFORE TAXES** | (2,611,979) | (581,130) | (6,079,779) | (4,273,074) |
| **TAX (EXPENSE) BENEFIT** | 26,317 | (726) | 135,068 | 116,244 |
| **NET LOSS** | $ (2,585,662) | $ (581,856) | $ (5,944,711) | $ (4,156,830) |
| **BASIC AND DILUTED NET LOSS PER SHARE** | $ (0.35) | $ (0.89) | $ (1.79) | $ (9.87) |
| **BASIC AND DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING** | 7,413,551 | 650,513 | 3,312,400 | 421,252 |
| **NET LOSS** | $ (2,585,662) | $ (581,856) | $ (5,944,711) | $ (4,156,830) |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | | |
| Unrealized foreign currency translation gain (loss) | 2,281,569 | (115,567) | 2,215,762 | 518,928 |
| **TOTAL OTHER COMPREHENSIVE INCOME (LOSS)** | 2,281,569 | (115,567) | 2,215,762 | 518,928 |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | $ (304,093) | $ (697,423) | $ (3,728,949) | $ (3,637,902) |

The accompanying unaudited condensed notes are an integral part of these unaudited condensed consolidated financial statements.

**PROPANC BIOPHARMA, INC. AND SUBSIDIARY**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT FOR EACH OF THE THREE AND NINE MONTHS ENDED MARCH 31, 2020 and 2019**
**(Unaudited)**

| | Preferred Stock | | | | Common Stock | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Series A | | Series B | | | | Additional | | | Accumulated Other Comprehensive | Total |
| | No. of Shares | Value | No. of Shares | Value | No. of Shares | Value | Paid-in Capital | Accumulated Deficit | Treasury Stock | Income (Loss) | Stockholders' Deficit |
| **Balance at June 30, 2018** | **500,000** | **$ 5,000** | **1** | **$ -** | **92,859** | **$ 93** | **$ 38,214,213** | **$ (45,282,678)** | **$ (46,477)** | **$ 357,929** | **$ (6,751,920)** |
| Issuance of common stock for conversion of convertible debt and accrued interest | - | - | - | - | 258,285 | 258 | 1,413,060 | - | - | - | 1,413,318 |
| Reclassification of premium upon debt conversion | - | - | - | - | - | - | 600,209 | - | - | - | 600,209 |
| Extinguishment of derivative liability associated with convertible notes | - | - | - | - | - | - | 1,029,039 | - | - | - | 1,029,039 |
| Exercise of warrants | - | - | - | - | 24 | - | 30 | - | - | - | 30 |
| Foreign currency translation gain | - | - | - | - | - | - | - | - | - | 276,216 | 276,216 |
| Net loss for the three months ended September 30, 2018 | - | - | - | - | - | - | - | (2,124,936) | - | - | (2,124,936) |
| **Balance at September 30, 2018** | **500,000** | **5,000** | **1** | **-** | **351,168** | **351** | **41,256,551** | **(47,407,614)** | **(46,477)** | **634,145** | **(5,558,044)** |
| Issuance of common stock for conversion of convertible debt and accrued interest | - | - | - | - | 127,685 | 128 | 1,094,972 | - | - | - | 1,095,100 |
| Issuance of common stock under put premium | - | - | - | - | 54,000 | 54 | 574,506 | - | - | - | 574,560 |
| Reclassification of put premium upon debt conversion | - | - | - | - | - | - | 708,184 | - | - | - | 708,184 |
| Issuance of common stock for offering costs | - | - | - | - | 7,702 | 8 | 298,915 | - | - | - | 298,923 |
| Issuance of common stock for services | - | - | - | - | 6,000 | 6 | 68,994 | - | - | - | 69,000 |
| Foreign currency translation gain | - | - | - | - | - | - | - | - | - | 358,279 | 358,279 |
| Net loss for the three months ended December 31, 2018 | - | - | - | - | - | - | - | (1,450,038) | - | - | (1,450,038) |
| **Balance at December 31, 2018** | **500,000** | **5,000** | **1** | **-** | **546,555** | **547** | **44,002,122** | **(48,857,652)** | **(46,477)** | **992,424** | **(3,904,036)** |
| Issuance of common stock for conversion of convertible debt and accrued interest | - | - | - | - | 140,673 | 141 | 583,190 | - | - | - | 583,331 |
| Issuance of common stock under put premium | - | - | - | - | 73,200 | 73 | 457,346 | - | - | - | 457,419 |
| Reclassification of put premium upon debt conversion | - | - | - | - | - | - | 361,610 | - | - | - | 361,610 |
| Amortization of offering cost | - | - | - | - | - | - | (313,923) | - | - | - | (313,923) |
| Issuance of common stock for services | - | - | - | - | 10,000 | 10 | 99,990 | - | - | - | 100,000 |
| Foreign currency translation loss | - | - | - | - | - | - | - | - | - | (115,567) | (115,567) |
| Net loss for the three months ended March 31, 2019 | - | - | - | - | - | - | - | (581,856) | - | - | (581,856) |
| **Balance at March 31, 2019** | **500,000** | **$ 5,000** | **1** | **$ -** | **770,428** | **$ 771** | **$ 45,190,335** | **$ (49,439,508)** | **$ (46,477)** | **$ 876,857** | **$ (3,413,022)** |
| **Balance at June 30, 2019** | **500,000** | **$ 5,000** | **1** | **$ -** | **968,042** | **$ 968** | **$ 45,713,322** | **$ (51,041,047)** | **$ (46,477)** | **$ 1,066,998** | **$ (4,301,236)** |
| Issuance of common stock for conversion of convertible debt and accrued interest | - | - | - | - | 181,939 | 182 | 123,531 | - | - | - | 123,713 |
| Reclassification of put premium upon debt conversion | - | - | - | - | - | - | 73,235 | - | - | - | 73,235 |
| Relative fair value of warrants issued with convertible debt | - | - | - | - | - | - | 375,905 | - | - | - | 375,905 |
| Issuance of common stock for services | - | - | - | - | 20,000 | 20 | 39,780 | - | - | - | 39,800 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Stock based compensation in connection with stock option grants and restricted stock unit grants | - | - | - | - | - | - | 75,104 | - | - | - | 75,104 |
| Foreign currency translation gain | - | - | - | - | - | - | - | - | - | 563,687 | 563,687 |
| Net loss for the three months ended September 30, 2019 | - | - | - | - | - | - | - | (1,491,940) | - | - | (1,491,940) |
| **Balance at September 30, 2019** | **500,000** | **5,000** | **1** | **-** | **1,169,981** | **1,170** | **46,400,877** | **(52,532,987)** | **(46,477)** | **1,630,685** | **(4,541,732)** |
| Issuance of common stock for conversion of convertible debt and accrued interest | - | - | - | - | 1,064,920 | 1,065 | 218,401 | - | - | - | 219,466 |
| Reclassification of put premium upon debt conversion | - | - | - | - | - | - | 86,970 | - | - | - | 86,970 |
| Stock based compensation in connection with stock option grants and restricted stock unit grants | - | - | - | - | - | - | 75,104 | - | - | - | 75,104 |
| Stock based compensation in connection with fair value of warrants issued for services | - | - | - | - | - | - | 984,810 | - | - | - | 984,810 |
| Foreign currency translation loss | - | - | - | - | - | - | - | - | - | (629,494) | (629,494) |
| Net loss for the three months ended December 31, 2019 | - | - | - | - | - | - | - | (1,867,109) | - | - | (1,867,109) |
| **Balance at December 31, 2019** | **500,000** | **5,000** | **1** | **-** | **2,234,901** | **2,235** | **47,766,162** | **(54,400,096)** | **(46,477)** | **1,001,191** | **(5,671,985)** |
| Issuance of common stock for conversion of convertible debt and accrued interest | - | - | - | - | 16,096,509 | 16,096 | 793,989 | - | - | - | 810,085 |
| Reclassification of put premium upon debt conversion | - | - | - | - | - | - | 222,981 | - | - | - | 222,981 |
| Issuance of common stock for services | - | - | - | - | 150,000 | 150 | 20,850 | - | - | - | 21,000 |
| Stock based compensation in connection with stock option grants and restricted stock unit grants | - | - | - | - | - | - | 75,104 | - | - | - | 75,104 |
| Foreign currency translation gain | - | - | - | - | - | - | - | - | - | 2,281,569 | 2,281,569 |
| Net loss for the three months ended March 31, 2020 | - | - | - | - | - | - | - | (2,585,662) | - | - | (2,585,662) |
| **Balance at March 31, 2020** | **500,000** | **$ 5,000** | **1** | **$ -** | **18,481,410** | **$ 18,481** | **$ 48,879,086** | **$ (56,985,758)** | **$ (46,477)** | **$ 3,282,760** | **$ (4,846,908)** |

The accompanying unaudited condensed notes are an integral part of these consolidated financial statements.

**PROPANC BIOPHARMA, INC. AND SUBSIDIARY**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | Nine Months Ended March 31, | |
|---|---|---|
| | 2020 | 2019 |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | $ (5,944,711) | $ (4,156,830) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | |
| Issuance and amortization of common stock and warrants for services | 1,045,610 | 197,247 |
| (Gain) loss on settlements, net | - | (14,200) |
| Foreign currency transaction loss (gain) | 2,053,010 | 488,813 |
| Depreciation expense | 1,859 | 1,661 |
| Amortization of debt discounts | 537,868 | 363,420 |
| Change in fair value of derivative liabilities | (298,374) | 1,914,980 |
| Gain on extinguishment of debt | (81,011) | (1,296,376) |
| Stock option and restricted stock expense | 225,312 | - |
| Non-cash interest expense | 3,000 | - |
| Accretion of put premium | 836,724 | 767,000 |
| Changes in Assets and Liabilities: | | |
| GST receivable | 192 | 1,652 |
| Prepaid expenses and other assets | 82,211 | (130,851) |
| Accounts payable | 207,071 | (245,642) |
| Deferred rent | 2,379 | - |
| Employee benefit liability | 23,205 | 185,510 |
| Accrued expenses | (167,074) | (16,792) |
| Accrued interest | 122,798 | 146,603 |
| **NET CASH USED IN OPERATING ACTIVITIES** | (1,349,931) | (1,793,805) |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchase of equipment | - | (2,874) |
| **NET CASH USED IN INVESTING ACTIVITIES** | - | (2,874) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from convertible promissory notes, net of original issue discounts and issue costs | 1,465,250 | 1,175,150 |
| Repayments of convertible promissory notes | - | (272,000) |
| Proceeds from the issuance of common stock | - | 1,031,979 |
| Fees associated with offering costs | - | (15,000) |
| Proceeds from the exercise of warrants | - | 30 |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | 1,465,250 | 1,920,159 |
| | | |
| Effect of exchange rate changes on cash | (90,756) | (36,191) |
| | | |
| **NET INCREASE IN CASH** | 24,563 | 87,289 |
| | | |
| **CASH AT BEGINNING OF PERIOD** | 2,394 | 19,921 |
| **CASH AT END OF PERIOD** | $ 26,957 | $ 107,210 |
| | | |
| **Supplemental Disclosure of Cash Flow Information** | | |
| | | |
| **Cash paid during the year:** | | |
| Interest | $ 6,337 | $ 100,719 |
| Income Tax | $ - | $ - |
| | | |
| **Supplemental Disclosure of Non-Cash Investing and Financing Activities** | | |
| | | |
| Reduction of put premium related to conversions of convertible notes | $ 383,186 | $ 1,670,003 |
| Conversion of convertible notes and accrued interest to common stock | $ 922,754 | $ 3,091,749 |
| Discounts related to warrants issued with convertible notes | $ 375,905 | $ - |
| Deferred financing costs associated with equity purchase agreement | $ - | $ 318,059 |
| Discounts related to derivative liability | $ 227,000 | $ 50,000 |
| Issue and amortization of common stock and warrants for services | $ 1,024,610 | $ - |
| Operating lease right-of-use asset and operating lease liability recorded on adoption of ASC 842 | $ 46,696 | $ - |

The accompanying unaudited condensed notes are an integral part of these unaudited condensed consolidated financial statements.

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

Nature of Operations

Propanc Biopharma, Inc. (the "Company," "we," "us" or "our") was originally incorporated in Melbourne, Victoria Australia on October 15, 2007 as Propanc PTY LTD, and continues to be based in Camberwell, Victoria Australia. Since its inception, substantially all of the operations of the Company have been focused on the development of new cancer treatments targeting high-risk patients, particularly cancer survivors, who need a follow-up, non-toxic, long-term therapy designed to prevent the cancer from returning and spreading. The Company anticipates establishing global markets for its technologies. Our lead product candidate, which we refer to as PRP, is an enhanced pro-enzyme formulation designed to enhance the anti-cancer effects of multiple enzymes acting synergistically. It is currently in the preclinical phase of development.

On November 23, 2010, the Company was incorporated in the state of Delaware as Propanc Health Group Corporation. In January 2011, to reorganize the Company, we acquired all of the outstanding shares of Propanc PTY LTD on a one-for-one basis making it a wholly-owned subsidiary of the Company.

On July 22, 2016, the Company formed a wholly owned subsidiary, Propanc (UK) Limited under the laws of England and Wales for the purpose of submitting an orphan drug application to the European Medicines Agency as a small and medium-sized enterprise. As of March 31, 2020, there has been no activity within this entity.

Effective April 20, 2017, the Company changed its name to "Propanc Biopharma, Inc." to better reflect the Company's stage of operations and development.

The Company has filed multiple patent applications relating to its lead product, PRP. The first application was filed in October 2010 in each of the countries listed in the table below. This application has been granted and remains in force in the United States, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, Liechtenstein, Turkey, United Kingdom, Australia, China, Hong Kong, Japan, Indonesia, Israel, New Zealand, Singapore, Malaysia, South Africa, Mexico, Republic of Korea and India. In Brazil and Canada, the patent application remains under examination.

In 2016 and 2017 we filed other patent applications, as indicated below. Three applications were filed under the Patent Cooperation Treaty (the "PCT"). The PCT assists applicants in seeking patent protection by filing one international patent application under the PCT, which allows the applicants to seek protection for an invention in over 150 countries. Once national or regional applications are filed, the application is placed under the control of the national or regional patent offices, as applicable, in what is called the national or regional phase. One PCT application, filed in November 2016, entered the national phase in July 2018 in each of the countries listed in the table below. A second application filed in January 2017 entered the national phase commencing July 2018. A third application entered the national phase in October 2018.

| No. | Title | Country | Case Status | Date Filed |
|---|---|---|---|---|
| 1. | A pharmaceutical composition for treating cancer comprising trypsinogen and/or chymotrypsinogen and an active agent selected from a selenium compound, a vanilloid compound and a cytoplasmic reduction agent. | USA, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, Liechtenstein, Turkey, United Kingdom, Australia, China, Hong Kong, Japan, Indonesia, Israel, New Zealand, Malaysia, Singapore, Malaysia South Africa, Mexico, Republic of Korea and India | Granted | Oct-22-2010 |
| | | Brazil and Canada | Under Examination Divisional applications filed and under examination in Mexico and China | |
| | | USA | Divisional application granted | |

| | | | | |
|---|---|---|---|---|
| 2. | Proenzyme composition | Australia, Canada, China, Europe, Hong Kong, India, Indonesia, Israel, Japan, Malaysia, New Zealand, Singapore, South Africa and USA | Application filed and pending | Nov-11-2016 |
| 3. | Cancer Treatment | Australia | Accepted | Jan-27-2017 |
| | | Canada, China, Europe, Hong Kong, Israel, Japan, Malaysia, New Zealand, Singapore and USA | Application filed and pending | |
| 4. | Composition of proenzymes for cancer treatment | Australia, China, Europe, Japan and USA | Application filed and pending | Apr-12-2017 |

The Company hopes to capture and protect additional patentable subject matter based on the Company's field of technology relating to pharmaceutical compositions of proenzymes for treating cancer by filing additional patent applications as it advances its lead product candidate, PRP, through various stages of development.

Changes in Authorized Common Stock and Reverse Split

On June 24, 2019, the Company effected a one-for-five hundred (1:500) reverse stock split whereby the Company (i) decreased the number of authorized shares of common stock, $0.001 par value per share, to 100,000,000 and (ii) decreased by a ratio of one-for-five hundred (1:500) the number of retroactively issued and outstanding shares of common stock. Proportional adjustments for the reverse stock split were made to the Company's outstanding stock options, warrants and equity incentive plans. All share and per-share data and amounts have been retroactively adjusted as of the earliest period presented in the consolidated financial statements to reflect the reverse stock split.

On February 4, 2020 the Directors resolved to increase the Common Stock of the Company from 100,000,000 authorized shares to 1,000,000,000 authorized shares and believes that such number of authorized shares of Common Stock will be in the best interests of the Corporation and its stockholders because the Board believes that the availability of more shares of Common Stock for issuance will allow the Corporation greater flexibility in pursuing financing from investors, meeting business needs as they arise, taking advantage of favorable opportunities and responding to a changing corporate environment. The Company filed the necessary documents with the U.S. Securities and Exchange Commission on February 6, 2020 and at the date of this filing the increase in authorized shares to 1,000,000,000 has been effected on March 13, 2020.

Basis of Presentation

The Company's interim unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q (this "Quarterly Report") have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations for the three and nine months ended March 31, 2020 and 2019 and cash flows for the nine months ended March 31, 2020 and 2019 and our financial position at March 31, 2020 have been made. The Company's results of operations for the three and nine months ended March 31, 2020 are not necessarily indicative of the operating results to be expected for the full fiscal year ending June 30, 2020.

Reference is frequently made herein to the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC"). This is the source of authoritative US GAAP recognized by the FASB to be applied to non-governmental entities. Each ASC reference in this Quarterly Report is presented with a three-digit number, which represents its Topic. As necessary for explanation and as applicable, an ASC topic may be followed with a two-digit subtopic, a two-digit section or a two-or-three-digit paragraph.

Certain information and disclosures normally included in the notes to the Company's annual audited consolidated financial statements have been condensed or omitted from the Company's interim unaudited condensed consolidated financial statements included in this Quarterly Report. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended June 30, 2019. The June 30, 2019 balance sheet is derived from those statements.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Propanc Biopharma, Inc., the parent entity, and its wholly-owned subsidiary, Propanc PTY LTD. All inter-company balances and transactions have been eliminated in consolidation. Propanc (UK) Limited was an inactive subsidiary at March 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates in the accompanying unaudited condensed consolidated financial statements include the estimates of useful lives for depreciation, valuation of the operating lease liability and related right-of-use asset, valuation of derivatives, valuation of beneficial conversion features on convertible debt, allowance for uncollectable receivables, valuation of equity based instruments issued for other than cash, the valuation allowance on deferred tax assets and foreign currency translation due to certain average exchange rates applied in lieu of spot rates on transaction dates.

Foreign Currency Translation and Other Comprehensive Income (Loss)

The Company's functional currency is the Australian dollar (AUD). For financial reporting purposes, the Australian dollar has been translated into United States dollar ($) and/or (USD) as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. Equity transactions are translated at each historical transaction date spot rate. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity (deficit) as "Accumulated other comprehensive income (loss)." Gains and losses resulting from foreign currency transactions are included in the statements of operations and comprehensive income (loss) as other comprehensive income (loss). There have been no significant fluctuations in the exchange rate for the conversion of Australian dollars to USD after the balance sheet date.

Other Comprehensive Income (Loss) for all periods presented includes only foreign currency translation gains (losses).

Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the consolidated balance sheet date with any transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency included in the consolidated results of operations as incurred. For the nine months ended March 31, 2020, the Company recognized an exchange loss of approximately $1,959,000 on intercompany loans made by the parent to the subsidiary which have not been repaid as at March 31, 2020.

As of March 31, 2020 and June 30, 2019, the exchange rates used to translate amounts in Australian dollars into USD for the purposes of preparing the consolidated financial statements were as follows:

| | **March 31, 2020** | **June 30, 2019** |
|---|---|---|
| Exchange rate on balance sheet dates | | |
| USD : AUD exchange rate | 0.6102 | 0.7153 |
| | | |
| Average exchange rate for the period | | |
| USD : AUD exchange rate | 0.6759 | 0.7009 |

The exchange rates used to translate amounts in AUD into USD for the period ended March 31, 2019 are: 0.7104 as of the balance sheet date and 0.7203 average exchange rate for that period.

Change in Accumulated Other Comprehensive Income (Loss) by component during the nine months ended March 31, 2020 was as follows:

| | Foreign Currency Items: |
|---|---|
| Beginning balance, June 30, 2019 | $ 1,066,998 |
| Foreign currency translation loss | 2,215,762 |
| Ending balance, March 31, 2020 | $ 3,282,760 |

Fair Value of Financial Instruments and Fair Value Measurements

The Company measures its financial assets and liabilities in accordance with US GAAP. For certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, the carrying amounts approximate fair value due to their short maturities. Amounts recorded for notes payable, net of discount, and loans payable also approximate fair value because current interest rates available for debt with similar terms and maturities are substantially the same.

The Company follows accounting guidance for financial assets and liabilities. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost).

The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

Also see Note 10 - Derivative Financial Instruments and Fair Value Measurements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less with financial institutions, and bank overdrafts. Bank overdrafts are reflected as a current liability on the balance sheets. There were no cash equivalents as of March 31, 2020 or June 30, 2019.

Patents

Patents are stated at cost and classified as intangible assets and amortized on a straight-line basis over the estimated future periods if and once the patent has been granted by a regulatory agency. However, the Company will expense any product costs as long as we are in the startup stage. Accordingly, as the Company's products were and are not currently approved for market, all historical patent costs incurred through March 31, 2020 were expensed immediately. This practice of expensing patent costs immediately ends when a product receives market authorization from a government regulatory agency.

Impairment of Long-Lived Assets

In accordance with ASC 360-10, "*Long-lived assets,"* which include property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable.

Australian Goods and Services Tax ("GST")

Revenues, expenses and balance sheet items are recognized net of the amount of GST, except payable and receivable balances which are shown inclusive of GST. The GST incurred is payable on revenues to, and recoverable on purchases from, the Australian Taxation Office.

Cash flows are presented in the statements of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

As of March 31, 2020 and June 30, 2019, the Company was owed $4,543 and $5,439, respectively, from the Australian Taxation Office. These amounts were fully collected subsequent to the balance sheet reporting dates.

Derivative Instruments

ASC Topic 815, *Derivatives and Hedging* ("ASC Topic 815"), establishes accounting and reporting standards for derivative instruments and for hedging activities by requiring that all derivatives be recognized in the balance sheet and measured at fair value. Gains or losses resulting from changes in the fair value of derivatives are recognized in earnings. On the date of conversion or payoff of debt, the Company records the fair value of the conversion shares, removes the fair value of the related derivative liability, removes any discounts and records a net gain or loss on debt extinguishment. On July 1, 2019 the Company adopted ASU 2017-11 under which down-round Features in Financial Instruments will no longer cause derivative treatment. The Company applies the modified prospective method of adoption. There were no cumulative effects on adoption.

Convertible Notes With Variable Conversion Options

The Company has entered into convertible notes, some of which contain variable conversion options, whereby the outstanding principal and accrued interest may be converted, by the holder, into common shares at a fixed discount to the price of the common stock at the time of conversion. The Company treats these convertible notes as stock settled debt under ASC 480, "*Distinguishing Liabilities from Equity*" and measures the fair value of the notes at the time of issuance, which is the result of the share price discount at the time of conversion and records the put premium as accretion to interest expense to the date of first conversion.

Income Taxes

The Company is governed by Australia and United States income tax laws, which are administered by the Australian Taxation Office and the United States Internal Revenue Service, respectively. The Company follows ASC 740 "*Accounting for Income Taxes*," when accounting for income taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company follows ASC 740, Sections 25 through 60, "*Accounting for Uncertainty in Income Taxes*." These sections provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods.

On December 22, 2017, the passage of legislation commonly referred to as the Tax Cuts and Jobs Act ("TCJA") was enacted and significantly revised the U.S. income tax law. The TCJA includes changes, which reduce the corporate income tax rate from 34% to 21% for fiscal years beginning after December 31, 2017. On December 22, 2017, the SEC Staff Accounting Bulletin No. 118 ("SAB 118") was issued, which allows a company to recognize provisional tax amounts when it does not have the necessary information available, prepared or analyzed, including computations, in reasonable detail to complete its accounting for the change in tax law. SAB 118 provides for a measurement of up to one year from the date of enactment.

Research and Development Costs and Tax Credits

In accordance with ASC 730-10, *"Research and Development-Overall,"* research and development costs are expensed when incurred. Total research and development costs for the nine months ended March 31, 2020 and 2019 were $122,893 and $203,625, respectively.

The Company may apply for research and development tax concessions with the Australian Taxation Office on an annual basis. Although the amount is possible to estimate at year end, the Australian Taxation Office may reject or materially alter the claim amount. Accordingly, the Company does not recognize the benefit of the claim amount until cash receipt since collectability is not certain until such time. The tax concession is a refundable credit. If the Company has net income, then the Company can receive the credit which reduces its income tax liability. If the Company has net losses, then the Company may still receive a cash payment for the credit, however, the Company's net operating loss carryforwards are reduced by the gross equivalent loss that would produce the credit amount when the income tax rate is applied to that gross amount. The concession is recognized as an income tax benefit, in operations, upon receipt.

During each of the nine months ended March 31, 2020 and 2019, the Company applied for, and received from the Australian Taxation Office, a research and development tax credit in the amount of $135,068 and $116,244, respectively, which is reflected as a tax benefit in the accompanying condensed consolidated statements of operations and comprehensive income (loss).

Stock Based Compensation

The Company records stock-based compensation in accordance with ASC 718, "*Stock Compensation*". ASC 718 requires the fair value of all stock-based employee compensation awarded to employees to be recorded as an expense over the shorter of the service period or the vesting period. The Company values employee and non-employee stock-based compensation at fair value using the Black-Scholes Option Pricing Model.

The Company adopted ASU 2018-07 and accounts for non-employee share-based awards in accordance with the measurement and recognition criteria of ASC 718 and recognizes the fair value of such awards over the service period. The Company used the modified prospective method of adoption. There was no cumulative effect of adoption on July 1, 2019.

Basic and Diluted Net Loss Per Common Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding for the period and, if dilutive, potential common shares outstanding during the period. Potentially dilutive securities consist of the incremental common shares issuable upon exercise of common stock equivalents such as stock options, warrants and convertible debt instruments. Potentially dilutive securities are excluded from the computation if their effect is anti-dilutive. As a result, the basic and diluted per share amounts for all periods presented are identical. As of March 31, 2020, there were 1,975,059 warrants outstanding, 59,644 stock options and 15 convertible notes payable, which notes are convertible into approximately 104,064,000 shares of the Company's common stock (based on the closing price on the last trading day of the quarter ended March 31, 2020). Each holder of the notes has agreed to a 4.99% beneficial ownership conversion limitation (subject to certain noteholders' ability to increase such limitation to 9.99% upon 60 days' notice to the Company), and each note may not be converted during the first six-month period from the date of issuance. Such securities are considered dilutive securities which were excluded from the computation since the effect is anti-dilutive.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases* (Topic 842). The updated guidance requires lessees to recognize lease assets and lease liabilities for most operating leases. In addition, the updated guidance requires that lessors separate lease and non-lease components in a contract in accordance with the new revenue guidance in ASC 606. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018. The Company adopted this guidance effective July 1, 2019.

On July 1, 2019, the Company adopted ASU No. 2016-02, applying the package of practical expedients to leases that commenced before the effective date whereby the Company elected to not reassess the following: (i) whether any expired or existing contracts contain leases and; (ii) initial direct costs for any existing leases. For contracts entered into on or after the effective date, at the inception of a contract the Company assessed whether the contract is, or contains, a lease. The Company's assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether we obtain the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether it has the right to direct the use of the asset. The Company will allocate the consideration in the contract to each lease component based on its relative stand-alone price to determine the lease payments.

Operating lease ROU assets represents the right to use the leased asset for the lease term and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. As most leases do not provide an implicit rate, the Company use an incremental borrowing rate based on the information available at the adoption date in determining the present value of future payments. Lease expense for minimum lease payments is amortized on a straight-line basis over the lease term and is included in general and administrative expenses in the condensed consolidated statements of operations.

Recent Accounting Pronouncements

We have reviewed the FASB issued ASU accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. We have carefully considered the new pronouncements that alter previous generally accepted accounting principles and do not believe that any new or modified principles will have a material impact on the Company's reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of the Company's financial management.

**NOTE 2 – GOING CONCERN**

The accompanying condensed consolidated financial statements have been prepared in conformity with US GAAP, which contemplate continuation of the Company as a going concern. For the nine months ended March 31, 2020, the Company had no revenues, had a net loss of $5,944,711 and had net cash used in operations of $1,349,931. Additionally, as of March 31, 2020, the Company had a working capital deficit, stockholders' deficit and accumulated deficit of $4,859,300, $4,846,908 and $56,985,758, respectively. It is management's opinion that these conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of at least twelve months from the issuance date of this Quarterly Report.

The condensed consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Successful completion of the Company's development program and, ultimately, the attainment of profitable operations are dependent upon future events, including obtaining adequate financing to fulfill its development activities, acceptance of the Company's patent applications, obtaining additional sources of suitable and adequate financing and ultimately achieving a level of sales adequate to support the Company's cost structure and business plan. The Company's ability to continue as a going concern is also dependent on its ability to further develop and execute on its business plan. However, there can be no assurances that any or all of these endeavors will be successful.

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States, Europe and Australia, including in each of the areas in which the Company operates. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations, reduced business and consumer spending due to both job losses, reduced investing activity and M&A transactions, among many other effects attributable to the COVID-19 (coronavirus), and there continue to be many unknowns. While to date the Company has not been required to stop operating, management is evaluating its use of its office space, virtual meetings and the like. The Company continues to monitor the impact of the COVID-19 (coronavirus) outbreak closely. The extent to which the COVID-19 (coronavirus) outbreak will impact our operations, ability to obtain financing or future financial results is uncertain.

**NOTE 3 – DUE TO FORMER DIRECTOR - RELATED PARTY**

Due to director - related party represents unsecured advances made primarily by a former director for operating expenses on behalf of the Company such as intellectual property and formation expenses. The expenses were paid for on behalf of the Company and are due upon demand. The Company is currently not being charged interest under these advances. The total amount owed the former director at March 31, 2020 and June 30, 2019 is $27,131 and $31,164, respectively. The Company plans to repay the notes as its cash resources allow.

**NOTE 4 – LOANS AND NOTES PAYABLE**

Loans from Directors and Officer - Related Parties

Loans from the Company's directors and officer at March 31, 2020 and June 30, 2019 were $45,155 and $51,867, respectively. The loans bear no interest and are all payable on demand. The Company did not repay any amount on these loans during the nine months ended March 31, 2020.

**NOTE 5 – CONVERTIBLE NOTES**

The Company's convertible notes outstanding at March 31, 2020 were as follows:

| | | |
|---|---|---|
| Convertible notes and debenture | $ | 1,853,637 |
| Unamortized discounts | | (322,929) |
| Accrued interest | | 113,922 |
| Premiums | | 1,066,543 |
| Convertible notes, net | $ | 2,711,173 |

***Eagle Equities Financing Agreements***

*December 29, 2017 Securities Purchase Agreement*

The Company entered into an executory contract on December 29, 2017, whereby the Company entered into a securities purchase agreement with Eagle Equities, pursuant to which Eagle Equities purchased a convertible promissory note (the "December 2017 Eagle Note") from the Company in the aggregate principal amount of $532,435, with principal and the interest thereon convertible into shares of the Company's common stock at the option of Eagle Equities at any time. The transactions closed on January 2, 2018.

The December 2017 Eagle Note contains an original issue discount of $25,354 such that the purchase price was $507,081. The maturity date of the December 2017 Eagle Note was December 29, 2018. The Company is currently in discussions with Eagle Equities to extend the maturity date. The December 2017 Eagle Note bears interest at a rate of 8% per annum, which interest shall be paid by the Company to Eagle Equities in shares of the Company's common stock upon receipt of a notice of conversion by the Company from Eagle Equities at any time. The Company has recorded $0 of accrued interest for the December 2017 Eagle Note and total principal outstanding as of March 31, 2020 under the December 2017 Eagle Note was $0 following conversion of $171,965 of principal and $24,751 of accrued interest during the nine months to March 31, 2020. The balance was previously reduced by conversion in the prior year.

Eagle Equities has the option to convert all or any amount of the principal face amount of the December 2017 Eagle Note, at any time, for shares of the Company's common stock at a price equal to 60% of the lowest closing bid price of the Company's common stock as reported on the OTCQB for the ten prior trading days, including the day upon which the Company receives a notice of conversion from Eagle Equities. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $354,956 put premium of which $240,313 was released to additional paid in capital following conversion of $360,470 of principal during the fiscal year to June 30, 2019, and a further $114,643 was released to additional paid in capital following conversion of $171,965 of principal during the nine months to March 31, 2020.

Upon an event of default, principal and accrued interest will become immediately due and payable under the notes. Additionally, upon an event of default, both notes will accrue interest at a default interest rate of 24% per annum or the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions. In April 2020, Eagle Equities agreed to waive the 24% default interest on this note.

*July 13, 2018 Securities Purchase Agreement*

Effective July 13, 2018, the Company entered into a securities purchase agreement with Eagle Equities, pursuant to which Eagle Equities purchased a convertible promissory note (the "July 2018 Note") from the Company in the aggregate principal amount of $75,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Eagle Equities any time after the six month anniversary of the July 2018 Eagle Note. The transaction closed on July 16, 2018 and on July 19, 2018 the Company received proceeds of $71,250 as $3,750 was paid directly to legal fees.

The maturity date of the July 2018 Eagle Note was July 13, 2019. The July 2018 Eagle Note bears interest at a rate of 8% per annum, which interest shall be paid by the Company to Eagle Equities in shares of the Company's common stock upon receipt of a notice of conversion by the Company from Eagle Equities at any time after the six-month anniversary of the Note.

Additionally, Eagle Equities has the option to convert all or any amount of the principal face amount of the July 2018 Eagle Note, at any time, for shares of the Company's common stock at a price equal to 60% of the lowest closing bid price of the Company's common stock for the ten prior trading days, including the day upon which the Company receives a notice of conversion, subject to adjustment in certain events. Eagle Equities shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Eagle Equities and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. The July 2018 Eagle Note is treated as stock settled debt under ASC 480 and accordingly, the Company recorded a $50,000 put premium of which $50,000 was released to additional paid in capital following the full conversion of the note. The Company has recorded $0 of accrued interest and the total principal outstanding under the July 2018 Eagle Note was $0 as of March 31, 2020 following conversion of $75,000 of principal and $9,300 of accrued interest during the nine months to March 31, 2020. The Company had the right to prepay the July 2018 Eagle Note with certain penalties until January 9, 2019. No prepayment was made as of such date. As a result, the July 2018 Eagle Note was convertible.

Upon an event of default, principal and accrued interest will become immediately due and payable under the notes. Additionally, upon an event of default, both notes will accrue interest at a default interest rate of 24% per annum or the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions. In April 2020, Eagle Equities agreed to waive the 24% default interest on this note.

*August 29, 2018 Securities Purchase Agreement*

Effective August 29, 2018, the Company entered into a securities purchase agreement with Eagle Equities, pursuant to which Eagle Equities purchased a convertible promissory note (the "August 2018 Eagle Note") from the Company in the aggregate principal amount of $105,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Eagle Equities any time after the six-month anniversary of the August 2018 Eagle Note. The transactions contemplated by the agreement closed on August 30, 2018.

The maturity date of the August 29, 2018 Eagle Note was August 2019. The Company is currently in discussions with Eagle Equities to extend the maturity date. The August 2018 Eagle Note bears interest at a rate of 8% per annum, which interest shall be paid by the Company to Eagle Equities in shares of the Company's common stock upon receipt of a notice of conversion by the Company from Eagle Equities at any time after the six-month anniversary of the August 2018 Eagle Note.

Additionally, Eagle Equities has the option to convert all or any amount of the principal face amount of the August 2018 Eagle Note, at any time, into shares of the Company's common stock at a price equal to 60% of the lowest closing bid price (the "Closing Bid Price") of the Company's common stock as reported on the OTC Markets quotation system for the ten prior trading days, including the day upon which the Company receives a notice of conversion from Eagle Equities (the "Conversion Price"). However, in the event that the Company's common stock is restricted by the DTC for any reason, the Conversion Price shall be lowered to 50% of the lowest Closing Bid Price for the duration of such restriction. If the Company fails to maintain a reserve of shares of its common stock at least four times the number of shares issuable upon conversion of the August 2018 Eagle Note for at least 60 days after the issuance of the August 28, 2018 Eagle Note, the conversion discount shall be increased by 10%. Notwithstanding the foregoing, Eagle Equities shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Eagle Equities and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. The August 2018 Eagle Note is treated as stock settled debt under ASC 480 and accordingly, the Company recorded a $70,000 put premium. The Company has recorded $13,371 of accrued interest and the total principal outstanding under the August 2018 Eagle Note was $105,000 as of March 31, 2020. The Company had the right to prepay the August 2018 Eagle Note with certain penalties until February 25, 2019. No prepayment was made as of such date. As a result, the August 2018 Eagle Note is now convertible.

Upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum or at the highest rate permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions. In April 2020, Eagle Equities agreed to waive the 24% default interest on this note.

*October 2, 2018 Securities Purchase Agreement*

Effective October 2, 2018, the Company entered into a securities purchase agreement with Eagle Equities, pursuant to which Eagle Equities purchased a convertible promissory note (the "October 2018 Eagle Note") from the Company in the aggregate principal amount of $210,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Eagle Equities any time after the six-month anniversary of the October 2018 Eagle Note. The transactions contemplated by the purchase agreement closed on October 3, 2018. Pursuant to the terms of the purchase agreement, Eagle Equities deducted $10,000 from the principal payment due under the October 2018 Eagle Note, at the time of closing, to be applied to its legal expenses.

The maturity date of the October 2018 Eagle Note was October 2, 2019. The October 2018 Eagle Note shall bear interest at a rate of 8% per annum, which interest shall be paid by the Company to Eagle Equities in shares of common stock upon receipt of a notice of conversion by the Company from Eagle Equities at any time after the six-month anniversary of the October 2018 Eagle Note.

Additionally, Eagle Equities has the option to convert all or any amount of the principal amount of the October 2018 Eagle Note, at any time, for shares of the Company's common stock at a price equal to 60% of the lowest closing bid price of the Company's common stock for the ten prior trading days, including the day upon which the Company receives a notice of conversion, subject to adjustment in certain events. Eagle Equities shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Eagle Equities and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. The October 2, 2018 Eagle Note is treated as stock settled debt under ASC 480 and accordingly, the Company recorded a $140,000 put premium of which $59,913 was released to additional paid in capital following conversion of $89,870 of principal during the nine months to March 31, 2020. The Company has recorded $14,271 of accrued interest and the total principal outstanding under the October 2018 Eagle Note was $120,130 as of March 31, 2020 following conversion of $89,870 of principal and $10,275 of accrued interest during the nine months to March 31, 2020. The Company had the right to prepay the October 2018 Eagle Note with certain penalties until March 31, 2019. No prepayment has been made as of such date. As a result, the October 2018 Eagle Note is now convertible.

Upon an event of default, principal and accrued interest will become immediately due and payable under the notes. Additionally, upon an event of default, both notes will accrue interest at a default interest rate of 24% per annum or the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions. In April 2020, Eagle Equities agreed to waive the 24% default interest on this note.

*November 30, 2018 Securities Purchase Agreement*

Effective November 30, 2018, the Company entered into a securities purchase agreement with Eagle Equities, pursuant to which Eagle Equities purchased a convertible promissory note (the "November 2018 Eagle Note") from the Company in the aggregate principal amount of $105,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Eagle Equities any time after the six-month anniversary of the November 2018 Eagle Note. The transactions contemplated by the purchase agreement closed on December 3, 2018. Pursuant to the terms of the purchase agreement, Eagle Equities deducted $5,000 from the principal payment due under the November 2018 Eagle Note, at the time of closing, to be applied to its legal expenses.

The maturity date of the November 2018 Eagle Note was November 30, 2019. The November 2018 Eagle Note shall bear interest at a rate of 8% per annum, which interest shall be paid by the Company to Eagle Equities in shares of common stock upon receipt of a notice of conversion by the Company from Eagle Equities at any time after the six-month anniversary of the November 2018 Eagle Note.

Additionally, Eagle Equities has the option to convert all or any amount of the principal amount of the November 2018 Eagle Note, at any time, for shares of the Company's common stock at a price equal to 61% of the lowest closing bid price (the "Closing Bid Price") of the Company's common stock as reported on the OTC Markets Group, Inc. quotation system for the ten prior trading days, including the day upon which the Company receives a notice of conversion from Eagle Equities (the "Conversion Price"). However, in the event that the Company's common stock is restricted by the Depository Trust Company for any reason, the Conversion Price shall be lowered to 51% of the lowest Closing Bid Price for the duration of such restriction. If the Company fails to maintain a reserve of shares of its common stock at least two and a half times the number of shares issuable upon conversion of the November 2018 Eagle Note for at least 60 days after the issuance of the November 2018 Eagle Note, the conversion discount shall be increased by 10%. Notwithstanding the foregoing, Eagle Equities shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Eagle Equities and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. The November 2018 Eagle Note is treated as stock settled debt under ASC 480 and accordingly, the Company recorded a $67,131 put premium. The Company has recorded $11,208 of accrued interest and the total principal outstanding under the November 2018 Eagle Note was $105,000 as of March 31, 2020. The November 2018 Eagle Note may be prepaid with certain penalties by the Company until May 29, 2019. No prepayment has been made as of March 31, 2020.

Upon an event of default, principal and accrued interest will become immediately due and payable under the notes. Additionally, upon an event of default, both notes will accrue interest at a default interest rate of 24% per annum or the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions. In April 2020, Eagle Equities agreed to waive the 24% default interest on this note.

*December 24, 2018 Securities Purchase Agreement*

Effective December 24, 2018, the Company entered into a securities purchase agreement with Eagle Equities, pursuant to which Eagle Equities purchased a convertible promissory note (the "December 2018 Eagle Note") from the Company in the aggregate principal amount of $126,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Eagle Equities any time after the six-month anniversary of the December 2018 Eagle Note. The transactions contemplated by the purchase agreement closed on December 24, 2018. Pursuant to the terms of the purchase agreement, Eagle Equities deducted $6,000 from the principal payment due under the December 2018 Eagle Note, at the time of closing, to be applied to its legal expenses. The Company used the net proceeds from the December 2018 Eagle Note to repay an outstanding convertible promissory note before such note became convertible.

The maturity date of the December 2018 Eagle Note was December 24, 2019. The December 2018 Eagle Note shall bear interest at a rate of 8% per annum, which interest shall be paid by the Company to Eagle Equities in shares of common stock upon receipt of a notice of conversion by the Company from Eagle Equities at any time after the six-month anniversary of the December 2018 Eagle Note.

Additionally, Eagle Equities has the option to convert all or any amount of the principal amount of the December 2018 Eagle Note, at any time, for shares of the Company's common stock at a price equal to 61% of the lowest closing bid price (the "Closing Bid Price") of the Company's common stock as reported on the OTC Markets Group, Inc. quotation system for the ten prior trading days, including the day upon which the Company receives a notice of conversion from Eagle Equities (the "Conversion Price"). However, in the event that the Company's common stock is restricted by the Depository Trust Company for any reason, the Conversion Price shall be lowered to 51% of the lowest Closing Bid Price for the duration of such restriction. If the Company fails to maintain a reserve of shares of its common stock at least two and a half times the number of shares issuable upon conversion of the December 2018 Eagle Note for at least 60 days after the issuance of the December 2018 Eagle Note, the conversion discount shall be increased by 10%. Notwithstanding the foregoing, Eagle Equities shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Eagle Equities and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. The December 2018 Eagle Note is treated as stock settled debt under ASC 480 and accordingly, the Company recorded an $80,557 put premium. The Company has recorded $12,814 of accrued interest and the total principal outstanding under the November 2018 Eagle Note was $126,000 as of March 31, 2020. The December 2018 Eagle Note may be prepaid with certain penalties until June 22, 2019. No prepayment has been made as of March 31, 2020.

Upon an event of default, principal and accrued interest will become immediately due and payable under the notes. Additionally, upon an event of default, both notes will accrue interest at a default interest rate of 24% per annum or the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions. In April 2020, Eagle Equities agreed to waive the 24% default interest on this note.

The total principal amount outstanding under the above Eagle Equities financing agreements, specifically the December 29, 2017, the July 13, 2018, the August 29, 2018, the October 2, 2018, the November 30, 2018 and the December 24, 2018 agreements was $456,130 as of March 31, 2020 and accrued interest totaled $51,664.

***GS Capital Financing Agreements***

*October 2, 2018 Securities Purchase Agreement*

Effective October 2, 2018, the Company entered into a securities purchase agreement with GS Capital, pursuant to which GS Capital purchased two 8% unsecured convertible redeemable notes (the "October 2, 2018 GS Notes") from the Company in the aggregate principal amount of $212,000, such principal and the interest thereon convertible into shares of the Company's common stock. The purchase price of $106,000 of the first note (the "October 2018 GS Note") was paid in cash by GS Capital on October 3, 2018. After payment of certain legal fees and expenses, net proceeds to the Company from the October 2018 GS Note totaled $100,700. The purchase price of $106,000 of the second note (the "October 2, 2018 GS Back End Note") was initially paid for by GS Capital issuing to the Company an offsetting $106,000 collateralized secured note (the "October 2, 2018 GS Secured Note"). The terms of the October 2018 GS Back End Note require cash funding prior to any conversion thereunder, and such cash funding shall occur on or before June 2, 2019.

Both the October 2, 2018 GS Note and the October 2, 2018 GS Back End Note, which was funded on February 27, 2019, matured on October 2, 2019, upon which any outstanding principal and interest thereon is due and payable. The amounts cash funded plus accrued interest under both the October 2018 GS Note and the October 2018 GS Back End Note are convertibles into shares of the Company's common stock, at any time after April 2, 2019, at a conversion price for each share of common stock equal to 61% of the lowest closing bid price of the Company's common stock for the ten prior trading days including the day upon which a notice of conversion is received by the Company from GS Capital, subject to adjustment in certain events. GS Capital shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by GS Capital and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. The October 2018 GS Note and the October 2018 GS Back End Note are treated as stock settled debt under ASC 480 and accordingly, the Company recorded a total $67,771 put premium for each note of which $44,690 was released in respect of the October 2018 GS Note in the fiscal year ended June 30, 2019, and a further $22,901 was released in the nine months ended March 31, 2020 following full conversion of the October 2018 GS Note resulting from conversion of the remaining principal balance of $35,820 and $2,434 in accrued interest. $67,770 of the put premium was released in respect of the October 2018 GS Back-End Note during the nine months ended March 31, 2020 following conversion $106,000 of the principal balance.

The total principal amount outstanding under the October 2018 GS Note, was $35,820 and accrued interest thereunder totaled $7,813 as of June 30, 2019 and was fully converted in fiscal year 2020 as of March 31, 2020 with $3,601 of accrued interest remaining (see Note 6 – Stockholders' Deficit).

The maturity date of the October 2, 2018 GS Back-Note was October 2019. The total principal balance under the October 2018 GS Back-End Note, was $106,000 and accrued interest thereunder totaled $5,715 as of June 30, 2019 and the principal balance was $0 and accrued interest totaled $2,658 as of March 31, 2020 (see Note 6 – Stockholders' Deficit).

The October 2, 2018 GS Notes contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

*January 22, 2020 GS Capital Securities Purchase Agreements*

Effective January 22, 2020, the Company entered into a securities purchase agreement with GS Capital, pursuant to which GS Capital purchased a convertible promissory note (the "January 22, 2020 GS Note") from the Company in the aggregate principal amount of $58,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of GS Capital any time after the six month anniversary of the January 22, 2020 GS Capital Note. The January 22, 2020 GS Note contains an original discount of $3,500. The transactions contemplated by the GS Capital Securities Purchase Agreement closed on January 22, 2020. Pursuant to the terms of the GS Capital Securities Purchase Agreement, GS Capital deducted $2,500 from the principal payment due under the January 22, 2020 GW Note, at the time of closing, to be applied to its legal expenses and received net cash proceeds of $52,000 on January 28, 2020. The Company intends to use the net proceeds from the January 22, 2020 GW Note for general working capital purposes.

The maturity date of the January 22, 2020 GS Capital is January 22, 2021. The January 22, 2020 GS Capital Note bears interest at a rate of 10% per annum, which interest may be paid by the Company to GS Capital in shares of the Company's common stock; but shall not be payable until the January 22, 2020 GS Capital Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, GS Capital has the option to convert all or any amount of the principal face amount of the January 22, 2020 GS Capital Note at any time from the date of issuance and ending on the later of the maturity date and the date the Default Amount, which is an amount between 112% and 130% of an amount equal to the then outstanding principal amount of the January 22, 2020 GS Capital Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the January 22, 2020 GS Capital Note shall be equal to a 40% discount of the lowest closing bid price ("Lowest Trading Price") of the Common Stock for the ten trading days immediately prior to the delivery of a Notice of Conversion, including the day upon which a Notice of Conversion is received. Notwithstanding the foregoing, GS Capital shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by GS Capital and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock which may be increased up to 9.99% upon 60 days prior written notice by the GS Capital to the Company. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $38,667 put premium.

The January 22, 2020 GS Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above GS Capital financing agreement, specifically the January 22, 2020 GS Note, was $58,000 and accrued interest of $1,096 as of March 31, 2020.

***Convertible Note Issued with Consulting Agreement***

On August 10, 2017, the Company entered into a consulting agreement, retroactive to May 16, 2017, with a certain consultant, pursuant to which the consultant agreed to provide certain consulting and business advisory services in exchange for a $310,000 junior subordinated convertible note. The maturity date of the August 10, 2017 Convertible Note is August 2019.The note accrues interest at a rate of 10% per annum and is convertible into common stock at the lesser of $750 or 65% of the three lowest trades in the ten trading days prior to the conversion. The note was fully earned upon signing the agreement and matures on August 10, 2019. The Company accrued $155,000 related to this expense at June 30, 2017 and recorded the remaining $155,000 related to this expense in fiscal year 2018. Upon an event of default, principal and accrued interest will become immediately due and payable under the note. Additionally, upon an event of default, at the election of the holder, the note would accrue interest at a default interest rate of 18% per annum or the highest rate of interest permitted by law. The consulting agreement had a three-month term and expired on August 16, 2017. An aggregate total of $578,212 of this note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value. During the year ended June 30, 2018, the consultant converted $140,000 of principal and $10,764 of interest. During the year ended June 30, 2019, the consultant converted an additional $161,000 of principal and $19,418 of interest. During the nine months ended March 31, 2020, the consultant converted an additional $500 of principal and $5,248 of interest such that the remaining principal outstanding and accrued interest under this note as of March 31, 2020 was $8,500 and $21,787, respectively.

***Redstart Holdings Finance Agreements***

*May 23, 2019 Securities Purchase Agreement*

Effective May 23, 2019, the Company issued a convertible promissory note (the "May 23 Redstart Holdings Note") to Redstart Holdings Corp ("Redstart Holdings") in the aggregate principal amount of $133,000, with principal and the interest thereon convertible into shares of the Company's common stock at the option of Redstart Holdings any time after 180 days of issuance. At the time of closing on May 31, 2019, Redstart Holdings deducted $3,000 from the principal payment due under the May 2019 Redstart Holdings Note to be applied to its legal expenses, such that the Company received aggregate net proceeds of $130,000 at closing.

The maturity date of the May 2019 Redstart Holdings Note is May 23, 2020 and bears interest at a rate of 8% per annum.

Additionally, Redstart Holdings has the option to convert all or any amount of the principal face amount of the May 2019 Redstart Note, starting on November 19, 2019 at a conversion price subject to certain Market Price (as defined below) adjustment. If the Market Price is greater than or equal to $50.00, the conversion price shall be the greater of 65% of the Market Price ("Variable Conversion Price") and $32.50. In the event Market Price is less than $50.00, the conversion price shall be the Variable Conversion Price. As defined in the May 2019 Redstart Holdings Note, the "Market Price" shall be the average of the lowest three closing bid prices during the ten day trading period prior to and including the day the Company receives a notice of conversion from Redstart Holdings on the electronic quotation system or applicable principal securities exchange or trading market or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets" during the ten prior trading days, including the day upon which the Company receives a notice of conversion from Redstart Holdings. Notwithstanding the foregoing, Redstart Holdings shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Redstart Holdings and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. An aggregate total of $166,564 of this note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value (See Note 10 - Derivative Financial Instruments and Fair Value Measurements).

The Company had the right to prepay the May 2019 Redstart Holdings Note until November 19, 2019. If the May 2019 Redstart Holdings Note was prepaid within 90 days of the issuance date, then the prepayment premium shall be 115% of the face amount plus any accrued interest; if the May 2019 Redstart Holdings Note was prepaid after 91 days from the issuance date, but prior to 121 days from the issuance date, then the prepayment premium shall be 120% of the face amount plus any accrued interest; and if the May 2019 Redstart Holdings Note was prepaid after 121 days from the issuance date, but prior to 150 days from the issuance date, then the prepayment premium shall be 125% of the face amount plus any accrued interest; and if the May 2019 Redstart Holdings Note was prepaid after 151 days from the issuance date, but prior to 180 days from the issuance date, then the prepayment premium shall be 129% of the face amount plus any accrued interest.

The May 23, 2019 Redstart Holdings Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 22% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding and accrued interest under the above Redstart Holdings financing agreement, specifically the May 23, 2019 agreement at June 30, 2019 was $133,000 and $1,137 respectively and as of March 31, 2020 total principal amount outstanding and accrued interest totaled $0 and $0 respectively following conversion of $133,000 of the principal balance and $5,320 of accrued interest during the nine months ended March 31, 2020. The Company fully amortized the remaining debt discount related to the conversions during the nine months ended March 31, 2020.

***Power Up Lending Group Financing Agreements***

*July 3, 2019 Securities Purchase Agreement*

Effective July 3, 2019, the Company entered into a securities purchase agreement with Power Up Lending Group Ltd. ("Power Up"), pursuant to which Power Up purchased a convertible promissory note (the "July 3, 2019 Power Up Note") from the Company in the aggregate principal amount of $78,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Power Up. The transaction closed on July 3, 2019 and the Company received payment on July 8, 2019 in the amount of $78,000, of which $2,500 was paid directly toward legal fees and $500 to Power Up for due diligence fees resulting in net cash proceeds of $75,000.

The maturity date of the July 3, 2019 Power Up Note is July 3, 2020. The July 3, 2019, Power Up Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Power Up in shares of the Company's common stock, but shall not be payable until the July 3, 2019 Power Up Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, Power Up has the option to convert all or any amount of the principal face amount of the July 3, 2019 Power Up Note, starting on December 30, 2019 and ending on the later of the maturity date or the date the Default Amount, which is an amount equal to 150% of an amount equal to the then outstanding principal amount of the July 3, 2019 Power Up Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the July 3, 2019 Power Up Note shall be $3.25, subject to certain Market Price (as defined below) adjustment. If the Market Price is greater than or equal to $5.00, the conversion price shall be the greater of 65% of the Market Price ("Variable Conversion Price") and $3.25. In the event Market Price is less than $5.00, the conversion price shall be the Variable Conversion Price. As defined in the July 3, 2019 Power Up Note, the "Market Price" shall be the average of the lowest three closing bid prices during the ten day trading period prior to and including the day the Company receives a notice of conversion from Power Up on the electronic quotation system or applicable principal securities exchange or trading market or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets" during the ten prior trading days, including the day upon which the Company receives a notice of conversion from Power Up. Notwithstanding the foregoing, Power Up shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Power Up and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. An aggregate total of $155,904 of this note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value (See Note 10 - Derivative Financial Instruments and Fair Value Measurements).

The July 3, 2019 Power Up Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 22% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Power Up financing agreement, specifically the July 3, 2019 Power Up Note, was $0 and accrued interest of $0 as of March 31, 2020 following conversion of $78,000 of the principal balance and $3,120 of accrued interest during the nine months ended March 31, 2020.

*November 26, 2019 Securities Purchase Agreement*

Effective November 26, 2019, the Company entered into a securities purchase agreement with Power Up Lending Group Ltd. ("Power Up"), pursuant to which Power Up purchased a convertible promissory note (the "November 26, 2019 Power Up Note") from the Company in the aggregate principal amount of $43,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Power Up. The transaction closed on November 22, 2019 and the Company received payment on December 3, 2019 in the amount of $40,000, net of $2,500 paid directly toward legal fees and $500 to Power Up for due diligence fees.

The maturity date of the November 26, 2019 Power Up Note is November 26, 2020. The November 26, 2019, Power Up Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Power Up in shares of the Company's common stock, but shall not be payable until the November 26, 2019 Power Up Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, Power Up has the option to convert all or any amount of the principal face amount of the November 26, 2019 Power Up Note, starting on May 24, 2020 and ending on the later of the maturity date or the date the Default Amount, which is an amount equal to 150% of an amount equal to the then outstanding principal amount of the November 26, 2019 Power Up Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the November 26, 2019 Power Up Note shall be $3.05, subject to certain Market Price (as defined below) adjustment. If the Market Price is greater than or equal to $5.00, the conversion price shall be the greater of 65% of the Market Price ("Variable Conversion Price") and $3.05. In the event Market Price is less than $5.00, the conversion price shall be the Variable Conversion Price. As defined in the November 26, 2019 Power Up Note, the "Market Price" shall be the average of the lowest three closing bid prices during the ten day trading period prior to and including the day the Company receives a notice of conversion from Power Up on the electronic quotation system or applicable principal securities exchange or trading market or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets" during the ten prior trading days, including the day upon which the Company receives a notice of conversion from Power Up. Notwithstanding the foregoing, Power Up shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Power Up and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. An aggregate total of $52,222 of this note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value (See Note 10 - Derivative Financial Instruments and Fair Value Measurements).

The November 26, 2019 Power Up Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 22% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Power Up financing agreement, specifically the November 26, 2019 Power Up Note, was $43,000 and accrued interest of $1,184 as of March 31, 2020.

*January 7, 2020 Power Up Lending Group Securities Purchase Agreement*

Effective January 7, 2020, the Company entered into a securities purchase agreement with Power Up Lending Group Ltd. ("Power Up"), pursuant to which Power Up purchased a convertible promissory note (the "January 7, 2020 Power Up Note") from the Company in the aggregate principal amount of $75,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Power Up. The transaction closed on January 7, 2020 and the Company received payment on January 13, 2020 in the amount of $72,000, net of $2,500 paid directly toward legal fees and $500 to Power Up for due diligence fees.

The maturity date of the January 7, 2020 Power Up Note is January 7, 2021. The January 7, 2020, Power Up Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Power Up in shares of the Company's common stock, but shall not be payable until the January 7, 2020 Power Up Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, Power Up has the option to convert all or any amount of the principal face amount of the January 7, 2020 Power Up Note, starting on July 4, 2020 and ending on the later of the maturity date or the date the Default Amount, which is an amount equal to 150% of an amount equal to the then outstanding principal amount of the January 7, 2020 Power Up Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the January 7, 2020 Power Up Note shall be $3.05, subject to certain Market Price (as defined below) adjustment. If the Market Price is greater than or equal to $5.00, the conversion price shall be the greater of 65% of the Market Price ("Variable Conversion Price") and $3.05. In the event Market Price is less than $5.00, the conversion price shall be the Variable Conversion Price. As defined in the January 7, 2020 Power Up Note, the "Market Price" shall be the average of the lowest three closing bid prices during the ten day trading period prior to and including the day the Company receives a notice of conversion from Power Up on the electronic quotation system or applicable principal securities exchange or trading market or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets" during the ten prior trading days, including the day upon which the Company receives a notice of conversion from Power Up. Notwithstanding the foregoing, Power Up shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Power Up and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. An aggregate total of $314,406 of this note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value (See Note 10 - Derivative Financial Instruments and Fair Value Measurements).

The January 7, 2020 Power Up Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 22% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Power Up financing agreement, specifically the January 7, 2020 Power Up Note, was $75,000 and accrued interest of $1,377 as of March 31, 2020.

*March 12, 2020 Power Up Lending Group Securities Purchase Agreement*

Effective March 12, 2020, the Company entered into a securities purchase agreement with Power Up Lending Group Ltd. ("Power Up"), pursuant to which Power Up purchased a convertible promissory note (the "March 12, 2020 Power Up Note") from the Company in the aggregate principal amount of $43,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Power Up. The transaction closed on March 12, 2020 and the Company received payment on March 5, 2020 in the amount of $40,000, net of $2,500 paid directly toward legal fees and $500 to Power Up for due diligence fees.

The maturity date of the March 12, 2020 Power Up Note is March 12, 2021. The March 12, 2020, Power Up Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Power Up in shares of the Company's common stock, but shall not be payable until the March 12, 2020 Power Up Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, Power Up has the option to convert all or any amount of the principal face amount of the March 12, 2020 Power Up Note, starting on September 4, 2020 and ending on the later of the maturity date or the date the Default Amount, which is an amount equal to 150% of an amount equal to the then outstanding principal amount of the March 12, 2020 Power Up Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the March 12, 2020 Power Up Note shall be $3.05, subject to certain Market Price (as defined below) adjustment. If the Market Price is greater than or equal to $5.00, the conversion price shall be the greater of 65% of the Market Price ("Variable Conversion Price") and $3.05. In the event Market Price is less than $5.00, the conversion price shall be the Variable Conversion Price. As defined in the March 12, 2020 Power Up Note, the "Market Price" shall be the average of the lowest three closing bid prices during the ten day trading period prior to and including the day the Company receives a notice of conversion from Power Up on the electronic quotation system or applicable principal securities exchange or trading market or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets" during the ten prior trading days, including the day upon which the Company receives a notice of conversion from Power Up. Notwithstanding the foregoing, Power Up shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Power Up and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock. An aggregate total of $55,929 of this note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value (See Note 10 - Derivative Financial Instruments and Fair Value Measurements).

The March 12, 2020 Power Up Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 22% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Power Up financing agreement, specifically the March 12, 2020 Power Up Note, was $43,000 and accrued interest of $178 as of March 31, 2020.

***Odyssey Capital Financing Agreements***

*July 30, 2019 Securities Purchase Agreement*

Effective July 30, 2019, the Company entered into a securities purchase agreement with Odyssey Capital Funding LLC,. ("Odyssey"), pursuant to which Odyssey purchased a convertible promissory note (the "July 30, 2019 Odyssey Note") from the Company in the aggregate principal amount of $320,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Odyssey. The July 30, 2019 Odyssey Note contains an original discount of $25,000. The transaction closed on July 30, 2019 and the Company received payment on August 1, 2019 in the amount of $295,000, of which $10,000 was paid directly toward legal fees, resulting in net cash proceeds of $285,000.

The maturity date of the July 30, 2019 Odyssey Note is July 30, 2020. The July 2019 Odyssey Note bears interest at a rate of 10% per annum, which interest may be paid by the Company to Odyssey in shares of the Company's common stock, but shall not be payable until the July 30, 2019 Odyssey Note becomes payable, whether at the maturity date or upon acceleration or by prepayment. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $172,308 put premium.

Additionally, Odyssey has the option to convert all or any amount of the principal face amount of the July 30, 2019 Odyssey Note, starting on January 31, 2020 and ending on the later of the maturity date and the date the Default Amount, which is an amount equal to 120% of an amount equal to the then outstanding principal amount of the July 30, 2019 Odyssey Note plus any interest accrued from July 30, 2019 at the default interest rate of 24% per annum, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the July 30, 2019 Odyssey Note shall be equal to 65% of the lowest closing bid price of the Common Stock as reported on the OTC Markets on which the Company's shares are then traded or any exchange upon which the Common Stock may be traded in the future, for the ten prior trading days including the day upon which a Notice of Conversion is received by the Company.

Common Stock beneficially owned by the Holder and its affiliates would exceed 4.99% of the outstanding shares of the Common Stock of the Company (which may be increased up to 9.9% upon 60 days' prior written notice by the Holder to the Company).

The July 30, 2019 Odyssey Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Odyssey financing agreement, specifically the July 30, 2019 Odyssey Note, was $204,000 and accrued interest of $13,686 as of March 31, 2020 following conversion of $116,000 of the principal balance and $6,787 of accrued interest during the nine months ended March 31, 2020.

***Auctus Fund Financing Agreements***

*August 30, 2019 Securities Purchase Agreement*

Effective August 30, 2019, the Company entered into a securities purchase agreement with Auctus Fund, LLC ("Auctus"), pursuant to which Auctus purchased a convertible promissory note (the "August 30, 2019 Auctus Note") from the Company in the aggregate principal amount of $550,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Auctus. The transaction closed on August 30, 2019 and the Company received payment on September 4, 2019 in the amount of $550,000, of which $5,000 was paid directly toward legal fees and $40,000 to Auctus for due diligence fees resulting in net cash proceeds of $505,000.

The maturity date of the August 30, 2019 Auctus Note is August 30, 2020. The August 30, 2019 Auctus Note bears interest at a rate of 10% per annum, but shall not be payable until the August 30, 2019 Auctus Note becomes payable, whether at the maturity date or upon acceleration or by prepayment. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $366,667 put premium. The August 30, 2019 Auctus Note may not be prepaid without the written consent of Auctus. Any amount of principal or interest which is not paid when due shall bear interest at the rate of 24% per annum.

Additionally, Auctus has the option to convert all or any amount of the principal face amount and accrued interest of the August 30, 2019 Auctus Note, at any time following the issue date and ending on the later of the maturity date and the date of payment of the Default Amount, which is an amount equal to 125% of an amount equal to the then outstanding principal amount of the August 30, 2019 Auctus Note (but not less than $15,000) plus any interest accrued from August 30, 2019 at the default interest rate of 24% per annum, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price. Upon the holder's election to convert accrued interest, default interest or any penalty amounts as stipulated, the Company may elect to pay those amounts in cash. The note may also be prepaid by the Company at any time between the date of issuance and August 13, 2020 at 135% multiplied by the sum of (a) the then outstanding principal amount plus (b) accrued and unpaid interest plus (c) default interests, if any.

The conversion price for the August 30, 2019 Auctus Note shall be the Variable Conversion Price, being 60% of the Market Price. Notwithstanding the foregoing, Auctus shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Auctus and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock.

In connection with the issuance of the August 2019 Auctus Note, the Company issued common stock purchase warrants to Auctus to purchase 450,000 shares of the Company's common stock (the "First Warrant") as a commitment fee upon the terms and subject to the limitations and conditions set forth in such First Warrant at an "Exercise Price" of $2.25. In connection with the issuance of the Note, the Company shall issue a common stock purchase warrant to Buyer to purchase 300,000 shares of the Company's common stock (the "Second Warrant") as a commitment fee upon the terms and subject to the limitations and conditions set forth in such Second Warrant at an "Exercise Price" of $3.33. In connection with the issuance of the Note, the Company shall issue a common stock purchase warrant to Buyer to purchase 225,000 shares of the Company's common stock (the "Third Warrant") as a commitment fee upon the terms and subject to the limitations and conditions set forth in such Third Warrant at an "Exercise Price" of $4.50. The First Warrant, Second Warrant, and Third Warrant shall collectively be referred as the "Warrants". The Warrants have an "Exercise Period" of five years from the date of issuance being August 30, 2019. Under the terms of the Purchase Agreement and the Warrants, the Selling Security Holder may not either convert the Notes nor exercise the Warrants to the extent (but only to the extent) that the Selling Security Holder or any of its affiliates would beneficially own a number of shares of our Common Stock which would exceed 4.99% of our outstanding shares. The Company accounted for the warrants by using the relative fair value method and recorded debt discount from the relative fair value of the warrants of $375,904 using a simple binomial lattice model (see Note 6).

In connection with the Purchase Agreement, the Company and the Purchaser entered into a Registration Rights Agreement (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company agreed to register the shares of Common Stock underlying the Securities in a Registration Statement with the SEC as well as the Commitment Shares (as defined herein). The Registration Rights Agreement contains customary representations, warranties, agreements and indemnification rights and obligations of the parties.

The Note is subject to customary default provisions and also includes a cross-default provision which provides that a breach or default by the Borrower of any covenant or other term or condition contained in any of the Other Agreements (as defined therein), after the passage of all applicable notice and cure or grace periods, shall, at the option of the Holder, be considered a default under this Note and the Other Agreements. Upon occurrence of any such event, the Holder shall be entitled (but in no event required) to apply all rights and remedies of the Holder under the terms of this Note and the Other Agreements by reason of a default under said Other Agreements or the Note.

The August 30, 2019 Auctus Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Auctus financing agreement, specifically the August 30, 2019 Auctus Note, was $541,757 and accrued interest of $1,108 as of March 31, 2020 following conversion of $8,243 of the principal balance and $31,041 of accrued interest during the nine months ended March 31, 2020. $5,495 of the put premium was released in respect of the August 30, 2019 Auctus Note during the nine months ended March 31, 2020 following conversion $8,243 of the principal balance.

***October 1, 2019 GW Holdings Securities Purchase Agreements***

Effective October 1, 2019, the Company entered into a securities purchase agreement with GW Holdings, pursuant to which GW Holdings purchased a convertible promissory note (the "October 1, 2019 GW Note") from the Company in the aggregate principal amount of $131,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of GW Holdings any time after the six month anniversary of the October 1, 2019 GW Holdings Note. The transactions contemplated by the GW Holdings Securities Purchase Agreement closed on October 1, 2019. Pursuant to the terms of the GW Holdings Securities Purchase Agreement, Eagle Equities deducted $6,000 from the principal payment due under the October 1, 2019 GW Note, at the time of closing, to be applied to its legal expenses. The Company intends to use the net proceeds of $125,000 from the October 1, 2019 GW Note for general working capital purposes.

The maturity date of the October 1, 2019 GW Holdings is October 1, 2020. The October 1, 2019 GW Holdings Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to GW Holdings in shares of the Company's common stock; but shall not be payable until the October 1, 2019 GW Holdings Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, GW Holdings has the option to convert all or any amount of the principal face amount of the October 1, 2019 GW Holdings Note at any time from the date of issuance and ending on the later of the maturity date and the date the Default Amount, which is an amount between 110% and 150% of an amount equal to the then outstanding principal amount of the October 1, 2019 GW Holdings Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the October 1, 2019 GW Holdings Note shall be equal to a 40% discount of the lowest closing bid price ("Lowest Trading Price") of the Common Stock for the ten trading days immediately prior to the delivery of a Notice of Conversion, including the day upon which a Notice of Conversion is received. Notwithstanding the foregoing, GW Holdings shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by GW Holdings and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock which may be increased up to 9.99% upon 60 days prior written notice by the GW Holdings to the Company. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $87,333 put premium.

The October 1, 2019 GW Holdings Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above GW Holdings financing agreement, specifically the October 1, 2019 GW Holdings Note, was $131,000 and accrued interest of $5,211 as of March 31, 2020.

***October 3, 2019 Crown Bridge Securities Purchase Agreements***

Effective October 3, 2019, the Company entered into a securities purchase agreement with Crown Bridge Partners, pursuant to which Crown Bridge purchased a convertible promissory note (the "October 3, 2019 Crown Bridge Note") from the Company in the aggregate principal amount of $108,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Crown Bridge any time from the of issuance of the of the October 3, 2019 Crown Bridge Note. The transactions contemplated by the Crown Bridge Securities Purchase Agreement closed on October 3, 2019. Pursuant to the terms of the Crown Bridge Securities Purchase Agreement, Crown Bridge deducted $3,000 from the principal payment due under the October 3, 2019 Crown Bridge Note, at the time of closing, to be applied to its legal expenses, and there was a $5,000 original issuance discount resulting in $100,000 net proceeds to the Company. The Company intends to use the net proceeds from the October 3, 2019 Crown Bridge Note for general working capital purposes.

The maturity date of the October 3, 2019 Crown Bridge is October 3, 2020. The October 3, 2019 Crown Bridge Note bears interest at a rate of 10% per annum, which interest may be paid by the Company to Crown Bridge in shares of the Company's common stock; but shall not be payable until the October 2019 Crown Bridge Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, Crown Bridge has the option to convert all or any amount of the principal face amount of the October 3, 2019 Crown Bridge Note at any time from the date of issuance and ending on the later of the maturity date and the date the Default Amount, which is an amount between 110% and 150% of an amount equal to the then outstanding principal amount of the October 3, 2019 Crown Bridge Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the October 3, 2019 Crown Bridge Note shall be equal to a 40% discount of the lowest closing bid price ("Lowest Trading Price") of the Common Stock for the ten trading days immediately prior to the delivery of a Notice of Conversion, including the day upon which a Notice of Conversion is received. Notwithstanding the foregoing, Crown Bridge shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Crown Bridge and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock which may be increased up to 9.99% upon 60 days prior written notice by the Crown Bridge to the Company. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $72,000 put premium.

The October 3, 2019 Crown Bridge Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 15% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Crown Bridge financing agreement, specifically the October 3, 2019 Crown Bridge Note, was $108,000 and accrued interest of $5,311 as of March 31, 2020.

***January 13, 2020 Ader Alef Securities Purchase Agreements***

Effective January 13, 2020, the Company entered into a securities purchase agreement with Ader Alef, pursuant to which Ader Alef purchased a convertible promissory note (the "January 13, 2020 Ader Alef Note") from the Company in the aggregate principal amount of $110,250, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Ader Alef any time after the six month anniversary of the January 13, 2020 Ader Alef Note. The January 13, 2020 Ader Alef Note contains an original discount of $5,250. The transactions contemplated by the Ader Alef Securities Purchase Agreement closed on January 13, 2020. Pursuant to the terms of the Ader Alef Securities Purchase Agreement, Ader Alef deducted $5,000 from the principal payment due under the January 13, 2020 Ader Alef Note at the time of closing, to be applied to its legal expenses and the Company received net cash proceeds of $100,000 on January 15, 2020. The Company intends to use the net proceeds from the January 13, 2020 Ader Alef Note for general working capital purposes.

The maturity date of the January 13, 2020 Ader Alef is January 13, 2021. The January 13, 2020 Ader Alef Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Ader Alef in shares of the Company's common stock; but shall not be payable until the January 13, 2020 Ader Alef Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

Additionally, Ader Alef has the option to convert all or any amount of the principal face amount of the January 13, 2020 Ader Alef Note at any time from the date of issuance and ending on the later of the maturity date and the date the Default Amount, which is an amount between 120% and 150% of an amount equal to the then outstanding principal amount of the January 13, 2020 Ader Alef Note plus any interest accrued, is paid if an event of default occurs, for shares of the Company's common stock at the then-applicable conversion price.

The conversion price for the January 13, 2020 Ader Alef Note during the first 6 months the January 13, 2020 Ader Alef Note is in effect shall be fixed at $2.50 and thereafter shall be equal to a 35% discount of the lowest closing bid price ("Lowest Trading Price") of the Common Stock for the ten trading days immediately prior to the delivery of a Notice of Conversion, including the day upon which a Notice of Conversion is received. Notwithstanding the foregoing, Ader Alef shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Ader Alef and its affiliates, exceeds 4.99% of the outstanding shares of the Company's common stock which may be increased up to 9.99% upon 60 days prior written notice by the Ader Alef to the Company. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $59,365 put premium.

The January 13, 2020 Ader Alef Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above Ader Alef financing agreement, specifically the January 13, 2020 Ader Alef Note, was $110,250 and accrued interest of $1,880 as of March 31, 2020.

***February 19, 2020 LG Capital Securities Purchase Agreements***

Effective February 19, 2020, the Company entered into a securities purchase agreement with LG Capital Funding, LLC ("LG Capital"), pursuant to which LG Capital purchased a convertible promissory note (the "February 19, 2020 LG Capital Note") from the Company in the aggregate principal amount of $75,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of LG Capital any time after the six month anniversary of the February 19, 2020 LG Capital Note. The February 19, 2020 LG Capital Note contains an original discount of $3,750. The transactions contemplated by the LG Capital Securities Purchase Agreement closed on March 4, 2020. Pursuant to the terms of the LG Capital Securities Purchase Agreement, LG Capital deducted $2,500 from the principal payment due under the February 19, 2020 LG Capital Note at the time of closing, to be applied to its legal expenses and the Company received net cash proceeds of $71,250 on March 25, 2020. The Company intends to use the net proceeds from the February 19, 2020 LG Capital Note for general working capital purposes.

The maturity date of the February 19, 2020 LG Capital Note is February 19, 2021. The February 19, 2020 LG Capital Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to LG Capital in shares of the Company's common stock; but shall not be payable until the February 19, 2020 LG Capital Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

During the first 60 to 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the February 19, 2020 LG Capital Note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium ranging from 112% to 135% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay the February 19, 2020 LG Capital Note.

The conversion price for the February 19, 2020 LG Capital Note during the first 6 months the February 19, 2020 LG Capital Note is in effect shall be fixed at $0.50 and thereafter shall be equal to a 35% discount of the lowest closing bid price ("Lowest Trading Price") of the Common Stock for the ten trading days immediately prior to the delivery of a Notice of Conversion, including the day upon which a Notice of Conversion is received. Notwithstanding the foregoing, LG Capital shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by LG Capital and its affiliates, exceeds 9.99% of the outstanding shares of the Company's common stock. The note is treated as stock settled debt under ASC 480 and accordingly the Company recorded a $40,385 put premium.

The February 19, 2020 LG Capital Note contain certain events of default, upon which principal and accrued interest will become immediately due and payable. In addition, upon an event of default, interest on the outstanding principal shall accrue at a default interest rate of 24% per annum, or if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. Further, certain events of default may trigger penalty and liquidated damage provisions.

The total principal amount outstanding under the above LG Capital financing agreement, specifically the February 19, 2020 LG Capital Note, was $75,000 and accrued interest of $672 as of March 31, 2020.

*Amortization of debt discounts*

The Company recorded approximately $729,000 of debt discounts and $837,000 of put premiums related to the above note issuances during the nine months ended March 31, 2020. The debt discounts are being amortized over the term of the debt and the put premiums are expensed on issuance of the debt with the liability released to additional paid in capital on conversion of the principal.

Amortization of all debt discounts for the nine months ended March 31, 2020 and 2019 was $537,868 and $363,420, respectively.

See Note 11 – Subsequent Events for information about financing arrangements post March 31, 2020.

**NOTE 6 – STOCKHOLDERS' DEFICIT**

On June 24, 2019, the Company effected a one-for-five hundred (1:500) reverse stock split whereby the Company (i) decreased the number of authorized shares of common stock, $0.001 par value per share, to 100,000,000 and (ii) decreased by a ratio of one-for-five hundred (1:500) the number of retroactively issued and outstanding shares of common stock. Proportional adjustments for the reverse stock split were made to the Company's outstanding stock options, warrants and equity incentive plans. All share and per-share data and amounts have been retroactively adjusted as of the earliest period, presented in the consolidated financial statements to reflect the reverse stock split.

*Increase in Authorized Common Stock*

On February 4, 2020 the Directors resolved to increase the Common Stock of the Company from 100,000,000 authorized shares to 1,000,000,000 authorized shares and believes that such number of authorized shares of Common Stock will be in the best interests of the Corporation and its stockholders because the Board believes that the availability of more shares of Common Stock for issuance will allow the Corporation greater flexibility in pursuing financing from investors, meeting business needs as they arise, taking advantage of favorable opportunities and responding to a changing corporate environment. The Company filed the necessary documents with the U.S. Securities and Exchange Commission on February 6, 2020 and with the amendment to the authorized shares being approved by the State of Delaware on March 13, 2020.

**Preferred Stock:**

The total number of shares of preferred stock that the Company is authorized to issue is 1,500,005, $0.01 par value per share. These preferred shares have no rights to dividends, profit sharing or liquidation preferences.

Of the total preferred shares authorized, 500,000 have been designated as Series A Preferred Stock ("Series A Preferred Stock"), pursuant to the Certificate of Designation filed with the Secretary of State of the State of Delaware on December 9, 2014. James Nathanielsz, the Company's Chief Executive Officer beneficially owns all of the shares of Series A Preferred Stock via North Horizon Pty Ltd., which entitles him, as a holder of Series A Preferred Stock, to vote on all matters submitted or required to be submitted to a vote of the Company's stockholders, except election and removal of directors, and each share of Series A Preferred Stock entitles him to two votes per share of Series A Preferred Stock. North Horizon Pty Ltd. is a Nathanielsz Family Trust. Mr. James Nathanielsz, the Chief Executive Officer and a director of our Company, has voting and investment power over these shares. 500,000 shares of Series A Preferred Stock are issued and outstanding as of March 31, 2020.

Of the total preferred shares authorized, pursuant to the Certificate of Designation filed with the Secretary of State of the State of Delaware on June 16, 2015, up to five shares have been designated as Series B Preferred Stock ("Series B Preferred Stock"). Each holder of outstanding shares of Series B Preferred Stock is entitled to voting power equivalent to the number of votes equal to the total number of shares of common stock outstanding as of the record date for the determination of stockholders entitled to vote at each meeting of stockholders of the Company and entitled to vote on all matters submitted or required to be submitted to a vote of the stockholders of the Company. One share of Series B Preferred Stock is issued and outstanding as of March 31, 2020. Mr. Nathanielsz directly beneficially owns such one share of Series B Preferred Stock.

**Common Stock:**

*Shares issued for conversion of convertible debt*

During the nine months ended March 31, 2020, the Company issued 17,343,368 shares of its common stock at an average contractual conversion price of $0.0532, ranging from $0.014 to $0.906, as a result of the conversion of principal and interest in the aggregate amount of $922,754 underlying certain outstanding convertible notes converted during such period. The total recorded to equity was $1,153,264. Notes totaling $211,000 contained bifurcated embedded conversion option derivatives. Accordingly, the fair market value of the shares issued was $446,950 resulting in a loss on extinguishment at the time of conversion of $227,510 and $308,522 of derivative fair value was recorded as a gain on extinguishment at the time of conversion. The Company reclassified $383,186 in put premiums to additional paid in capital following conversions during the nine months ended March 31, 2020.

The Company has 449,501,507 shares of its common stock reserved for future issuances based on lender reserve requirements pursuant to underlying financing agreements at March 31, 2020.

*Shares issued for services*

On July 19, 2019, the Company entered into an agreement with a certain consultant to provide services over a two-month period beginning July 1, 2019 and ending September 1, 2019 in exchange for 20,000 shares of the Company's common stock. On July 19, 2019, the Company issued the 20,000 shares of the Company's common stock valued at $1.99 per share; being the closing price of the stock on the date of the agreement, to such consultant, or $39,800, which will be amortized over the term of the agreement. The Company recorded $39,800 of consulting expense with respect to such shares of its common stock during the nine months ended March 31, 2020.

On February 3, 2020, the Company issued 150,000 shares of the Company's common stock to a consultant for services rendered pursuant to an engagement agreement dated on September 10, 2019 which agreement was later amended in February 2020. On February 3, 2020, the Company issued the 150,000 shares of the Company's common stock valued at $0.14 per share; being the closing price of the stock on the date of the agreement, to such consultant, or $21,000. The Company recorded $21,000 of consulting expense with respect to such shares of its common stock during the nine months ended March 31, 2020.

*Restricted Stock Units*

Pursuant to employment agreements dated in May 2019 (see Note 8), the Company granted an aggregate of 78,000 and 39,000 restricted stock unit to the Company's Chief Executive Officer and Chief Scientific Officer, respectively. The total 117,000 restricted stock units are subject to vesting terms as defined in the employment agreements. The 117,000 restricted stock units were valued at the fair value of $4.25 per unit or $497,240 based on the quoted trading price on the date of grant. During the nine months ended March 31, 2020, the Company recognized stock-based compensation of $163,157 related to vested restricted stock units. There were $303,006 unrecognized restricted stock units expense as of March 31, 2020.

**Warrants:**

In connection with the issuance of the August 2019 Auctus Note, the Company issued common stock purchase warrants to Auctus to purchase 450,000 shares of the Company's common stock (the "First Warrant") as a commitment fee upon the terms and subject to the limitations and conditions set forth in such First Warrant at an "Exercise Price" of $2.25. In connection with the issuance of the Note, the Company shall issue a common stock purchase warrant to Buyer to purchase 300,000 shares of the Company's common stock (the "Second Warrant") as a commitment fee upon the terms and subject to the limitations and conditions set forth in such Second Warrant at an "Exercise Price" of $3.33. In connection with the issuance of the Note, the Company shall issue a common stock purchase warrant to Buyer to purchase 225,000 shares of the Company's common stock (the "Third Warrant") as a commitment fee upon the terms and subject to the limitations and conditions set forth in such Third Warrant at an "Exercise Price" of $4.50. The First Warrant, Second Warrant, and Third Warrant shall collectively be referred as the "Warrants". The Warrants have an "Exercise Period" of five years form the date of issuance being August 30, 2019 (see Note 5).

On September 10, 2019, the Company entered into an agreement with a certain consultant to provide services over a three-month period beginning September 10, 2019 and ending December 10, 2019 in exchange for 1,000,000 warrants to purchase the Company's common stock at $2.00 per share with an expiry date of September 10, 2022. The Fair Market Value of the warrants was $984,810 on the date of grant as calculated under the Black Scholes Option Pricing model. The Company recorded $984,810 of share-based compensation expenses with respect to the grant of such warrants during the nine months ended March 31, 2020.

As of March 31, 2020, there were 1,975,059 warrants outstanding and exercisable with expiration dates commencing May 2020 and continuing through August 2024, with a weighted average exercise price per share of $2.69.

**Options:**

As of March 31, 2020, the Company had entered into agreements to grant options to purchase 59,644 shares of its common stock, with a weighted average exercise price per share of $76.37.

Pursuant to employment agreements dated in May 2019 (see Note 8), the Company granted options to purchase 39,000 and 19,500 shares of the Company's common stock to the Company's Chief Executive Officer and Chief Scientific Officer, respectively. The total 58,500 options have a term of 10 years from the date of grant and exercise price ranging from $4.25 to $4.675 per share. 1/3rd of these options shall vest every successive one-year anniversary, provided, that on each such vesting date, the Chief Executive Officer and Chief Scientific Officer are employed by the Company and subject to the other provisions of the employment agreement. The 58,500 stock options were valued using a Black-Scholes model with the following assumptions: stock price at valuation date of $4.25 based on quoted trading price on date of grant, exercise price of $4.65, dividend yield of zero, years to maturity of 10.00, a risk free rate of 2.42%, and expected volatility 268% for a total value of $248,620.

During the nine months ended March 31, 2020, the Company recognized stock-based compensation of $62,155 related to vested stock options. There was $176,106 of unvested stock options expense as of March 31, 2020 that will be recognized in future periods.

No stock options were issued during the nine months ended March 31, 2020.

## NOTE 7 – COMMITMENTS AND CONTINGENCIES

### Legal Matters

A complaint against us, dated September 26, 2019, has been filed by Foley Shechter Ablovatskiy ("Foley Shechter"), our former counsel, seeking $151,031.50 in legal fees, in addition to interest and costs of suit. The Company believes these claims to be unfounded and is vigorously defending itself. To that end, on November 20, 2019 the Company filed a motion to dismiss certain counts of the complaint, with prejudice. That motion remains pending with the Supreme Court of the State of New York, County of New York. Upon resolution of the motion, the Company shall file an answer, together with affirmative defenses and counterclaims. The counterclaims shall include, without limitation, malpractice claims, arising out of Foley Shechter's grossly negligent mishandling of certain transactions and excessive billing related thereto. Certain amounts related to this claim are included in accounts payable and accrued expenses in the accompanying Financial Statements. If our motion to dismiss is granted, our potential liability would be reduced to $51,031.51 plus interest and attorney's fees.

Regal Consulting, LLC ("Regal") initiated litigation against the Company in Clark County District Court, Nevada. Regal is demanding approximately $400,000 and 60,000 shares of the Company's common stock as payment for services that Regal purports to have performed. The Company filed an Answer and Counterclaim, denying liability and alleging that Regal procured by fraud the Company's execution of a July 2019 Consulting Agreement and thereafter failed to provide the consulting services contemplated by said Agreement.

With respect to unpled claims, Regal claims that $106,500 remains due on a Convertible Note executed by the Company in May of 2017 (the "2017 Note"). Regal additionally claims that it is owed $98,000 in penalties in connection with the Company's refusal to honor certain Conversion Notices. The Company disputes these allegations and plans to vigorously defend itself should Regal institute litigation. The Company notes that the 2017 Note constituted the payment mechanism prescribed by a Consulting Agreement executed contemporaneously therewith. Regal failed to comply with its obligations under the Consulting Agreement and thereby obviated the Company's payment obligation thereunder.

### IRS Liability

As part of its requirement for having a foreign operating subsidiary, the Company's parent U.S. entity is required to file an informational Form 5471 to the Internal Revenue Service (the "IRS"), which is a form that explains the nature of the relationship between the foreign subsidiary and the parent company. From 2012 through the 2014, the Company did not file this form in a timely manner. As a result of the non-timely filings, the Company incurred a penalty from the IRS in the amount of $10,000 per year, or $30,000 in total, plus accrued interest, such penalty and interest having been accrued and is included in the Accrued expenses and other payable figure in the Balance Sheet. The Company recorded the penalties for all three years during the year ended June 30, 2018 and is negotiating a payment plan. The Company is current on all subsequent filings.

**Operating Agreements**

In November 2009, the Company entered into a commercialization agreement with the University of Bath (UK) (the "University") whereby the Company and the University co-owned the intellectual property relating to the Company's pro-enzyme formulations. In June 2012, the Company and the University entered into an assignment and amendment whereby the Company assumed full ownership of the intellectual property while agreeing to pay royalties of 2% of net revenues to the University. Additionally, the Company agreed to pay 5% of each and every license agreement subscribed for. The contract is cancellable at any time by either party. To date, no amounts are owed under the agreement.

**Operating Leases**

On May 5, 2016, the Company entered into a new five-year operating lease agreement with a Horizon Pty Ltd., a related party, of which Mr. Nathanielsz, our CEO, CFO and a director, and his wife are owners and directors, with monthly rent of $3,606 AUD or $2,469 USD, inclusive of GST (See Note 8 – Related Party Transactions). In adopting ASC Topic 842, Leases (Topic 842), the Company has elected the 'package of practical expedients', which permit it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. In addition, the Company elected not to apply ASC Topic 842 to arrangements with lease terms of 12 month or less. On July 1, 2019, upon adoption of ASC Topic 842, the Company recorded right-of-use assets $46,696 and total lease liabilities of $46,696 based on an incremental borrowing rate of 6%.

ROU is summarized below:

| | | March 31, 2020 |
|---|---|---|
| Office lease ROU | $ | 48,662 |
| Less accumulated reduction | | (23,703) |
| Balance of ROU asset as of March 31, 2020 | $ | 24,959 |

Operating lease liability related to the ROU asset is summarized below:

| | | March 31, 2020 |
|---|---|---|
| Office lease liability | $ | 48,662 |
| Reduction of lease liability | | (21,327) |
| Total | | 27,335 |
| Less: current portion | | (7,290) |
| Long term portion of lease liability as of March 31, 2020 | $ | 20,045 |

Future Minimum lease payments under non-cancelable operating lease at March 31, 2020 are as follows:

| | | |
|---|---|---|
| Remainder Fiscal Year 2020 | $ | 6,780 |
| Year 2021 | | 22,822 |
| Total | | 29,602 |
| Imputed interest | | (2,267) |
| Total operating lease liability | $ | 27,335 |

**Amatsigroup Agreement**

The Company entered into a Manufacturing Services Agreement (the "MSA") and Quality Assurance Agreement (the "QAA"), each with an effective date of August 12, 2016, with Amatsigroup NV ("Amatsigroup"), formerly known as Q-Biologicals, NV, a contract manufacturing organization located in Belgium. Pursuant to the MSA, Amatsigroup produces certain drug substances and products containing certain enzymes for the Company at its facility in Belgium. The Company uses these substances and products for development purposes, including but not limited to future clinical trials. The MSA contemplates payment to Amatsigroup pursuant to a pre-determined fee schedule based on the completion of certain milestones that depend on our manufacturing requirements and final batch yield. The Company anticipates that its payments to Amatsigroup under the MSA will range between $2.5 million and $5.0 million over three years, when the finished drug product is manufactured and released for clinical trials. The Company has spent a total of $1,689,146 of costs to date under this contract of which $1,689,146 was expensed in prior years. The MSA shall continue for a term of three years unless extended by mutual agreement in writing with a possible extension currently under consideration. The Company can terminate the MSA early for any reason upon the required notice period, however, in such event, the pre-payment paid upon signing the MSA is considered non-refundable. Each party to the MSA shall have the right to terminate the MSA by written notice to the other party if the other party commits a material breach of the MSA (subject to a 30-day cure period). The QAA sets forth the parties respective obligations and responsibilities relating to the manufacturing and testing of the products under the MSA. The agreements with Amatsigroup contain certain customary representations, warranties and limitations of liabilities, and confidentiality and indemnity obligations.

**Collaboration Agreement**

On September 13, 2018, the Company entered into a two-year collaboration agreement with the University of Jaen (the "University") to provide certain research services to the Company. In consideration of such services, the Company agreed to pay the University approximately 52,000 Euros ($59,508 USD) in year one which was paid in fiscal 2019 and a maximum of 40,000 Euros ($45,775 USD) in year two which will be paid in fiscal 2020. Additionally, in exchange for full ownership of the intellectual property the Company agreed to pay royalties of 2% of net revenues to the University.

## NOTE 8 – RELATED PARTY TRANSACTIONS

Since its inception, the Company has conducted transactions with its directors and entities related to such directors. These transactions have included the following:

As of March 31, 2020 and June 30, 2019, the Company owed a current and a former director a total of $45,155 and $51,867, respectively, for money loaned to the Company throughout the years. The total loans balance owed at March 31, 2020 and June 30, 2019 is not interest bearing (See Note 4 – Loans and Notes Payable).

As of March 31, 2020 and June 30, 2019, the Company owed its former director a total of $27,131 and $31,164, respectively, related to expenses paid on behalf of the Company related to corporate startup costs and intellectual property (See Note 3 – Due to Former Director – Related Party).

Effective May 5, 2016, the Company entered into an agreement for the lease of its principal executive offices with North Horizon Pty Ltd., a related party, of which Mr. Nathanielsz, our CEO, CFO and a director, and his wife are owners and directors. The lease has a five-year term and provides for annual rental payments of $42,048 AUD or $28,790 USD, which includes $3,823 AUD or $2,618 USD of goods and service tax for total payments of $210,242 AUD or $143,953 USD during the term of the lease. As of March 31, 2020, total payments of $43,796 AUD or $29,602 USD remain on the lease. (See Note 7 – Commitments and Contingencies)

The Company and Mr. Nathanielsz entered into an employment agreement as of February 25, 2015 (the "Nathanielsz Employment Agreement") setting forth the terms and conditions of Mr. Nathanielsz employment as the Company's President and Chief Executive Officer. The Nathanielsz Employment Agreement was scheduled to expire on February 25, 2019; however, the term of the Nathanielsz Employment Agreement automatically renews for successive one-year periods unless either party provides 30 days' prior written notice of its intent not to renew. The Nathanielsz Employment Agreement continues in effect as of March 31, 2020. The Nathanielsz Employment Agreement provides Mr. Nathanielsz with a base salary of $25,000 AUD per month ($300,000 AUD annually or $205,680 USD) and a monthly contribution to Mr. Nathanielsz's pension equal to 9.5% of his monthly salary. Mr. Nathanielsz has the ability to convert any accrued but unpaid salary into common stock at the end of each fiscal year at a conversion price to be determined by Mr. Nathanielsz and the Company, which will in no event be lower than par value or higher than the closing bid price on the date of conversion. Pursuant to the Nathanielsz Employment Agreement, Mr. Nathanielsz is entitled to an annual discretionary bonus in an amount up to 200% of his annual base salary, which bonus shall be determined by the Company's board of directors based upon the performance of the Company. On March 16, 2018, the Company's board of directors approved an increase of Mr. Nathanielsz's annual base salary from $300,000 AUD ($205,680 USD) to $400,000 AUD ($274,240 USD), effective February 2018.

Mr. Nathanielsz's wife, Sylvia Nathanielsz, is and has been a non-executive part-time employee of the Company since October 2015. Effective February 1, 2018. Mrs. Nathanielsz receives an annual salary of $82,272 and is entitled to customary benefits.

Pursuant to a February 25, 2016 board resolution, James Nathanielsz shall be paid $4,481 AUD ($3,205 USD), on a monthly basis for the purpose of acquiring and maintaining an automobile. For the nine months ended March 31, 2020, a total of $32,562 AUD ($19,869 USD) in payments have been made with respect to Mr. Nathanielsz's car allowance.

Pursuant to the approval of the Company's board of directors, on March 16, 2018, Mr. Nathanielsz was granted a $300,000 AUD ($210,090 USD) bonus for accomplishments achieved while serving as the Company's Chief Executive Officer during the fiscal year ended June 30, 2018. A total of $80,046 AUD ($56,056 USD) in payments were made in the year ended June 30, 2018. During the nine months ended March 31, 2019, an additional $219,954 AUD ($150,602 USD) was paid. Such bonus was fully paid to Mr. Nathanielsz as of June 30, 2019.

Pursuant to the approval of the Company's board of directors, on May 14, 2019, Mr. Nathanielsz was granted a $460,000 AUD ($315,376 USD) bonus for accomplishments achieved while serving as the Company's Chief Executive Officer during the fiscal year ended June 30, 2019 with $200,000 AUD ($137,120 USD) of such bonus payable by the Corporation to the CEO throughout the Corporation's 2019 fiscal year as the Corporation's cash resources allow, with the remaining $260,000 AUD ($178,256 USD) of such bonus to be deferred by the CEO until a future date when the Corporation's cash resources allow for such payment, as agreed to by the CEO. A total of $90,000 AUD ($64,377 USD) in payments were made in the year ended June 30, 2019. A total of $202,620 AUD ($138,162 USD) in payments were made in the nine months ended March 31, 2020, with $167,380 AUD ($102,135 USD) remaining due and payable.

*New Employment and Services Agreements with Management*

Amended and Restated Employment Agreement — On May 14, 2019 (the "Effective Date"), the Company entered into an Amended and Restated Employment Agreement (the "Employment Agreement") with James Nathanielsz, the Company's Chief Executive Officer, Chairman, acting Chief Financial Officer and a director, for a term of three years, subject to automatic one-year renewals, at an annual salary of $400,000 AUD. Pursuant to the Employment Agreement, Mr. Nathanielsz was granted options to purchase 39,000 shares of the Company's common stock (the "Nathanielsz Options"), with an exercise price per share of $4.675 (110% of the closing market price of the Company's common stock on May 14, 2019 (or $4.25), the date of approval of such grant by the Company's board of directors), (ii) 39,000 restricted stock units of the Company (the "Initial Nathanielsz RSUs"), and (iii) an additional 39,000 restricted stock units of the Company (the "Additional Nathanielsz RSUs"). Such options and restricted stock units were granted pursuant to the 2019 Plan (as defined below) approved by the Company's board of directors on the Effective Date. The Nathanielsz Options have a term of 10 years from the date of grant. 1/3rd of the Nathanielsz Options shall vest every successive one-year anniversary following the Effective Date, provided, that on each such vesting date Mr. Nathanielsz is employed by the Company and subject to the other provisions of the Employment Agreement. The Initial Nathanielsz RSUs shall vest on the one-year anniversary of the Effective Date, subject to Mr. Nathanielsz's continued employment with the Company through such vesting date. The Additional Nathanielsz RSUs will vest as follows, subject to Mr. Nathanielsz's continued employment with the Company through the applicable vesting date: (i) 7,800 of the Additional Nathanielsz RSUs shall vest upon the Company submitting Clinical Trial Application (the "CTA") for PRP, the Company's lead product candidate ("PRP"), for a First-In-Human study for PRP (the "Study") in an applicable jurisdiction to be selected by the Company, (ii) 7,800 of the Additional Nathanielsz RSUs shall vest upon the CTA being approved in an applicable jurisdiction, (iii) 7,800 of the Additional RSUs shall vest upon the Company completing an equity financing in the amount of at least $4,000,000 in gross proceeds, (iv) 7,800 of the Additional Nathanielsz RSUs shall vest upon the shares of the Company's Common Stock being listed on a senior stock exchange (NYSE, NYSEMKT or NASDAQ), and (v) the remaining 7,800 of the Additional Nathanielsz RSUs shall vest upon the Company enrolling its first patient in the Study. Each vested restricted stock unit shall be settled by delivery to Mr. Nathanielsz of one share of the Company's common stock and/or the fair market value of one share of common stock in cash, at the sole discretion of the Company's board of directors and subject to the 2019 Plan, on the first to occur of: (i) the date of a Change of Control (as defined in the Employment Agreement), (ii) the date that is ten business days following the vesting of such restricted stock unit, (iii) the date of Mr. Nathanielsz's death or Disability (as defined in the Employment Agreement), and (iv) Mr. Nathanielsz's employment being terminated either by the Company without Cause or by Mr. Nathanielsz for Good Reason (each as defined in the Employment Agreement). In the event of a Change of Control, any unvested portion of the Nathanielsz Options and such restricted stock units shall vest immediately prior to such event.

The 78,000 restricted stock units were valued at the fair value of $4.25 per unit or $331,500 based on the quoted trading price on the date of grant. The 39,000 stock options were valued using a Black-Scholes model with the following assumptions: stock price at valuation date of $4.25 based on quoted trading price on date of grant, exercise price of $4.65, dividend yield of zero, years to maturity of 10.00, a risk free rate of 2.42%, and expected volatility 268% for a total value of $165,747 (see Note 6 – Stockholders' Deficit).

Amended and Restated Services Agreement — On the Effective Date, the Company also entered into an Amended and Restated Services Agreement (the "Services Agreement") with Dr. Kenyon, the Company's Chief Scientific Officer and a director, for a term of three years, subject to automatic one-year renewals, at an annual salary of $54,000 AUD. In connection with the execution of the Services Agreement, Dr. Kenyon was designated as an executive officer of the Company and assumed a more active executive role with the Company. Pursuant to the Services Agreement, Dr. Kenyon was granted options to purchase 19,500 shares of the Company's common stock (the "Kenyon Options"), with an exercise price per share of $4.25 (100% of the closing market price of the Company's common stock on May 14, 2019, the date of approval of such grant by the Company's board of directors), (ii) 19,500 restricted stock units of the Company (the "Initial Kenyon RSUs"), and (iii) an additional 19,500 restricted stock units of the Company (the "Additional Kenyon RSUs"). Such options and restricted stock units were granted pursuant to the 2019 Plan (as defined below) approved by the Company's board of directors on the Effective Date. The Kenyon Options have a term of 10 years from the date of grant. 1/3rd of the Kenyon Options shall vest every successive one-year anniversary following the Effective Date, provided, that on each such vesting date Dr. Kenyon is employed by the Company and subject to the other provisions of the Services Agreement. The Initial Kenyon RSUs shall vest on the one-year anniversary of the Effective Date, subject to Dr. Kenyon's continued employment with the Company through such vesting date. The Additional Kenyon RSUs will vest as follows, subject to Dr. Kenyon's continued employment with the Company through the applicable vesting date: (i) 4,875 of the Additional Kenyon RSUs shall vest upon the Company submitting the CTA for PRP for the Study in an applicable jurisdiction to be selected by the Company, (ii) 4,875 of the Additional Kenyon RSUs shall vest upon the Company completing an equity financing in the amount of at least $4,000,000 in gross proceeds, (iii) 4,875 of the Additional Kenyon RSUs shall vest upon the shares of the Company's Common Stock being listed on a senior stock exchange (NYSE, NYSEMKT or NASDAQ), and (iv) the remaining 4,875 of the Additional Kenyon RSUs shall vest upon the Company enrolling its first patient in the Study. Each vested Kenyon RSU shall be settled by delivery to Mr. Kenyon of one share of the Company's common stock and/or the fair market value of one share of common stock in cash, at the sole discretion of the Company's board of directors and subject to the Plan, on the first to occur of: (i) the date of a Change of Control (as defined in the Services Agreement), (ii) the date that is ten business days following the vesting of such Kenyon RSU, (iii) the date of Dr. Kenyon's death or Disability (as defined in the Services Agreement), and (iv) Dr. Kenyon's employment being terminated either by the Company without Cause or by Dr. Kenyon for Good Reason (as defined in the Services Agreement). In the event of a Change of Control (as defined in the Services Agreement), 50% of any unvested portion of the Kenyon Options and the Kenyon RSUs shall vest immediately prior to such event.

The 39,000 restricted stock units were valued at the fair value of $4.25 per unit or $165,750 based on the quoted trading price on the date of grant. The 19,500 stock options were valued using a Black-Scholes model with the following assumptions: stock price at valuation date of $4.25 based on quoted trading price on date of grant, exercise price of $4.25, dividend yield of zero, years to maturity of 10.00, a risk free rate of 2.42%, and expected volatility 268% for a total value of $82,873 (see Note 6 – Stockholders' Deficit).

## NOTE 9 – CONCENTRATIONS AND RISKS

Concentration of Credit Risk

The Company maintains its cash in banks and financial institutions in Australia. Bank deposits in Australian banks are uninsured. The Company has not experienced any losses in such accounts through March 31, 2020.

Receivable Concentration

As of March 31, 2020 and June 30, 2019, the Company's receivables were 100% related to reimbursements on GST taxes paid.

Patent and Patent Concentration

The Company has filed multiple patent applications relating to its lead product, PRP. The Company's lead patent application has been granted and remains in force in the United States, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, Liechtenstein, Turkey, United Kingdom, Australia, China, Japan, Indonesia, Israel, New Zealand, Singapore, Malaysia, South Africa, Mexico, Republic of Korea and India. In Brazil and Canada, the patent application remains under examination.

In 2016 and early 2017, we filed other patent applications. Three applications were filed under the Patent Cooperation Treaty (the "PCT"). The PCT assists applicants in seeking patent protection by filing one international patent application under the PCT, applicants can simultaneously seek protection for an invention in over 150 countries. Once filed, the application is placed under the control of the national or regional patent offices, as applicable, in what is called the national phase. One of the PCT applications filed in November 2016, entered national phase in July 2018 and another PCT application is currently entering national phase in August 2018. A third PCT application entered the national phase in October 2018.

Further patent applications are expected to be filed to capture and protect additional patentable subject matter based on the Company's field of technology relating to pharmaceutical compositions of proenzymes for treating cancer.

Foreign Operations

As of March 31, 2020 and June 30, 2019, the Company's operations are based in Camberwell, Australia, however the majority of research and development is being conducted in the European Union.

On July 22, 2016, the Company formed a wholly owned subsidiary, Propanc (UK) Limited under the laws of England and Wales for the purpose of submitting an orphan drug application with the European Medicines Agency as a small and medium-sized enterprise. As of March 31, 2020, there has been no activity within this entity.

## NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

*Derivative Financial Instruments:*

The Company had $169,500 of convertible debt, that contain embedded conversion options and is treated as derivative instruments outstanding at March 31, 2020.

The Company calculates the estimated fair values of the liabilities for derivative instruments using the Binomial Trees Method. The closing price of the Company's common stock at March 31, 2020, the last trading day of the quarter ended March 31, 2020, was $0.03. Volatility, expected remaining term and risk-free interest rates used to estimate the fair value of derivative liabilities at March 31, 2020 are indicated in the table that follows. The expected term is equal to the remaining term of the warrants or convertible instruments and the risk-free rate is based upon rates for treasury securities with the same term.

**Convertible Debt**

| | Initial Valuations (on new derivative instruments entered into during the nine months ended March 31, 2020) | March 31, 2020 |
|---|---|---|
| Volatility | 227.82-279.44% | 275.06% |
| Expected Remaining Term (in years) | 1 | 00.01 – 0.95 |
| Risk Free Interest Rate | 1.53-1.59% | 0.05% – 0.17% |
| Expected dividend yield | None | None |

*Fair Value Measurements:*

The Company measures and reports at fair value the liability for derivative instruments. The fair value liabilities for price adjustable warrants and embedded conversion options have been recorded as determined utilizing the Binomial Trees model. The following tables summarize the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

| | Balance at March 31, 2020 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Embedded conversion option liabilities | $ 318,368 | $ — | $ — | $ 318,368 |
| Total | $ 318,368 | $ — | $ — | $ 318,368 |

The following is a roll forward for the nine months ended March 31, 2020 of the fair value liability of price adjustable derivative instruments:

| | Fair Value of Liability for Derivative Instruments |
|---|---|
| **Balance at June 30, 2019** | $ 698,264 |
| Initial fair value of embedded conversion option derivative liability recorded as debt discount | 227,000 |
| Initial fair value of embedded conversion option derivative liability recorded as expense | 351,461 |
| Reductions due to conversions | (308,522) |
| Change in fair value included in statements of operations | (649,835) |
| **Balance at March 31, 2020** | $ 318,368 |

**NOTE 11 – SUBSEQUENT EVENTS**

*Shares issued for services*

On April 8, 2020, the Company issued 1,151,682 shares of the Company's common stock to a consultant for services to be rendered in fourth quarter of fiscal year 2020 pursuant to an engagement agreement dated on September 10, 2019 which agreement was amended again in April 2020. On April 8, 2020, the Company issued the 1,151,682 shares of the Company's common stock valued at $0.02 per share; being the closing price of the stock on the date of the agreement, to such consultant, or $23,955.

*Note Conversions*

From April 1, 2020 through April 30, 2020 , the Company issued an aggregate of 26,648,787 shares of its common stock at an average contractual conversion price of $0.009, ranging from $0.005 to $0.014, as a result of the conversion of principal of $210,371, interest of $16,638 and conversion fees $3,750 underlying certain outstanding convertible notes converted during such period. The Company reclassified $133,965 in put premiums to additional paid in capital following conversions in April 2020.

*Securities Purchase Agreement*

On April 3, 2020, the Company closed on a transaction related to a Securities Purchase Agreement (the “Securities Purchase Agreement”) entered into on March 30, 2020, whereby an investor (the “Investor”) purchased from the Company, 7,500,000 units (the “Units”), each consisting of (i) 1.5 shares of the Company’s common stock (the “Common Stock”), or pre-funded warrants (the “Prefunded Warrants”) upon Investor’s election due to the 4.99% blocker provision as discussed below and (ii) 1.5 warrants to purchase one share of Common Stock (“Series A Warrants”, and collectively with the Common Stock the “Units”). In addition to the Units, the Investor was issued 63,750,000 warrants to purchase one share of Common Stock (the “Series B Warrants”) and an additional 63,750,000 warrants to purchase one share of Common Stock, subject to a vesting schedule (the “Series C Warrants” and, together with the Prefunded Warrants, the Series A Warrants, and the Series B Warrants, the “Warrants”).

The aggregate purchase price for the Units, the Series A Warrants with exercise price of $0.20 per share, the Series B Warrants with exercise price of $0.04 per share and the Series C Warrants with exercise price of $0.20 per share, of $450,000 was paid at closing (the “Purchase Price”) or $0.06 per unit purchase price.

The Securities Purchase Agreement contains a blocker provision whereby the Investor or any of its affiliates would not beneficially own in excess of 4.99% of the outstanding number of shares of Common Stock (“Beneficial Ownership Limitation”). As such, the Investor may elect to purchase Prefunded Warrants equal to the same number of shares of Common Stock that the Company would have been issued.

Due to the Beneficial Ownership Limitation, the 11,250,000 shares of Common Stock underlying the Units issuable at closing of the Securities Purchase Agreement are comprised of 804,518 shares of restricted Common Stock and 10,445,482 Prefunded Warrants with exercise price of $0.001 (but can be less than par value). The Prefunded Warrants shall be exercisable immediately and shall expire when exercised in full.

The Securities Purchase Agreement contains such representations, warranties and covenants as are typical for a transaction of this nature.

*Series A Warrants*

Pursuant to the Securities Purchase Agreement, the Investor purchased Series A Warrants to purchase up to 11,250,000 shares of Common Stock, subject to adjustment as provided therein. The Series A Warrants have a cash exercise price of $0.20 per share and are immediately exercisable and expire in 3 years. The Series A Warrants contain a provision for cashless exercise in the event there is no effective registration statement registering the shares underlying the Series A Warrants calculated based on the difference between the exercise price of the Series A Warrant and the trading price of the stock (the “Cashless Exercise”).Additionally, the Series A Warrants contain a provision for a cashless conversion at the Holder’s option should the trading price of the Common Stock fall below $0.20 per share calculated based on the difference between the exercise price of the Series A Warrant and 70% of the Market Price, as defined therein (the” Alternate Cashless Exercise”).

*Series B Warrants*

Pursuant to the Securities Purchase Agreement, the Investor purchased Series B Warrants to purchase up to 63,750,000 shares of Common Stock, subject to adjustment as provided therein; provided, however, commencing on the 90th day following the effective date, the Company may reduce the number of Warrant Shares issuable upon exercise thereof by 37,500,000 upon 10 Trading Days’ prior written notice to the Holder provided that the Company issues to the Holder 3,750,000 shares of Common Stock (or, at the election of the Holder, an equivalent number of pre-funded warrants) and Series A Warrants to purchase up to 3,750,000 shares of Common Stock, which shares shall be issued pursuant to a registration statement without restrictions on resale. The Series B Warrants have a cash exercise price of $0.04 per share and expire in 3 years. The Series B Warrants contain a provision for Cashless Exercise.

*Series C Warrants*

Pursuant to the Securities Purchase Agreement, the Investor purchased Series C Warrants to purchase up to 63,750,000 shares of Common Stock, subject to adjustment as provided therein and expire in 3 years. The Series C Warrants have a cash exercise price of $0.20 per share, subject to a vesting schedule, which is based on such Holder’s exercise of all the Series C Warrants. The Series C Warrants contain provisions for Cashless Exercise and Alternate Cashless Exercise.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*As used herein, "Propanc," the "Company," "our," "we" or "us" and similar terms include Propanc Biopharma, Inc. and its wholly owned subsidiary Propanc PTY LTD, unless the context indicates otherwise. The following discussion and analysis of our business and results of operations for the three and nine months ended March 31, 2020, and our financial conditions at that date, should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report").US Dollars are denoted herein by "USD," "$" and "dollars."*

**Forward-Looking Statements**

Certain statements contained in this Quarterly Report (or otherwise made by us or on our behalf from time to time in other reports, filings with the SEC, news releases, conferences, internet postings or otherwise) that are not statements of historical fact constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, notwithstanding that such statements are not specifically identified. These forward-looking statements relate to expectations or forecasts for future events, including without limitation our earnings, revenues, expenses or other future financial or business performance or strategies, or the impact of legal or regulatory matters on our business, results of operations or financial condition. These statements may be preceded by, followed by or include the words such as "may," "will," "expect," "believe," "anticipate," "intent," "could," "would," "should," "estimate," "might," "plan," "predict" or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are based on information available to us as of the date of this Quarterly Report and on our current expectations, forecasts and assumptions, and involve substantial risks and uncertainties. Actual results may vary materially from those expressed or implied by the forward-looking statements herein due to a variety of factors, including:

This Quarterly Report contains forward-looking statements, including statements regarding, among other things:

- our ability to continue as a going concern;
- our anticipated needs for working capital;
- our ability to successfully develop PRP, our lead product candidate;
- our ability to reach research and development milestones as planned and within proposed budgets;
- our current reliance on the equity line and substantial debt financing;
- our ability to repay current debt in cash and obtain adequate new financing;
- our dependence on third parties for services;
- our dependence on key executives;
- our ability to control costs;
- our ability to successfully implement our expansion strategies;
- our ability to successfully develop and market our technologies;
- our ability to obtain and maintain patent protection;
- our ability to recruit employees with regulatory, accounting and finance expertise;
- the impact of government regulations, including United States Food and Drug Administration (the "FDA") regulations;
- the impact of any future litigation;
- the availability of capital; and
- changes in economic, business and competitive conditions.

Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks and uncertainties discussed in Item 1A. Risk Factors of this Quarterly Report, section captioned "Risk Factors" of our Registration Statement on Form S-1, filed with the U.S. Securities and Exchange Commission (the "SEC") on May 13, 2020, and matters described in this Quarterly Report generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this Quarterly Report will in fact occur. We caution you not to place undue reliance on these forward-looking statements. In addition to the information expressly required to be included in this Quarterly Report, we will provide such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading. All subsequent written and oral forward-looking statements attributable to our Company or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. All forward-looking statements included in this Quarterly Report are made only as of the date of this report or as indicated. Except as required by law, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**Our Business**

We were incorporated in the state of Delaware as Propanc Health Group Corporation on November 23, 2010. In January 2011, to reorganize our Company, we acquired all of the outstanding shares of Propanc PTY LTD, an Australian corporation, on a one-for-one basis and Propanc PTY LTD became our wholly-owned subsidiary. Effective April 20, 2017, we changed our name to "Propanc Biopharma, Inc." to better reflect our current stage of operations and development.

We are a development-stage healthcare company that is currently focused on developing new cancer treatments for patients suffering from pancreatic, ovarian and colorectal cancer. Utilizing our scientific and oncology consultants, we have developed a rational, composite formulation of anti-cancer compounds, which together exert a number of effects designed to control or prevent tumors from recurring and spreading through the body. Our lead product candidate, PRP, is a variation upon our novel formulation and involves pro-enzymes, the inactive precursors of enzymes.

We are a development-stage healthcare company that is currently focused on developing new cancer treatments for patients suffering from pancreatic, ovarian and colorectal cancer. Utilizing our scientific and oncology consultants, we have developed a rational, composite formulation of anti-cancer compounds, which together exert a number of effects designed to control or prevent tumors from recurring and spreading through the body. Our lead product candidate, PRP, is a variation upon our novel formulation and involves proenzymes, the inactive precursors of enzymes. As a result of positive early indications of the anti-cancer effects of our technology, over the last 24 months we have conducted successful pre-clinical studies on PRP. Subject to us receiving sufficient financing, we plan to begin our Investigational Medicinal Product Dossier, study proposal and Investigator's Brochure in the first half of 2020 calendar year. Our plan is to then commence our study preparation process with the contract research organization, analytical lab and trial site(s) selection and to begin our clinical trial application for PRP ("CTA") compilation in the fourth calendar quarter of 2020, and complete the CTA compilation and submit the CTA in the first calendar quarter of 2021. In January 2021, we plan to begin the preparation of logistics and trial site initiation visits. Subject to raising additional sufficient capital, we subsequently plan to commence a First-In-Human (FIH), Phase Ib study in patients with advanced solid tumors, evaluating the safety, pharmacokinetics and anti-tumor efficacy of PRP in the second calendar quarter of 2021, which we hope to complete within twelve months thereafter. We intend to develop our PRP to treat early-stage cancer and pre-cancerous diseases and as a preventative measure for patients at risk of developing cancer based on genetic screening.

To date, we have generated no revenue, have no cancer treatment products available to market and have no products which have reached the clinical trial stage. We require substantial additional financing to continue to test and commercialize PRP.

## Recent Developments

*Business Developments*

In August 2019, we announced that we have developed a method to quantify the active ingredients of our lead product candidate, PRP, in preparation for the company's First-In-Human ("FIH") study, planned for 2020. The work was conducted by Propanc's research partner based in Berlin, Germany, who has extensive experience in the development of functional assays for unique bio-therapeutics. This bioanalytical method development and validation plays a significant role in evaluation and interpretation of the systemic absorption of PRP in clinical studies including its distribution, and clinical effects throughout the body. The development of the bioanalytical assay is also an important step for the clinical development of PRP, as Propanc evaluates sites to conduct the FIH study in advanced cancer patients, such as the Peter Mac Center, Australia's largest cancer hospital, which has significant experience in early stage clinical development. Validation of the bioanalytical method will be undertaken in 2020.

In November 2019, we announced today that our POP1 research and drug discovery program has made significant advancements towards producing synthetic versions of the two proenzymes, trypsinogen and chymotrypsinogen. With the aim of producing large quantities of trypsinogen and chymotrypsinogen for commercial use, exhibiting minimal variation between lots and without sourcing the proenzymes from animals, the Company is undertaking a challenging research project in collaboration with the universities of Jaén and Granada. The two active ingredients are currently naturally derived from animal sources, which combine to form our lead product candidate, PRP. Our vision is to produce a backup product candidate to PRP which can further stabilize and enhance the effects of the proenzymes when administered to patients. At the research laboratories at the universities of Jaén and Granada, scientific researchers are in the process of optimizing conditions to achieve high titers of recombinant trypsinogen and chymotrypsinogen with this expression system.

In January 2020, we announced that a Certificate for Advance Overseas Finding was received from the Board of Innovation and Science Australia to receive up to a 43.5% "cash back" benefit from overseas R&D expenses. The finding relates to the planned Phase 1 clinical trial – Multiple Ascending Dose Studies of proteolytic proenzymes for the treatment of pancreatic cancer. Overseas activities to be undertaken include the development of an analytical assay for the quantification of active pharmaceutical ingredients in the Company's lead product candidate, PRP, and its manufacture of the finished product for the Phase 1 clinical trial.

*Financing Activities*

*Convertible Redeemable Promissory Notes*

The Company entered into a Securities Purchase Agreement whereby an investor (the "First Investor") purchased from the Company, for a purchase price of $75,000 (the "First Investor Purchase Price") a Convertible Redeemable Promissory Note, in the principal amount of $75,000 (the "First Note"). The First Investor Purchase Price was funded to the Company on January 13, 2020. The First Note is due and payable on January 6, 2021 (the "First Investor Maturity Date") and entitles the holder to 8% interest per annum. The First Note may be converted into shares of the Company's common stock at any time during the period beginning on the date that is one hundred eighty (180) days following the date of issuance and ending on the later of (i) the First Investor Maturity Date and (ii) the date of payment of the default amount, as defined therein.

The Company entered into a Securities Purchase Agreement whereby a second investor (the "Second Investor") purchased from the Company, for a purchase price of $105,000 (the "Second Purchase Price") a Convertible Redeemable Promissory Note, in the principal amount of $110,250 (the "Second Note"). The Second Purchase Price was funded to the Company on January 13, 2020. The Second Note is due and payable on January 13, 2021 (the "Second Maturity Date") and entitles the holder to 8% interest per annum. The Second Note may be converted into shares of the Company's common stock at any time during the period beginning on the date of issuance and ending on the later of (i) the Second Maturity Date and (ii) the date of payment of the default amount, as defined therein.

The Company entered into a Securities Purchase Agreement whereby a third investor (the "Third Investor") purchased from the Company, for a purchase price of $54,500 (the "Third Purchase Price") a Convertible Redeemable Promissory Note, in the principal amount of $58,000 (the "Third Note"). The Third Purchase Price was funded to the Company on January 22, 2020. The Third Note is due and payable on January 22, 2021 (the "Third Maturity Date") and entitles the holder to 10% interest per annum. The Third Note may be converted into shares of the Company's common stock at any time during the period beginning on the date of issuance and ending on the later of (i) the Third Maturity Date and (ii) the date of payment of the default amount, as defined therein.

The Company entered into a Securities Purchase Agreement whereby a fourth investor (the "Fourth Investor") purchased from the Company, for a purchase price of $75,000 (the "Fourth Purchase Price") a Convertible Redeemable Promissory Note, in the principal amount of $75,000 (the "Fourth Note"). The Fourth Purchase Price was funded to the Company on March 4, 2020. The Fourth Note is due and payable on February 19, 2021 (the "Fourth Maturity Date") and entitles the holder to 8% interest per annum. The Fourth Note may be converted into shares of the Company's common stock at any time during the period beginning on the date of issuance and ending on the later of (i) the Fourth Maturity Date and (ii) the date of payment of the default amount, as defined therein.

The Company entered into a Securities Purchase Agreement whereby a fourth investor (the "Fifth Investor") purchased from the Company, for a purchase price of $43,000 (the "Fifth Purchase Price") a Convertible Redeemable Promissory Note, in the principal amount of $43,000 (the "Fifth Note"). The Fifth Purchase Price was funded to the Company on March 25, 2020. The Fifth Note is due and payable on March 12, 2021 (the "Fifth Maturity Date") and entitles the holder to 8% interest per annum. The Fifth Note may be converted into shares of the Company's common stock at any time during the period beginning on the date of issuance and ending on the later of (i) the Fourth Maturity Date and (ii) the date of payment of the default amount, as defined therein.

*Securities Purchase Agreement*

On April 3, 2020, the Company closed on a transaction related to a Securities Purchase Agreement (the "Securities Purchase Agreement") entered into on March 30, 2020, whereby an investor (the "Investor") purchased from the Company, 7,500,000 units (the "Units"), each consisting of (i) 1.5 shares of the Company's common stock (the "Common Stock"), or pre-funded warrants (the "Prefunded Warrants") and (ii) 1.5 warrants to purchase one share of Common Stock ("Series A Warrants", and collectively with the Common Stock the "Units"). In addition to the Units, the Investor was issued 63,750,000 warrants to purchase one share of Common Stock (the "Series B Warrants") and an additional 63,750,000 warrants to purchase one share of Common Stock, subject to a vesting schedule (the "Series C Warrants" and, together with the Prefunded Warrants, the Series A Warrants, and the Series B Warrants, the "Warrants"). The aggregate purchase price for the Units, the Series A Warrants, the Series B Warrants and the Series C Warrants of $450,000 was paid at closing (the "Purchase Price") or $0.06 per unit purchase price. The Securities Purchase Agreement contains a blocker provision whereby the Investor or any of its affiliates would not beneficially own in excess of 4.99% of the outstanding number of shares of Common Stock ("Beneficial Ownership Limitation"). As such, the Investor may elect to purchase Prefunded Warrants equal to the same number of shares of Common Stock that the Company would have been issued.

Due to the Beneficial Ownership Limitation, the 11,250,000 shares of Common Stock underlying the Units issuable at closing of the Securities Purchase Agreement are comprised of 804,518 shares of restricted Common Stock and 10,445,482 Prefunded Warrants with exercise price of $0.001 (but can be less than par value). The Prefunded Warrants shall be exercisable immediately and shall expire when exercised in full.

The Securities Purchase Agreement contains such representations, warranties and covenants as are typical for a transaction of this nature.

*Series A Warrants*

Pursuant to the Securities Purchase Agreement, the Investor purchased Series A Warrants to purchase up to 11,250,000 shares of Common Stock, subject to adjustment as provided therein. The Series A Warrants have a cash exercise price of $0.20 per share. The Series A Warrants contain a provision for cashless exercise in the event there is no effective registration statement registering the shares underlying the Series A Warrants calculated based on the difference between the exercise price of the Series A Warrant and the trading price of the stock (the "Cashless Exercise").Additionally, the Series A Warrants contain a provision for a cashless conversion at the Holder's option should the trading price of the Common Stock fall below $0.20 per share calculated based on the difference between the exercise price of the Series A Warrant and 70% of the Market Price, as defined therein (the" Alternate Cashless Exercise").

*Series B Warrants*

Pursuant to the Securities Purchase Agreement, the Investor purchased Series B Warrants to purchase up to 63,750,000 shares of Common Stock, subject to adjustment as provided therein; provided, however, commencing on the 90th day following the effective date, the Company may reduce the number of Warrant Shares issuable upon exercise thereof by 37,500,000 upon 10 Trading Days' prior written notice to the Holder provided that the Company issues to the Holder 3,750,000 shares of Common Stock (or, at the election of the Holder, an equivalent number of pre-funded warrants) and Series A Warrants to purchase up to 3,750,000 shares of Common Stock, which shares shall be issued pursuant to a registration statement without restrictions on resale. The Series B Warrants have a cash exercise price of $0.04 per share. The Series B Warrants contain a provision for Cashless Exercise.

*Series C Warrants*

Pursuant to the Securities Purchase Agreement, the Investor purchased Series C Warrants to purchase up to 63,750,000 shares of Common Stock, subject to adjustment as provided therein. The Series C Warrants have a cash exercise price of $0.20 per share, subject to the vesting schedule set forth therein, which is based on such Holder's exercise of the Series B Warrants. The Series C Warrants contain provisions for Cashless Exercise and Alternate Cashless Exercise.

**Critical Accounting Estimates**

Below is a discussion of our more subjective accounting estimation processes for purposes of explaining (i) the methodology used in calculating the estimates, (ii) the inherent uncertainties pertaining to such estimates, and (iii) the possible effects of a significant variance in actual experience, from that of the estimate, on our financial condition. Estimates involve numerous assumptions that, if incorrect, could create a material adverse impact on the Company's results of operations and financial condition.

Reference is frequently made herein to the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC"). This is the source of authoritative US GAAP recognized by the FASB to be applied to non-governmental entities. Each ASC reference in this filing is presented with a three-digit number, which represents its Topic. As necessary for explanation and as applicable, an ASC topic may be followed with a two-digit subtopic, a two-digit section or a two-or-three-digit paragraph.

*Foreign Currency Translation and Comprehensive Income (Loss)*: Our functional currency is the AUD. For financial reporting purposes, the Australian Dollar ("AUD") has been translated into USD as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. Equity transactions are translated at each historical transaction date spot rate. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity (deficit) as "accumulated other comprehensive income (loss)." Gains and losses resulting from foreign currency transactions are included in the statement of operations and comprehensive loss as other income (expense).

*Accounting for Income Taxes:* We are governed by Australian and United States income tax laws, which are administered by the Australian Taxation Office and the United States Internal Revenue Service, respectively. We follow ASC 740, " *Accounting for Income Taxes,"* which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company adopted provisions of ASC 740, Sections 25 through 60, "*Accounting for Uncertainty in Income Taxes*." These sections provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods.

*Accounting for Stock Based Compensation*: We record stock-based compensation in accordance with ASC 718, "*Stock Compensation*" and Staff Accounting Bulletin No. 107 issued by the SEC in March 2005 regarding its interpretation of ASC 718. ASC 718 requires the fair value of all stock-based employee compensation awarded to employees to be recorded as an expense over the related requisite service period. The statement also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. We value any employee or non-employee stock-based compensation at fair value using the Black-Scholes Option Pricing Model.

We account for non-employee share-based awards in accordance with the measurement and recognition criteria of ASC 718.

*Derivative Instruments:* ASC 815, "*Derivatives and Hedging,*" establishes accounting and reporting standards for derivative instruments and for hedging activities by requiring that all derivatives be recognized in the balance sheet and measured at fair value. Gains or losses resulting from changes in the fair value of derivatives are recognized in earnings. On the date of conversion, or payoff, of debt, we record the fair value of the conversion shares, remove the fair value of the related derivative liability, remove any discounts and record a net gain or loss on debt extinguishment.

*Convertible Notes with Variable Conversion Options*: We have entered into convertible notes, some of which contain variable conversion options, whereby the outstanding principal and accrued interest may be converted, by the holder, into common shares at a fixed discount to the price of the common stock at the time of conversion. We treat these convertible notes as stock settled debt under ASC 480 and measure the fair value of the notes at the time of issuance, which is the result of the share price discount at the time of conversion, and records the put premium as accretion to interest expense to the date of first conversion.

*Research and Development Tax Credits*: We may apply for Research and Development tax concessions with the Australian Taxation Office on an annual basis. Although the amount is possible to estimate at year end, the Australian Taxation Office may reject or materially alter the claim amount. Accordingly, we do not recognize the benefit of the claim amount until cash receipt since collectability is not certain until such time. The tax concession is a refundable credit. If we have net income then we can receive the credit which reduces its income tax liability. If we have net losses, then we may still receive a cash payment for the credit, however, our net operating loss carry forwards are reduced by the gross equivalent loss that would produce the credit amount when the income tax rate is applied to that gross amount. The concession is recognized as an income tax benefit, in operations, upon receipt.

**Recent Accounting Pronouncements**

Please see section captioned "Recent Accounting Pronouncements" in Note 1 to our unaudited condensed consolidated financial statements included in this Quarterly Report for a discussion of recently issued and adopted accounting pronouncements.

**Results of Operations**

***For the Three Months Ended March 31, 2020, as compared to the Three Months Ended March 31, 2019***

*Revenue*

For the three months ended March 31, 2020 and 2019 we did not generate any revenue because we are a development-stage healthcare company and are currently undertaking research and development activities in preparation to begin our clinical trials and no sales were generated in this period.

*Administration Expenses*

Administration expenses increased by $30,271 to $542,093 for the three months ended March 31, 2020, as compared to $511,822 for the three months ended March 31, 2019. This increase is primarily attributable to an increase of approximately $32,000 in general consulting and accountancy fee, increase of approximately $114,000 in marketing expense, increase of approximately $36,000 of in general legal and intellectual property legal expense, increase of approximately $24,000 in employee remuneration expense as a result of a new employee and increases in salaries, offset by decreases in stock-based expenses of approximately $44,000, decrease in investor relation expenses of approximately $49,000, decrease in insurance expense of approximately $21,000, decrease in public company filing fees of approximately $23,000, decrease in travel and entertainment of approximately $27,000, decrease of approximately $8,000 employee leave accruals and decrease of approximately $4,000 of other general and administrative expenses.

*Occupancy Expenses*

Occupancy expenses increased by approximately $343 to $7,591 for the three months ended March 31, 2020, as compared to $7,248 for the three months ended March 31, 2019. The increase primarily relates to rent adjustment on under paid rent of $1,100 in the three months ended March 31, 2020.

*Research and Development Expenses*

Research and development expenses increased by approximately $4,829 to $57,484 for the three months ended March 31, 2020, as compared to $52,655 for the three months ended March 31, 2019. The increase in research and development expenses is primarily attributable to completion of process development activities and preparation for commencement of the engineering run and subsequent full scale GMP manufacture of PRP for clinical trials, with the process, preparation and small scale manufacture having been completed in the period ended December 31, 2017, which the clinical trials we hope to commence in 2021 calendar year, if we raise sufficient proceeds by raising additional capital. Completed activities include raw material purification and stabilization process development, development of analytical quality assurance and control methods, reproduction runs for raw materials, and preparation of raw materials and finished product specifications for future full scale GMP manufacture of PRP.

*Interest Expense/Income*

Interest expense has increased by approximately $194,995 to $384,804 for the three months ended March 31, 2020, as compared to $189,809 for the three months ended March 31, 2019. Interest expense is primarily comprised of approximately $230,783 of debt discount amortization and approximately $138,417 accretion of debt premium. This increase is primarily attributable to a decrease in the issuance of debt containing embedded derivatives resulting in lower amortization of debt discount, along with a decrease in issuance of convertible notes with discounted debt features during the three months ended March 31, 2020.

*Change in Fair Value of Derivative Liabilities*

Change in fair value of derivative liabilities increased by approximately $437,776 to a gain of $454,442 for the three months ended March 31, 2020, as compared to a gain of $16,666 for the three months ended March 31, 2019. This increase in gain is primarily attributable to an increase in the volatility of the prices of our shares of common stock along with the continuous decrease in stock prices during the three months ended March 31, 2020, which resulted in the recognition of gain from change in fair value.

*Gain (loss) on Debt Settlements, Net*

There were no debt settlements during the three months ended March 31, 2020 and as a result there were no gains or (losses) on settlement of debt during that period, as compared with a loss of $(89) for the three months ended March 31, 2019.

*Gain (loss) on Extinguishment of Debt, net*

During the three months ended March 31, 2020, notes totaling $164,400 which contained bifurcated embedded conversion option derivatives plus accrued interest of $8,440 were converted. Accordingly, the fair market value of the shares issued was $375,939 resulting in a loss on extinguishment at the time of conversion of $203,099, $263,934 of derivative fair value was recorded as a gain on extinguishment at the time of conversion for a net gain of $60,835. During the three months ended March 31, 2019, the Company repaid a convertible note which were treated as derivative instruments, incurred penalties of $22,048 and recorded a gain on the removal of the derivatives of $38,726.

*Foreign Currency Transaction Gain (Loss)*

Foreign currency transaction gain (loss) decreased by approximately $2,260,520 to a loss of $(2,135,421) for the three months ended March 31, 2020, as compared to a gain of $125,099 for the three months ended March 31, 2019. The increase in foreign currency transaction loss is primarily attributable to greater fluctuation in exchange rates in the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. The decrease was also due to the recognition of an exchange loss of approximately $1,959,000 on intercompany loans made by the parent to the subsidiary which have not been repaid as at March 31, 2020.

*Net Loss*

Net loss increased by approximately $2,003,806 to $2,585,662 for the three months ended March 31, 2020, as compared to a net loss of $581,856 for the three months ended March 31, 2019. The increase is primarily attributable to foreign currency transaction loss.

***For the Nine months ended March 31, 2020, as compared to the Nine Months Ended March 31, 2019***

*Revenue*

For the nine months ended March 31, 2020 and 2019 we did not generate any revenue because we are a development-stage healthcare company and are currently undertaking research and development activities in preparation to begin our clinical trials and no sales were generated in this period.

*Administration Expenses*

Administration expenses increased by $1,198,462 to $2,751,478 for the nine months ended March 31, 2020, as compared to $1,553,016 for the nine months ended March 31, 2019. This increase is primarily attributable to an increase of approximately $1,074,000 in stock-based expenses for services, an increase of approximately $119,000 in capital raising costs, an increase in general consulting and accountancy fee of approximately $71,000, an increase in insurance expense of approximately $50,000, an increase of approximately $152,000 in marketing and market research expense, and an increase of approximately $49,000 in employee remuneration expense as a result of a new employee and increases in salaries, offset by decreases in in investor relations based expense of approximately $19,000, a decrease of approximately $50,000 in general legal and intellectual property legal expense, a decrease of approximately $46,000 in public company filing fees, a decrease of $18,000 in travel expense and a decrease of approximately $176,000 in employee leave accruals which is a result of an adjustment of approximately $176,000 to employee leave accruals in the nine months ended March 31, 2019 in order to comply with Australian leave entitlements and decrease of approximately $8,000 of other general and administrative expenses.

*Occupancy Expenses*

Occupancy expenses increase by approximately $4,040 to $25,815 for the nine months ended March 31, 2020, as compared to $21,775 for the nine months ended March 31, 2019. The increase primarily relates to rent adjustment on under paid rent of $2,200 and property taxed of $1,500 in the nine months ended March 31, 2020.

*Research and Development Expenses*

Research and development expenses decreased by approximately $80,732 to $122,893 for the nine months ended March 31, 2020, as compared to $203,625 for the nine months ended March 31, 2019. The decrease in research and development expenses is primarily attributable to completion of process development activities and preparation for commencement of the engineering run and subsequent full scale GMP manufacture of PRP for clinical trials, with the process, preparation and small scale manufacture having been completed in the period ended December 31, 2017, which the clinical trials we hope to commence in 2021 calendar year, if we raise sufficient proceeds by raising additional capital. Completed activities include raw material purification and stabilization process development, development of analytical quality assurance and control methods, reproduction runs for raw materials, and preparation of raw materials and finished product specifications for future full scale GMP manufacture of PRP.

*Interest Expense/Income*

Interest expense has increased by approximately $196,775 to $1,506,111 for the nine months ended March 31, 2020, as compared to $1,309,336 for the nine months ended March 31, 2019. Interest expense is primarily comprised of approximately $537,868 of debt discount amortization and approximately $836,724 accretion of debt premium. This increase is primarily attributable to an increase in the issuance of debt containing embedded derivatives resulting in an increase amortization of debt discount, along with the increase in issuance of convertible notes with discounted debt features during the nine months ended March 31, 2020.

*Change in Fair Value of Derivative Liabilities*

Change in fair value of derivative liabilities decrease by approximately $2,213,354 to a gain of $298,374 for the nine months ended March 31, 2020, as compared to a loss of $(1,914,980) for the nine months ended March 31, 2019. This decrease is primarily attributable to an increase in the volatility of the prices of our shares of common stock along with a decrease in stock price during the nine months ended March 31, 2020, which resulted in the recognition of a smaller loss from change in fair value.

*Gain (loss) on Debt Settlements, Net*

There were no debt settlements during the nine months ended March 31, 2020 and as a result there were no gains or (losses) on settlement of debt during that period, as compared with a gain of $14,200 for the nine months ended March 31, 2019.

*Gain (loss) on Extinguishment of Debt, net*

During the nine months ended March 31, 2020, notes totaling $211,000 which contained bifurcated embedded conversion option derivatives plus accrued interest of $8,440. Accordingly, the fair market value of the shares issued was $446,950 resulting in a loss on extinguishment at the time of conversion of $227,511, $308,522 of derivative fair value was recorded as a gain on extinguishment at the time of conversion for a net gain of $81,011. During the nine months ended March 31, 2019, the Company repaid three convertible notes which were treated as derivative instruments, incurred penalties of $92,134 and recorded a gain on the removal of the derivatives of $936,650. Additionally, the company issued shares of common stock with a value of $1,335,047 which resulted in a gain on extinguishment of $359,726 as the note and derivative fair value exceeded the fair value of shares converted.

*Foreign Currency Transaction Gain (Loss)*

Foreign currency transaction gain (loss) increased by approximately $1,564,197 to a loss of $(2,053,010) for the nine months ended March 31, 2020, as compared to a loss of $(488,813) for the nine months ended March 31, 2019. The increase in foreign currency transaction loss is primarily attributable to greater fluctuation in exchange rates in the nine months ended March 31, 2020, as compared to the nine months ended March 31, 2019. This transaction loss includes the loss from intercompany balances.

*Net Loss*

Net loss increased by approximately $1,787,881 to $5,944,711 for the nine months ended March 31, 2020, as compared to a net loss of $4,156,830 for the nine months ended March 31, 2019. The increase is primarily attributable an increase in operating loss of approximately $1,122,000 and a decrease in the gain on extinguishment of debt of approximately $1,123,000 and a decrease in the loss for change in fair value of derivative of approximately $2,213,000.

**Liquidity and Capital Resources**

*Current Financial Condition*

As of March 31, 2020, we had total assets of $63,938, comprised primarily of cash of $26,957, GST tax receivable of $4,543, prepaid expenses and other current assets of $0, property and equipment, net, of $5,648, and operating lease right of use asset, net, $24,959. This compares with total assets of $101,652 as of June 30, 2019, comprised primarily of cash of $2,394, GST tax receivable of $5,439, prepaid expenses and other current assets of $83,299, and property and equipment, net, of $8,417.

We had current liabilities of $4,890,800, primarily comprised of net convertible debt of $2,711,173, accounts payable and accrued expenses of $1,476,547 and embedded conversion option liabilities of $318,368, as of March 31, 2020. This compares with current liabilities as of June 30, 2019, of $4,402,888, primarily comprised of net convertible debt of $1,657,377, accounts payable and accrued expenses of $1,640,379, employee benefit liability of $323,837 and embedded conversion option liabilities of $698,264.

We had non-current liabilities of $20,045, comprised of operating lease liability as of March 31, 2020. This compares with non-current liabilities as of June 30, 2019, of $Nil.

We have funded our operations primarily through the issuance of equity and/or convertible securities for cash. The cash was used primarily for payments for research and development, administration expenses, occupancy expenses, professional fees, consultants and travel.

During the nine months ended March 31, 2020, we borrowed net amounts of approximately $1,465,000 from the sale of convertible promissory notes during such period with various maturity dates ranging from July 3, 2020 to March 12, 2021.

We have substantial capital resource requirements and have incurred significant losses since inception. As of March 31, 2020, we had $26,957 in cash. We depend upon debt and/or equity financing to fund our ongoing operations and to execute our current business plan. Such capital requirements are in excess of what we have in available cash and for which we currently have commitments. Therefore, we presently do not have enough available cash to meet our obligations over the next 12 months. If continued funding and capital resources are unavailable at reasonable terms, we may curtail our plan of operations. We will be required to obtain alternative or additional financing from financial institutions, investors or otherwise, in order to maintain and expand our existing operations. The failure by us to obtain such financing would have a material adverse effect upon our business, financial condition and results of operations, and adversely affecting our ability to complete ongoing activities in connection with our research and development programs.

*Sources and Uses of Cash*

| | For the Nine months ended March 31, | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| Net cash used in operating activities | $ | (1,349,931) | $ | (1,793,805) |
| Net cash used in investing activities | $ | - | $ | (2,874) |
| Net cash provided by financing activities | $ | 1,465,250 | $ | 1,920,159 |
| Effect of exchange rate changes on cash | $ | (90,756) | $ | (36,191) |

Net cash used in operating activities was $1,349,931 for the nine months ended March 31, 2020, as compared to $1,793,805 for the nine months ended March 31, 2019. This decrease is primarily due to a decrease in change in fair value of derivative liabilities of approximately $2,213,000, decrease in accrued expenses of approximately $150,000, decrease in employment related liabilities of approximately $162,000 offset by increases primarily due to increase in stock-based compensation of $1,074,000, changes in foreign currency transaction loss of approximately $1,564,000, and increase in gain on extinguishment of debt of approximately $1,215,000.

Cash flows provided by financing activities for the nine months ended March 31, 2020 were $1,465,250, as compared to $1,920,159 for the nine months ended March 31, 2019. The $1,465,250 resulted from the issuance of $1,591,250 of convertible notes net of $126,000 in issue costs. During the nine months ended March 31, 2019, we received net proceeds from the sale of convertible promissory notes of $1,175,150 and sale of common stock of $1,016,979 offset by repayments of convertible notes of $272,000.

The effect of the exchange rate on cash resulted in a $90,756 negative adjustment to cash flows in the nine months ended March 31, 2020, as compared to a negative adjustment of $36,191 to cash flows in the nine months ended March 31, 2019. The reason for the fluctuation is due to the application of currency translation rates throughout the cash flow statement, the volume of transactions within each period and the daily fluctuation in exchange rates.

**Going Concern Qualification**

We did not generate any revenue for the nine months ended March 31, 2020 and 2019 and have incurred significant losses and cash used in operations, and such losses and use of cash are expected to continue. In addition, we have negative working capital and convertible debt that is past maturity that we are currently negotiating with lenders in order to amend the maturity dates. The foregoing raises substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to execute our strategy and on our ability to raise additional funds. Management is currently seeking additional funds to operate our business, primarily through the issuance of equity and/or debt securities for cash. No assurance can be given that financing will be available or, if available, that it will be in amounts or on terms that are satisfactory to us. Even if we are able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case of equity and/or convertible debt financing. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. The “Going Concern Qualification” might make it substantially more difficult to raise capital.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable to smaller reporting companies.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Our management is responsible for establishing and maintaining disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that are designed to reasonably ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 15d-15(e) under the Exchange Act. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

At the end of the period covered by this Quarterly Report, we conducted an evaluation (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2020, the disclosure controls and procedures of our Company were not effective to ensure that the information required to be disclosed in our Exchange Act reports was recorded, processed, summarized and reported on a timely basis because of the material weaknesses in internal control over financial reporting described below.

***Material Weaknesses and Corrective Actions***

In connection with the audits of our consolidated financial statements for the fiscal years ended June 30, 2019 and 2018, we identified certain deficiencies relating to our internal control over financial reporting that constitute a material weakness under standards established by the Public Company Accounting Oversight Board (the "PCAOB"). The PCAOB defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

The following material weaknesses in our internal control over financial reporting continued to exist at March 31, 2020:

- we do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");

- we do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our limited size and early stage nature of operations, segregation of all conflicting duties may not always be possible and may not be economically feasible; however, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals;

- lack of audit committee of our board of directors; and

- insufficient monitoring and review controls over the financial reporting closing process, including the lack of individuals with current knowledge of U.S. GAAP.

We believe that these material weaknesses primarily relate, in part, to our lack of sufficient staff with appropriate training in U.S. GAAP and SEC rules and regulations with respect to financial reporting functions, and the lack of robust accounting systems, as well as the lack of sufficient resources to hire such staff and implement these accounting systems.

Subject to raising sufficient additional capital, we plan to take a number of actions in the future to correct these material weaknesses including, but not limited to, establishing an audit committee of our board of directors comprised of at least two independent directors, adding experienced accounting and financial personnel and retaining third-party consultants to review our internal controls and recommend improvements. We will need to take additional measures to fully mitigate these issues, and the measures we have taken, and expect to take, to improve our internal controls may not be sufficient to (1) address the issues identified, (2) ensure that our internal controls are effective or (3) ensure that the identified material weakness or other material weaknesses will not result in a material misstatement of our annual or interim financial statements. In addition, other material weaknesses may be identified in the future. If we are unable to correct deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and generally materially and adversely impact our business and financial condition.

**Changes in Internal Controls over Financial Reporting**

There were no changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**CEO and CFO Certifications**

Exhibit 31.1 to this Quarterly Report is the Certifications of our Chief Executive Officer and the Chief Financial Officer. These certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act (the "Section 302 Certifications"). This Item 4 of this Quarterly Report, which you are currently reading, is the information concerning the Evaluation referred to above and in the Section 302 Certifications, and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings.

A complaint against us, dated September 26, 2019, has been filed by Foley Shechter Ablovatskiy ("Foley Shechter"), our former counsel, seeking $151,031.50 in legal fees, in addition to interest and costs of suit. The Company believes these claims to be unfounded and is vigorously defending itself. To that end, on November 20, 2019, the Company filed a motion to dismiss certain counts of the complaint, with prejudice. That motion remains pending with the Supreme Court of the State of New York, County of New York. Upon resolution of the motion, the Company shall file an answer, together with affirmative defenses and counterclaims. The counterclaims shall include, without limitation, malpractice claims, arising out of Foley Shechter's grossly negligent mishandling of certain transactions and excessive billing related thereto. Certain amounts related to this claim are included in accounts payable and accrued expenses in the accompanying Financial Statements. If our motion to dismiss is granted, our potential liability would be reduced to $51,031.51 plus interest and attorney's fees.

Regal Consulting, LLC ("Regal") initiated litigation against the Company in Clark County District Court, Nevada. Regal is demanding approximately $400,000 and 60,000 shares of the Company's common stock as payment for services that Regal purports to have performed. The Company filed an Answer and Counterclaim, denying liability and alleging that Regal procured by fraud the Company's execution of a July 2019 Consulting Agreement and thereafter failed to provide the consulting services contemplated by said Agreement.

With respect to unpled claims, Regal claims that $106,500 remains due on a Convertible Note executed by the Company in May of 2017 (the "2017 Note"). Regal additionally claims that it is owed $98,000 in penalties in connection with the Company's refusal to honor certain Conversion Notices. The Company disputes these allegations and plans to vigorously defend itself should Regal institute litigation. The Company notes that the 2017 Note constituted the payment mechanism prescribed by a Consulting Agreement executed contemporaneously therewith. Regal failed to comply with its obligations under the Consulting Agreement and thereby obviated the Company's payment obligation thereunder.

In addition to the above, from time to time, we may be involved in litigation in the ordinary course of business. Other than as set forth above, we are not currently involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. Other than as set forth above, to our knowledge, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of our executive officers or any of our subsidiaries, threatened against or affecting our Company, our common stock, any of our subsidiaries or any of our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

### Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report as discussed below, you should carefully consider the factors discussed in the section captioned "Risk Factors" on our Form S-1, filed with the SEC on May 13, 2020. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this Quarterly Report.

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States, Europe and Australia, including in each of the areas in which we operate. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations, reduced business and consumer spending due to both job losses, reduced investing activity and M&A transactions, among many other effects attributable to the COVID-19 (coronavirus), and there continue to be many unknowns. While to date we have not been required to stop operating, management is evaluating its use of its office space, virtual meetings and the like. We continue to monitor the impact of the COVID-19 (coronavirus) outbreak closely. The extent to which the COVID-19 (coronavirus) outbreak will impact our operations, ability to obtain financing or future financial results is uncertain.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

There were no unregistered sales of the Company's equity securities during the quarter ended March 31, 2020 that were not previously disclosed in a Current Report on Form 8-K or Annual Report on Form 10-K.

**Item 3. Defaults Upon Senior Securities.**

As of March 31, 2020, we were in default under certain convertible promissory note issued to certain noteholder on August 10, 2017 for failure to pay an aggregate of $8,500 of principal and accrued interest as of March 31, 2020, subsequent to their maturity dates. In April 2020, note holder of certain convertible promissory notes issued on August 29, 2018, October 2, 2018, November 30, 2018, and December 24, 2018, agreed to waive the 24% default interest on such convertible notes. We are currently in discussions with such noteholders to extend such maturity dates. See Note 5 – Convertible Notes to our unaudited condensed consolidated financial statements in Part I of this Quarterly Report for additional information.

**Item 4. Mine Safety Disclosures.**

Not Applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

| Exhibit Number | Description |
|---|---|
| 4.1 | Form of Convertible Promissory Note (incorporated by reference to Exhibit 4.55 to the Company's Annual Report on Form 10-K filed on October 15, 2019). |
| 4.2 | Form of First Convertible Redeemable Promissory Note (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 17, 2020). |
| 4.3 | Form of Second Convertible Redeemable Promissory Note (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 17, 2020). |
| 10.1 | Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K filed on October 15, 2019). |
| 10.2 | Form of First Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 17, 2020). |
| 10.3 | Form of Second Securities Purchase Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 17, 2020). |
| 31.1* | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1* | Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2* | Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | XBRL Instance Document. |
| 101.SCH* | XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document. |

* Filed herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**PROPANC BIOPHARMA, INC.**

| | | |
|---|---|---|
| Dated: May 15, 2020 | By: | */s/ James Nathanielsz* |
| | Name: | James Nathanielsz |
| | Title: | Chief Executive Officer (Principal Executive Officer) |
| | By: | */s/ Carlo Campiciano* |
| | Name: | Carlo Campiciano |
| | Title: | Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) |

**EXHIBIT 31.1**

Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James Nathanielsz, certify that:

1. I have reviewed this Form 10-Q of Propanc Biopharma, Inc. for the period ended March 31, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2020

By: */s/ James Nathanielsz*
James Nathanielsz
Chief Executive Officer

**EXHIBIT 31.2**

Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Carlo Campiciano, certify that:

1. I have reviewed this Form 10-Q of Propanc Biopharma, Inc. for the period ended March 31, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2020

By: *<u>/s/ Carlo Campiciano</u>*
Carlo Campiciano
Chief Financial Officer

**EXHIBIT 32.1**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Propanc Biopharma, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, James Nathanielsz, Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2020

By: */s/ James Nathanielsz*
James Nathanielsz
Chief Executive Officer

**EXHIBIT 32.2**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Propanc Biopharma, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Carlo Campiciano, Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended March 31, 2020, fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2020

By: */s/ Carlo Campiciano*
Carlo Campiciano
Chief Financial Officer