

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2021**

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

(State or other jurisdiction of
incorporation or organization)

33-0662986

(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(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 preceding 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 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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of November 11, 2021, there were 49,862,220 shares of the registrant's common stock, \$0.001 par value per share, issued and outstanding.

PROPANC BIOPHARMA INC.

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This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless expressly indicated or the context requires otherwise, the terms “Propanc,” “company,” “we,” “us,” and “our” in this document refer to Propanc Biopharma, Inc., a Delaware corporation, and, where appropriate, its wholly owned subsidiary.

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:

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PROPANC BIOPHARMA, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>September 30, 2021</u> (Unaudited)	<u>June 30, 2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 45,817	\$ 2,255
GST tax receivable	2,238	4,341
Prepaid expenses and other current assets	8,353	-
TOTAL CURRENT ASSETS	56,408	6,596
Security deposit - related party	2,164	2,250
Property and equipment, net	3,593	4,255
TOTAL ASSETS	\$ 62,165	\$ 13,101
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 826,184	\$ 1,002,335
Accrued expenses and other payables	407,775	892,151
Convertible notes and related accrued interest, net of discounts and premiums	584,608	624,583
Embedded conversion option liabilities	58,124	54,220
Due to former director - related party	32,076	33,347
Loan from former director - related party	53,384	55,500
Employee benefit liability	406,644	418,538
TOTAL CURRENT LIABILITIES	2,368,795	3,080,674
TOTAL LIABILITIES	\$ 2,368,795	\$ 3,080,674
Commitments and Contingencies (See Note 8)		
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 shares issued and outstanding as of September 30, 2021 and June 30, 2021	\$ 5,000	\$ 5,000
Series B preferred stock, \$0.01 par value; 5 shares authorized; 1 share issued and outstanding as of September 30, 2021 and June 30, 2021	-	-
Common stock, \$0.001 par value; 1,000,000,000 shares authorized; 43,841,644 and 14,055,393 shares issued and outstanding as of September 30, 2021 and June 30, 2021, respectively	43,842	14,056
Common stock issuable (2,002,549 and 59 shares as of September 30, 2021 and June 30, 2021, respectively)	2,002	-
Additional paid-in capital	55,444,574	54,074,110
Subscription receivable	(100,000)	-
Accumulated other comprehensive income	1,149,397	1,085,204
Accumulated deficit	(58,804,968)	(58,199,466)
Treasury stock (1 share)	(46,477)	(46,477)
TOTAL STOCKHOLDERS' DEFICIT	(2,306,630)	(3,067,573)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 62,165	\$ 13,101

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 September 30,	
	2021	2020
REVENUE		
Revenue	\$ -	\$ -
OPERATING EXPENSES		
Administration expenses	431,740	323,111
Occupancy expenses	7,736	9,204
Research and development	46,554	50,846
TOTAL OPERATING EXPENSES	486,030	383,161
LOSS FROM OPERATIONS	(486,030)	(383,161)
OTHER INCOME (EXPENSE)		
Interest expense	(109,853)	(159,281)
Change in fair value of derivative liabilities	(3,904)	64,952
Gain on extinguishment of debt, net	-	49,985
Foreign currency transaction gain	109,129	1,960
TOTAL OTHER EXPENSE, NET	(4,628)	(42,384)
LOSS BEFORE TAXES	(490,658)	(425,545)
Tax benefit	-	-
NET LOSS	(490,658)	(425,545)
Deemed Dividend	(114,844)	-
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ (605,502)	\$ (425,545)
BASIC AND DILUTED NET LOSS PER SHARE	\$ (0.02)	\$ (0.71)
BASIC AND DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	27,142,519	597,314
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ (605,502)	\$ (425,545)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized foreign currency translation gain (loss)	64,193	(75,755)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	64,193	(75,755)
TOTAL COMPREHENSIVE LOSS	\$ (541,309)	\$ (501,300)

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 THE THREE MONTHS ENDED SEPTEMBER 30, 2021
AND 2020
(Unaudited)

	Preferred Stock				Common Stock		Common Stock Issuable		Additional Paid-in Capital	Subscription Receivable	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Deficit
	Series A		Series B		No. of Shares	Value	No. of Shares	Value						
	No. of Shares	Value	No. of Shares	Value	No. of Shares	Value	No. of Shares	Value						
Balance at June 30, 2020	500,000	\$ 5,000	1	\$ -	258,120	\$ 258	-	\$ -	\$ 50,913,893	\$ -	\$ (55,781,770)	\$ 1,267,671	\$ (46,477)	\$ (3,641,425)
Issuance of common stock for conversion of convertible debt and accrued interest	-	-	-	-	442,031	442	-	-	480,133	-	-	-	-	480,575
Reclassification of put premium upon debt conversion	-	-	-	-	-	-	-	-	204,919	-	-	-	-	204,919
Issuance of common stock for exercise of warrants	-	-	-	-	15,445	15	-	-	201,029	-	-	-	-	201,044
Stock based compensation in connection with fair value of warrants issued for services	-	-	-	-	-	-	-	-	20,718	-	-	-	-	20,718
Foreign currency translation gain	-	-	-	-	-	-	-	-	-	-	-	(75,755)	-	(75,755)
Net loss for the three months ended September 30, 2020	-	-	-	-	-	-	-	-	-	-	(425,545)	-	-	(425,545)
Balance at September 30, 2020	<u>500,000</u>	<u>\$ 5,000</u>	<u>1</u>	<u>\$ -</u>	<u>715,596</u>	<u>\$ 715</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 51,820,692</u>	<u>\$ -</u>	<u>\$ (56,207,315)</u>	<u>\$ 1,191,916</u>	<u>\$ (46,477)</u>	<u>\$ (3,235,469)</u>
Balance at June 30, 2021	500,000	\$ 5,000	1	\$ -	14,055,393	\$ 14,056	59	\$ -	\$ 54,074,110	\$ -	\$ (58,199,466)	\$ 1,085,204	\$ (46,477)	\$ (3,067,573)
Issuance of common stock for conversion of convertible debt, conversion fee, and accrued interest	-	-	-	-	9,445,009	9,445	-	-	190,741	-	-	-	-	200,186
Issuance of common stock for services and accrued expenses	-	-	-	-	17,934,379	17,934	-	-	563,927	-	-	-	-	581,861
Issuance of common stock for exercise of warrants	-	-	-	-	6,875	7	2,500	2	374,991	(100,000)	-	-	-	275,000
Issuance of common stock for alternate cashless exercise of warrants	-	-	-	-	2,399,988	2,400	1,999,990	2,000	(4,400)	-	-	-	-	-
Reclassification of put premium upon debt conversion	-	-	-	-	-	-	-	-	109,643	-	-	-	-	109,643
Stock based compensation in connection with stock option grants	-	-	-	-	-	-	-	-	20,718	-	-	-	-	20,718
Foreign currency translation gain	-	-	-	-	-	-	-	-	-	-	-	64,193	-	64,193
Deemed dividend upon alternate cashless exercise of warrants	-	-	-	-	-	-	-	-	114,844	-	(114,844)	-	-	-
Net loss for the three months ended September 30, 2021	-	-	-	-	-	-	-	-	-	-	(490,658)	-	-	(490,658)
Balance at September 30, 2021	<u>500,000</u>	<u>\$ 5,000</u>	<u>1</u>	<u>\$ -</u>	<u>43,841,644</u>	<u>\$ 43,842</u>	<u>2,002,549</u>	<u>\$ 2,002</u>	<u>\$ 55,444,574</u>	<u>\$ (100,000)</u>	<u>\$ (58,804,968)</u>	<u>\$ 1,149,397</u>	<u>\$ (46,477)</u>	<u>\$ (2,306,630)</u>

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 CASH FLOWS
(Unaudited)

	Three Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (490,658)	\$ (425,545)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Issuance and amortization of common stock for services	133,422	-
Foreign currency transaction gain	(109,129)	(1,960)
Depreciation expense	509	438
Amortization of debt discounts	6,074	121,281
Change in fair value of derivative liabilities	3,904	(64,952)
Gain on extinguishment of debt, net	-	(49,985)
Stock option and restricted stock expense	20,718	20,718
Non-cash interest expense	2,250	6,750
Accretion of put premium	90,192	-
Changes in Assets and Liabilities:		
GST receivable	1,937	(755)
Prepaid expenses and other assets	(8,353)	-
Accounts payable	(137,927)	53,576
Deferred rent	-	633
Employee benefit liability	4,067	10,544
Accrued expenses and other payables	(15,102)	133,046
Accrued interest	11,338	16,262
NET CASH USED IN OPERATING ACTIVITIES	(486,758)	(179,949)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible promissory notes, net of original issue discounts and issue costs	160,000	-
Repayments of convertible promissory notes	-	(43,000)
Proceeds from the exercise of warrants	275,000	201,044
NET CASH PROVIDED BY FINANCING ACTIVITIES	435,000	158,044
Effect of exchange rate changes on cash	95,320	6,116
NET INCREASE (DECREASE) IN CASH	43,562	(15,789)
CASH AT BEGINNING OF PERIOD	2,255	67,007
CASH AT END OF PERIOD	\$ 45,817	\$ 51,218
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest	\$ -	\$ 13,172
Income Tax	\$ -	\$ -
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Reduction of put premium related to conversions of convertible notes	\$ 109,643	\$ 204,919
Conversion of convertible notes and accrued interest to common stock	\$ 197,936	\$ 417,670
Common stock issued for accrued services	\$ 448,440	\$ -
Deemed dividend upon alternate cashless exercise of warrants	\$ 114,844	\$ -
Subscription receivable	\$ 100,000	\$ -

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

PROPANC BIOPHARMA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

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 September 30, 2021, 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.

In July 2020, a world first patent was granted in Australia for the cancer treatment method patent family. Presently, there are 29 granted patents and 33 patents under examination in key global jurisdictions relating to the use of proenzymes against solid tumors, covering the lead product candidate PRP.

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.

On November 17, 2020, the Company effected a one-for-one thousand (1:1,000) reverse stock split of the Company’s issued and outstanding shares of common stock (the “Reverse Stock Split”). 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.

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 months ended September 30, 2021 and 2020 and cash flows for the three months ended September 30, 2021 and 2020 and our financial position at September 30, 2021 have been made. The Company’s results of operations for the three months ended September 30, 2021 are not necessarily indicative of the operating results to be expected for the full fiscal year ending June 30, 2022.

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, 2021. The June 30, 2021 balance sheet is derived from those statements.

Principles of Consolidation

The unaudited 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 September 30, 2021.

PROPANC BIOPHARMA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

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 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 wholly owned subsidiary’s functional currency is the Australian dollar (AUD). For financial reporting purposes, the Australian dollar has been translated into the Company’s reporting currency which is the United States dollar (\$) and/or (USD). 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 a component of 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. Effective fiscal year 2021, the parent company determined that these intercompany loans will not be repaid in the foreseeable future and thus, per ASC 830-20-35-3, gains and losses from measuring the intercompany balances are recorded within cumulative translation adjustment, a component of accumulated other comprehensive income (loss). Prior to July 1, 2020, the Company recorded the foreign currency transaction gains and losses from measuring the intercompany balances as a component of other income (expenses) titled foreign currency transaction gain (loss). For the three months ended September 30, 2021 and 2020, the Company recognized an exchange gain (loss) of approximately \$619,000 and (\$583,000), on intercompany loans made by the parent to the subsidiary which have not been repaid as of September 30, 2021.

As of September 30, 2021 and June 30, 2021, the exchange rates used to translate amounts in Australian dollars into USD for the purposes of preparing the consolidated financial statements were as follows:

	<u>September 30, 2021</u>	<u>June 30, 2021</u>
Exchange rate on balance sheet dates		
USD : AUD exchange rate	0.7214	0.7500
Average exchange rate for the period		
USD : AUD exchange rate	0.7350	0.7473

The change in Accumulated Other Comprehensive Income (Loss) by component during the three months ended September 30, 2021 was as follows:

	Foreign Currency Items:
Balance, June 30, 2021	\$ 1,085,204
Unrealized foreign currency translation gain	64,193
Ending balance, September 30, 2021	<u>\$ 1,149,397</u>

PROPANC BIOPHARMA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

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 11 - 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 September 30, 2021 or June 30, 2021.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Expenditures for maintenance and repairs are expensed as incurred; additions, renewals, and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the declining balance method. The depreciable amount is the cost less its residual value.

The estimated useful lives are as follows:

Machinery and equipment	- 5 years
Furniture	- 7 years

Patents

Patents are stated at cost 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 patent costs as long as we are in the startup stage. Accordingly, as the Company's products are not currently approved for market, all patent costs incurred from 2013 through September 30, 2021 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.

PROPANC BIOPHARMA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

Employee Benefit/Liability

Liabilities arising in respect of wages and salaries, accumulated annual leave, accumulated long service leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured based on the employee's remuneration rates applicable at the reporting date. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. All employee liabilities are owed within the next twelve months.

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 September 30, 2021, and June 30, 2021, the Company was owed \$2,238 and \$4,341, 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 or around 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 interest expense.

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.

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 three months ended September 30, 2021 and 2020 were \$46,554 and \$50,846, respectively.

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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 tax benefit, in operations, upon receipt.

During each of the three months ended September 30, 2021 and 2020, the Company applied for, and received from the Australian Taxation Office, a research and development tax credit in the amount of \$0, which is reflected as a tax benefit in the accompanying unaudited 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.

Revenue Recognition

The Company adopted and implemented on July 1, 2018, ASC 606 – Revenue from Contracts with Customers ("ASC 606"). ASC 606 did not have a material impact on the consolidated financial statements.

Upon implementation of ASC 606, the Company recognizes revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Subject to these criteria, the Company intends to recognize revenue relating to royalties on product sales in the period in which the sale occurs and the royalty term has begun.

Legal Expenses

All legal costs for litigation are charged to expense as incurred.

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. In addition, the Company elected not to apply ASC Topic 842 to arrangements with lease terms of 12 months or less.

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 will be included in general and administrative expenses.

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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. 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. The securities for the period ended September 30, 2021 and 2020 were considered dilutive securities which were excluded from the computation since the effect is anti-dilutive.

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	(Unaudited)	(Unaudited)
Stock Options	59	60
Stock Warrants	111,932	135,725
Unvested restricted stock	59	117
Convertible Debt	23,293,971	510,674
Total	<u>23,406,021</u>	<u>646,576</u>

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.

In August 2020, the FASB issued ASU 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)". This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock. As well as amend the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. In addition, this ASU improves and amends the related EPS guidance. This standard is effective for us on July 1, 2022, including interim periods within those fiscal years. Adoption is either a modified retrospective method or a fully retrospective method of transition. The Company is currently assessing the impact the new guidance will have on our consolidated financial statements.

NOTE 2 – GOING CONCERN

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with US GAAP, which contemplate continuation of the Company as a going concern. For the three months ended September 30, 2021, the Company had no revenues, had a net loss of \$490,658, and had net cash used in operations of \$486,758. Additionally, as of September 30, 2021, the Company had a working capital deficit, stockholders' deficit and accumulated deficit of \$2,312,387, \$2,306,630 and \$58,804,968, 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 issue date of this Quarterly Report.

The unaudited 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.

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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 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2021 and June 30, 2021.

	<u>September 30, 2021</u> (Unaudited)	<u>June 30, 2021</u>
Office equipment at cost	\$ 27,532	\$ 28,623
Less: Accumulated depreciation	(23,939)	(24,368)
Total property, plant, and equipment	<u>\$ 3,593</u>	<u>\$ 4,255</u>

Depreciation expense for the three months ended September 30, 2021 and 2020 were \$509 and \$438, respectively.

NOTE 4 – DUE TO FORMER DIRECTOR - RELATED PARTY

Due to former 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 September 30, 2021 and June 30, 2021 were \$32,076 and \$33,347, respectively. The Company plans to repay the advances as its cash resources allow (see Note 9).

NOTE 5 – LOANS AND NOTES PAYABLE

Loan from Former Director - Related Party

Loan from the Company’s former director at September 30, 2021 and June 30, 2021 were \$53,384 and \$55,500, respectively. The loan bears no interest and is payable on demand. The Company did not repay any amount on this loan during the three months ended September 30, 2021 and 2020, respectively (see Note 9).

NOTE 6 – CONVERTIBLE NOTES

The Company’s convertible notes outstanding at September 30, 2021 and June 30, 2021 were as follows:

	<u>September 30, 2021</u> (Unaudited)	<u>June 30, 2021</u>
Convertible notes and debenture	\$ 377,780	\$ 400,128
Unamortized discounts	(7,565)	(6,139)
Accrued interest	37,348	34,098
Premium, net	177,045	196,496
Convertible notes, net	<u>\$ 584,608</u>	<u>\$ 624,583</u>

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Convertible Note Issued with Consulting Agreement

August 10, 2017 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 was August 2019 and is currently past due (see Note 8). 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 leaving a principal balance owed of \$9,000 at June 30, 2019. During the year ended June 30, 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 June 30, 2020 was \$8,500 and \$22,168, respectively.

On March 15, 2021, the Company entered into a Settlement and Mutual Release Agreement (the "Settlement Agreement") with the consultant whereby both parties agreed to settle all claims and liabilities under the August 10, 2017 Convertible note for a total of \$100,000 in the form of a convertible note. All other terms of the August 10, 2017 Convertible Note shall remain in full force and effect. Both parties agree that all future penalties under this note are waived unless the Company fails to authorize to distribute the requested shares upon conversion. The Company has the right to pay off the balance of any remaining amounts due under this note in cash at any time more than 60 days after March 15, 2021. Prior to the Settlement Agreement, the Company recorded total liabilities \$56,762 consisting of remaining principal amount of \$8,500, accrued interest of \$23,262 and accrued expenses of \$25,000. Accordingly, the Company recognized loss from settlement of debt of \$43,238 during the year ended June 30, 2021.

The total principal outstanding after adjustment due to the above-mentioned March 15, 2021 settlement agreement and accrued interest under the August 10, 2017 Convertible Note was \$80,000 and \$3,738, respectively, as of June 30, 2021 following conversion of \$20,000 of principal during the year ended June 30, 2021. The total principal amount outstanding under the August 10, 2017 Convertible Note was \$80,000 and accrued interest of \$7,381 as of as of September 30, 2021.

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 was August 30, 2020 and was currently past due. The August 30, 2019 Auctus Note bore interest at a rate of 10% per annum, but not payable until the August 30, 2019 Auctus Note became payable, whether at the maturity date or upon acceleration or by prepayment. The note was 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 was not paid when due shall bear interest at the rate of 24% per annum.

Additionally, Auctus had 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 or the date of payment of the Default Amount if an event of default occurs, which was 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, 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 was equal to the Variable Conversion Price of 60% of the Market Price on the date of conversion. 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.

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In connection with the issuance of the August 2019 Auctus Note, the Company issued common stock purchase warrants to Auctus to purchase 450 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 \$2,250. In connection with the issuance of the Note, the Company issued a common stock purchase warrant to Buyer to purchase 300 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 \$3,330. In connection with the issuance of the Note, the Company shall issue a common stock purchase warrant to Buyer to purchase 225 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 \$4,500. The First Warrant, Second Warrant, and Third Warrant were 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 \$375,905 using a simple binomial lattice model.

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 was 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 was 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 contained 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 accrued at a default interest rate of 24% per annum.

The total principal amount outstanding under the above Auctus financing agreement, specifically the August 30, 2019 Auctus Note, was \$358,965 and accrued interest of \$486 as of June 30, 2020 following conversion of \$191,035 of the principal balance and \$43,176 of accrued interest during the year ended June 30, 2020. Accordingly, \$127,356 of the put premium was released in respect of the August 30, 2019 Auctus Note during the year ended June 30, 2020 following conversion of the principal balance.

The total principal amount outstanding under the above Auctus financing agreement, specifically the August 30, 2019 Auctus Note, was \$32,848 and accrued interest of \$0 as of June 30, 2021 following conversion of \$326,117 of the principal balance and \$39,536 of accrued interest during the year ended June 30, 2021. Accordingly, \$217,411 of the put premium was released in respect of the August 30, 2019 Auctus Note during the year ended June 30, 2021 following conversion of the principal balance.

The total principal amount outstanding under the above Auctus financing agreement, specifically the August 30, 2019 Auctus Note, was \$0 and accrued interest of \$0 as of September 30, 2021 following conversion of \$32,848 of the principal balance and \$716 of accrued interest during the three months ended September 30, 2021. Accordingly, \$21,899 of the put premium was released in respect of the August 30, 2019 Auctus Note during the three months ended September 30, 2021 following conversion of the principal balance. Accordingly, there was no outstanding principal balance as of September 30, 2021.

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 was October 3, 2020 and is currently past due. 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.

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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 or the date the Default Amount is paid if an event of default occurs, 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, 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 was \$65,280 and accrued interest of \$7,232 as of as of June 30, 2020 following conversion of \$42,720 of the principal balance during the year ended June 30, 2020. Accordingly, \$28,480 of the put premium was released in respect of the October 3, 2019 Crown Bridge Note during the year ended June 30, 2020 following conversion of the principal balance.

There were 15,000 unissued shares which were considered issuable for accounting purposes during the 1st quarter of fiscal 2021 related to a conversion notice dated and received on September 16, 2020. In November 2020, the Company was notified by the note holder of the cancellation of this conversion notice as a result of the reverse stock split and as such the Company reversed the effects of this transaction thereby increasing the principal balance by \$9,600 and put premium by \$6,400 and a corresponding decrease in equity of \$16,000.

The total principal amount outstanding under the above Crown Bridge financing agreement was \$65,280 and accrued interest of \$16,138 as of June 30, 2021. The total principal amount outstanding under the above Crown Bridge financing agreement was \$65,280 and accrued interest of \$18,606 as of as of September 30, 2021.

GW Holdings Securities Purchase Agreements

December 10, 2020 Securities Purchase Agreement

Effective December 10, 2020, the Company entered into a securities purchase agreement with GW Holdings, pursuant to which GW Holdings purchased a convertible promissory note (the "December 10, 2020 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 anytime from the issuance of the December 10, 2020 GW Holdings Note. The transactions contemplated by the GW Holdings Securities Purchase Agreement closed on December 10, 2020. Pursuant to the terms of the GW Holdings Securities Purchase Agreement, the lender deducted \$6,000 from the principal payment due under the December 10, 2020 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 December 10, 2020 GW Note for general working capital purposes. The maturity date of the December 10, 2020 GW Holdings is December 10, 2021. The December 10, 2020 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 December 10, 2020 GW Holdings Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

The above notes issued to GW Holdings 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.

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

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The conversion price for the above GW Holdings notes 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.

These notes are treated as stock settled debt under ASC 480 and accordingly the Company recorded a total of \$87,333 put premium.

The total principal amount outstanding under the above December 10, 2020 GW Holdings financing agreement, was \$90,000 and accrued interest of \$4,636 as of June 30, 2021 following conversion of \$41,000 of the principal balance and \$1,084 of accrued interest during the year ended June 30, 2021. Accordingly, \$27,333 of the put premium was reclassified to additional paid in capital in respect of the October 1, 2019 GW Holdings Note during the year ended June 30, 2021 following conversion of the principal balance.

The total principal amount outstanding under the above December 10, 2020 GW Holdings financing agreement, was \$65,000 and accrued interest of \$4,174 as of September 30, 2021 following conversion of \$25,000 of the principal balance and \$2,091 of accrued interest during the three months ended September 30, 2021. Accordingly, \$16,667 of the put premium was reclassified to additional paid in capital in respect of the October 1, 2019 GW Holdings Note during the three months ended September 30, 2021 following conversion of the principal balance.

Geneva Roth Remark Securities Purchase Agreements

January 5, 2021 Securities Purchase Agreement

Effective January 5, 2021, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc., pursuant to which Geneva Roth purchased a convertible promissory note (the “January 5, 2021 Geneva Roth”) from the Company in the aggregate principal amount of \$68,500, such principal and the interest thereon convertible into shares of the Company’s common stock at the option of Geneva Roth any time after the six-month anniversary of the January 5, 2021 Geneva Roth. The January 5, 2021 Geneva Roth contained an original issue discount of \$3,500. The Company intended to use the net proceeds from the January 5, 2021 Geneva Roth for general working capital purposes. The maturity date of the January 5, 2021 Geneva Roth Note was January 5, 2022. The January 5, 2021 Geneva Roth Note bore interest at a rate of 8% per annum, which interest may be paid by the Company to Geneva Roth in shares of the Company’s common stock; but shall not be payable until the January 5, 2021 Geneva Roth Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

March 16, 2021 Securities Purchase Agreement

Effective March 16, 2021, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc., pursuant to which Geneva Roth purchased a convertible promissory note (the “March 16, 2021 Geneva Roth”) from the Company in the aggregate principal amount of \$63,500, such principal and the interest thereon convertible into shares of the Company’s common stock at the option of Geneva Roth any time after the six-month anniversary of the March 16, 2021 Geneva Roth. The March 16, 2021 Geneva Roth contained an original discount of \$3,500. The Company intended to use the net proceeds from the March 16, 2021 Geneva Roth for general working capital purposes. The maturity date of the March 16, 2021 Geneva Roth Note was March 16, 2022. The March 16, 2021 Geneva Roth Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Geneva Roth in shares of the Company’s common stock; but shall not be payable until the March 16, 2021 Geneva Roth Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

August 19, 2021 Securities Purchase Agreement

Effective August 19, 2021, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc., pursuant to which Geneva Roth purchased a convertible promissory note (the “August 19, 2021 Geneva Roth”) from the Company in the aggregate principal amount of \$103,750, such principal and the interest thereon convertible into shares of the Company’s common stock at the option of Geneva Roth any time after the six-month anniversary of the August 19, 2021 Geneva Roth. The August 19, 2021 Geneva Roth contains an original discount of \$3,750. The Company intends to use the net proceeds from the August 19, 2021 Geneva Roth for general working capital purposes. The maturity date of the August 19, 2021 Geneva Roth Note is August 19, 2022. The August 19, 2021 Geneva Roth Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Geneva Roth in shares of the Company’s common stock; but shall not be payable until the August 19, 2021 Geneva Roth Note becomes payable, whether at the maturity date or upon acceleration or by prepayment.

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September 22, 2021 Securities Purchase Agreement

Additionally, effective September 22, 2021, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc., pursuant to which Geneva Roth purchased a convertible promissory note (the "September 22, 2021 Geneva Roth") from the Company in the aggregate principal amount of \$63,750, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Geneva Roth any time after the six-month anniversary of the September 22, 2021 Geneva Roth. The September 22, 2021 Geneva Roth contains an original discount of \$3,750. The Company intends to use the net proceeds from the September 22, 2021 Geneva Roth for general working capital purposes. The maturity date of the September 22, 2021 Geneva Roth Note is September 22, 2022. The September 22, 2021 Geneva Roth Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Geneva Roth in shares of the Company's common stock; but shall not be payable until the September 22, 2021 Geneva Roth 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 these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under the above notes issued to Geneva Roth, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium ranging from 110% to 129% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay such notes.

The conversion price for the above Geneva Roth notes shall be equal to a 35% discount of the market price based on the average of the lowest three trading prices of the Common Stock for the ten trading days immediately prior to the delivery of a Notice of Conversion. Notwithstanding the foregoing, Geneva Roth shall be restricted from effecting a conversion if such conversion, along with other shares of the Company's common stock beneficially owned by Geneva Roth and its affiliates, exceeds 9.99% of the outstanding shares of the Company's common stock. These notes are treated as stock settled debt under ASC 480 and accordingly the Company recorded a total of \$161,269 put premium for the four notes.

The above Geneva Roth 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 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 amounts outstanding under the above Geneva Roth financing agreements were \$132,000 and accrued interest of \$3,477 as of June 30, 2021 following conversion of \$78,000 of the principal balance and \$3,120 accrued interest during the year ended June 30, 2021. Accordingly, \$42,000 of the put premium was released in respect of the Geneva Roth financing agreements during the year ended June 30, 2021 following conversion of the principal balance.

The total principal amounts outstanding under the above Geneva Roth financing agreements were \$167,500 and accrued interest of \$1,081 as of September 30, 2021 following conversion of \$132,000 of the principal balance and \$5,280 accrued interest during the three months ended September 30, 2021. Accordingly, \$71,077 of the put premium was released in respect of the Geneva Roth financing agreements during the three months ended September 30, 2021 following conversion of the principal balance.

Amortization of debt discounts

The Company recorded \$7,500 and \$0 of debt discounts (including warrants, derivatives, debt issue costs and original issue discounts) related to the above note issuances during the three months ended September 30, 2021 and 2020, respectively. The Company recorded \$90,192 and \$0 of put premiums related to the above note issuances during the three months ended September 30, 2021 and 2020, respectively. 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 three months ended September 30, 2021 and 2020 was \$6,074 and \$121,281, respectively.

The Company reclassified \$109,643 and \$204,919 in put premiums to additional paid in capital following conversions during the three months ended September 30, 2021 and 2020, respectively.

NOTE 7 – STOCKHOLDERS' DEFICIT

Increase in Authorized Shares of Common Stock and 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 with the amendment to the authorized shares being approved by the State of Delaware on March 13, 2020.

On November 17, 2020, the Company effected a one-for-one thousand (1:1,000) reverse stock split of the Company's issued and outstanding shares of common stock (the "Reverse Stock Split"). 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.

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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 and Chief Financial Officer, beneficially owns all of the outstanding 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, Chief Financial 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 September 30, 2021 and June 30, 2021.

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 September 30, 2021 and June 30, 2021. Mr. Nathanielsz directly beneficially owns such one share of Series B Preferred Stock.

No additional shares of Series A Preferred Stock or Series B Preferred Stock were issued during the three months ended September 30, 2021 and fiscal year 2021.

Common Stock:

Shares issued for conversion of convertible debt

From July 1, 2021 through September 30, 2021, the Company issued an aggregate of 9,445,009 shares of its common stock at an average contractual conversion price of \$0.02, ranging from \$0.02 to \$0.04, as a result of the conversion of principal of \$189,849, interest of \$8,087 and conversion fees \$2,250 underlying certain outstanding convertible notes converted during such period. The total recorded to equity was \$200,186.

The Company reclassified \$109,643, net of reversal of put premium upon cancellation of conversion notices by two lenders discussed above, to additional paid in capital following conversions during the three months ended September 30, 2021.

The Company has 197,308,116 shares of its common stock reserved for future issuances based on lender reserve requirements pursuant to underlying financing agreements at September 30, 2021.

Shares issued for services and accrued expenses

On August 12, 2021, the Board approved the issuance of 2,800,000 shares of the Company’s common stock for bonus payable of \$84,000 as of June 30, 2021 to an employee who is the wife of the CEO of the Company. The 2,800,000 shares of common stock were valued at approximately \$0.03 per share or \$87,920, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021. The Company recorded stock-based compensation of \$3,920 during the three months ended September 30, 2021 and reclassified bonus payable of \$84,000 to additional paid in capital upon issuance.

On August 12, 2021, the Board approved the issuance of 166,667 shares of the Company’s common stock for legal services rendered for the month of August 2021. The 166,667 shares of common stock were valued at approximately \$0.05 per share or \$7,883, being the closing price of the stock on August 31, 2021, the date of grant. The shares were issued on September 3, 2021. The Company recorded stock-based compensation of \$7,883 during the three months ended September 30, 2021.

In September 2021, the Company issued 2,819,712 shares of the Company’s common stock to a consultant for services rendered from July 2021 to September 2021. The Company issued 2,819,712 shares of the Company’s common stock valued at approximately \$0.04 per share or \$104,611, being the closing price of the stock on the date of grant to such consultant. The Company recorded stock-based compensation of \$104,611 during the three months ended September 30, 2021.

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Nathanielsz Cancellation Agreement

On August 12, 2021, the Company entered into a Cancellation Agreement with James Nathanielsz (“Nathanielsz”), Chief Executive Officer and Director of the Company, whereby Nathanielsz agreed to cancel his cash compensation bonus award for fiscal year 2021, ended June 30, 2021, in exchange for common stock of the Company. The Company and Nathanielsz entered into an Amended and Restated Employment Agreement dated May 14, 2019 (the “Agreement”). Pursuant to the terms of the Agreement, Nathanielsz was eligible to earn an annual fiscal year cash performance bonus for each fiscal year of his employment period with the Company with a target performance bonus of 200% of his average annualized base salary during the fiscal year for which the performance bonus is earned. On July 20, 2021, Nathanielsz was awarded a “target” bonus of 78%, or \$177,840 USD (the “Debt”) for the fiscal year ended June 30, 2021, by the Company’s Board of Directors (the “Board”). Pursuant to the Cancellation Agreement, Nathanielsz agreed to cancel this Debt in exchange for 5,928,000 shares of the common stock of the Company (the “Shares”), valued at approximately \$0.03 per share or \$186,139, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021. The Company recorded stock-based compensation of \$8,299 during the three months ended September 30, 2021 and reclassified bonus payable of \$177,840 to additional paid in capital upon issuance.

Kenyon Cancellation Agreement

On August 12, 2021, the Company entered into a Cancellation Agreement with Dr. Julian Kenyon (“Kenyon”), Chief Scientific Officer and Director of the Company, whereby Kenyon agreed to cancel of \$102,600 USD of accrued salary due him as of June 30, 2021, pursuant to that certain Amended and Restated Services Agreement by and between Kenyon and the Company, dated May 14, 2019, in exchange for 3,420,000 shares of common stock of the Company (the “Shares”), valued at approximately \$0.03 per share or \$107,388, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021. The Company recorded stock-based compensation of \$4,788 during the three months ended September 30, 2021 and reclassified accrued expenses of \$102,600 to additional paid in capital upon issuance.

Zelinger Amended and Restated Director Agreement

On August 12, 2021, the Company entered into an Amended and Restated Director Agreement (the “Director Agreement”) with Josef Zelinger (“Zelinger”). Pursuant to the terms of the Director Agreement, the Company shall pay Zelinger a base salary of \$250.00 AUD (\$184 USD) per month, payable on the first day of each month. In addition, the Company may compensate Zelinger additional consideration for advisory services performed by the Director, either in the form of cash or common stock, at the discretion of the Board. The Company issued 2,800,000 shares of common stock of the Company for accrued director services of \$84,000 as of June 30, 2021. The 2,800,000 shares of common stock were valued at approximately \$0.03 per share \$87,920, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021. The shares were issued on August 17, 2021. The Company recorded stock-based compensation of \$3,920 during the three months ended September 30, 2021 and reclassified accrued expenses of \$84,000 to additional paid in capital upon issuance.

Shares issued for exercise of warrants

From July 9, 2021 through September 27, 2021, the Company received aggregate gross proceeds of \$275,000 and subscription receivable of \$100,000 from the exercise of 9,375 Series B Warrants and issued 6,875 shares of common stock and 2,500 shares of common stock issuable as of September 30, 2021.

During the three months ended September 30, 2021, additionally, the Company issued 2,399,988 shares of common stock and 1,999,990 shares of common stock issuable from the alternate cashless exercise of 22 Series A warrants. The Company recognized the value of the effect of a down round feature in such warrants when triggered. Upon the occurrence of the triggering event that resulted in a reduction of the strike price, the Company measured the value of the effect of the feature as the difference between the fair value of the warrants without the down round feature or before the strike price reduction and the fair value of the warrants with a strike price corresponding to the reduced strike price upon the down round feature being triggered. Accordingly, the Company recognized deemed dividend of \$114,844 and a corresponding reduction of income available to common stockholders upon the alternate cashless exercise of these warrants.

A total of 2,002,490 common stock issuable were issued in October 2021. The Company collected the \$100,000 subscription receivable in October 2021.

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Warrants:

The following table summarizes warrant activity for the three months ended September 30, 2021:

	Number of Shares	Weighted Average Price Per Share
Outstanding at June 30, 2021	121,329	\$ 179.63
Issued	-	-
Exercised	(9,397)	40.37
Forfeited	-	-
Expired	-	-
Outstanding at September 30, 2021	<u>111,932</u>	<u>\$ 191.32</u>
Exercisable at September 30, 2021	<u>76,933</u>	<u>\$ 278.36</u>
Outstanding and Exercisable:		
Weighted average remaining contractual term	1.52	
Aggregate intrinsic value	<u>\$ -</u>	

No stock warrants were granted during the three months ended September 30, 2021.

Options:

A summary of the Company's option activity during the three months ended September 30, 2021 is presented below:

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding at June 30, 2021	59	\$ 13,730
Issued	-	-
Exercised	-	-
Forfeited	-	-
Expired	-	-
Outstanding at September 30, 2021	<u>59</u>	<u>\$ 4,533.33</u>
Exercisable at September 30, 2021	39	\$ 4,530.93
Outstanding and Exercisable:		
Weighted average remaining contractual term	7.62	
Weighted average fair value of options granted during the period	<u>\$ -</u>	
Aggregate intrinsic value	<u>\$ -</u>	

During the three months ended September 30, 2021 and 2020, the Company recognized stock-based compensation of \$20,718 and \$20,718, respectively related to vested stock options. There was \$51,796 of unvested stock options expense as of September 30, 2021 that will be recognized through May 2022 or 0.62 years.

No stock options were granted during the three months ended September 30, 2021.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, the Company may be subject to litigation and claims arising in the ordinary course of business. The Company is not currently a party to any material legal proceedings and the Company is not aware of any pending or threatened legal proceeding against the Company that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

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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 September 30, 2021 and June 30, 2021 consolidated balance sheet. The Company recorded the penalties for all three years during the year ended June 30, 2018. The Company is current on all subsequent filings. The Company's tax advisor is awaiting a response from the IRS on this matter.

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.

Collaboration Agreement

On September 13, 2018, the Company entered into a two-year collaboration agreement with the University of Jaén (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 and a maximum of 40,000 Euros (\$45,775 USD) in year two. The Company paid 31,754 Euros (\$36,117 USD) in 2019 and has accrued 28,493 Euros (\$24,043 USD) as of June 30, 2021. Additionally, in exchange for full ownership of the intellectual property the Company agreed to pay royalties of 2% of net revenues to the University. On October 1, 2020, the Company entered into another two-year collaboration agreement with the University of Jaén to provide certain research services to the Company. In consideration of such services, the Company agreed to pay the University approximately 30,000 Euros (\$35,145 USD) which shall be paid in four installment payment of 5,000 Euros in November 2020, 5,000 Euros (\$5,858) in March 2021, 10,000 Euros (\$11,715) in December 2021 and 10,000 Euros (\$11,715) in September 2022. Additionally, the University shall hire and train a doctoral student for this project and as such the Company shall pay the University 25,837 Euros (\$30,268 USD). In exchange for full ownership of the intellectual property the Company agreed to pay royalties of 2% of net revenues to the University.

NOTE 9 – 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 September 30, 2021 and June 30, 2021, the Company owed its former director a total of \$53,384 and \$55,500, respectively, for money loaned to the Company throughout the years. The total loans balance owed at September 30, 2021 and June 30, 2021 is not interest bearing (See Note 5 – Loans and Notes Payable).

As of September 30, 2021 and June 30, 2021, the Company owed its former director a total of \$32,076 and \$33,347, respectively, related to expenses paid on behalf of the Company related to corporate startup costs and intellectual property (See Note 4 – Due to Former Director – Related Party).

On May 6, 2021, 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 one-year term commencing May 6, 2021, and the Company is currently obligated to pay \$3,606 AUD or \$2,431 USD (depending on exchange rate), inclusive of tax, in rent per month. During the three months ended September 30, 2021 and 2020, rent expense amounted \$7,735 USD and \$9,204 USD. As of September 30, 2021, total rent payable of \$84,000 AUD (\$60,598 USD) is included in accrued expenses in the accompanying condensed consolidated balance sheet.

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Employment and Services Agreements with Management

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 September 30, 2021 as amended May 14, 2019 (see below). 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 \$120,000 AUD (\$80,904 USD) 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 three months ended September 30, 2021, a total of \$7,689 AUD (\$5,651 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 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 \$221,890 AUD (\$166,418 USD) in payments were made against the bonuses during the year ended June 30, 2021 resulting in a remaining balance of \$422,610 AUD (\$316,957 USD) bonus payable as of June 30, 2021. On August 12, 2021, the Board approved a bonus of \$177,840 USD. On August 12, 2021, pursuant to the Cancellation Agreement, Mr. Nathanielsz agreed to cancel \$177,840 of the bonus payable in exchange for 5,928,000 shares of the common stock of the Company (see Note 7). A total of \$42,500 AUD (\$30,660 USD) in payments were made against the bonuses during the three months ended September 30, 2021 which resulted to a remaining balance of \$142,990 AUD (\$103,153 USD) bonus payable as of September 30, 2021 which is included in accrued expenses in the accompanying condensed consolidated balance sheet.

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 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 \$4,250), the date of approval of such grant by the Company’s board of directors), (ii) 39 restricted stock units of the Company (the “Initial Nathanielsz RSUs”), and (iii) an additional 39 restricted stock units of the Company (the “Additional Nathanielsz RSUs”). Such options and restricted stock units were granted pursuant to the 2019 Plan 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) 7.80 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) 7.80 of the Additional Nathanielsz RSUs shall vest upon the CTA being approved in an applicable jurisdiction, (iii) 7.80 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) 7.80 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 7.80 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 39 vested restricted stock unit are considered issuable as of September 30, 2021.

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Amended and Restated Services Agreement - On May 14, 2019, 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 20 shares of the Company’s common stock (the “Kenyon Options”), with an exercise price per share of \$4,250 (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) 20 restricted stock units of the Company (the “Initial Kenyon RSUs”), and (iii) an additional 20 restricted stock units of the Company (the “Additional Kenyon RSUs”). Such options and restricted stock units were granted pursuant to the 2019 Plan 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) 5 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) 5 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) 5 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 5 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 20 vested restricted stock unit are considered issuable as of September 30, 2021. As of June 30, 2021, total accrued salaries of \$135,000 AUD (\$101,250 USD) was included in accrued expenses. On August 12, 2021, pursuant to the Cancellation Agreement, Mr. Kenyon agreed to cancel accrued salaries of \$102,600 in exchange for 3,420,000 shares of the common stock of the Company (see Note 7). As of September 30, 2021, total accrued salaries of \$13,500 AUD (\$9,739 USD) was included in accrued expenses in the accompanying condensed consolidated balance sheet.

Intercompany Loans

All Intercompany loans were made by the parent to the subsidiary, Propanc PTY LTD, which have not been repaid as of September 30, 2021. Effective fiscal year 2021, the parent company determined that intercompany loans will not be repaid in the foreseeable future and thus, per ASC 830-20-35-3, gains and losses from measuring the intercompany balances are recorded within cumulative translation adjustment, a component of other comprehensive income.

NOTE 10 – 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 September 30, 2021.

The Company primarily relied on funding from one convertible debt lender and received proceeds after deductions of \$7,500 for original issue discounts and debt issue costs during the three months ended September 30, 2021 from a lender of \$160,000 which represents approximately 100% of total proceeds received by the Company during the three months ended September 30, 2021.

The Company did not receive any funding from lenders during the three months ended September 30, 2020.

Receivable Concentration

As of September 30, 2021 and June 30, 2021, 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, India and Brazil. In Canada, the patent application remains under examination.

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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.

In July 2020, a world first patent was granted in Australia for the cancer treatment method patent family. Presently, there are 31 granted patents and 34 patents under examination in key global jurisdictions relating to the use of proenzymes against solid tumors, covering the lead product candidate PRP.

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 September 30, 2021 and June 30, 2021, 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 September 30, 2021 and June 30, 2021, there has been no activity within this entity.

NOTE 11 - DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Derivative Financial Instruments:

The Company applies the provisions of ASC 815-40, *Contracts in Entity’s Own Equity*, under which convertible instruments and warrants, which contain terms that protect holders from declines in the stock price (reset provisions), may not be exempt from derivative accounting treatment. As a result, warrants and embedded conversion options in convertible debt are recorded as a liability and are revalued at fair value at each reporting date. If the fair value of the warrants exceeds the face value of the related debt, the excess is recorded as change in fair value in operations on the issuance date. The Company had \$80,000 (1 note) of convertible debt, which is treated as derivative instruments outstanding at September 30, 2021 and June 30, 2021.

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 September 30, 2021, the last trading day of the period ended September 30, 2021, was \$0.026. The Volatility, expected remaining term and risk-free interest rates used to estimate the fair value of derivative liabilities at September 30, 2021 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 three months ended September 30, 2021)	September 30, 2021
Volatility	-	206.00%
Expected Remaining Term (in years)	-	0.01
Risk Free Interest Rate	-	0.07%
Expected dividend yield	None	None

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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 September 30, 2021 and June 30, 2021:

	<u>Balance at September 30, 2021</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Embedded conversion option liabilities	\$ 58,124	\$ —	\$ —	\$ 58,124
Total	<u>\$ 58,124</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 58,124</u>

	<u>Balance at June 30, 2021</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Embedded conversion option liabilities	\$ 54,220	\$ —	\$ —	\$ 54,220
Total	<u>\$ 54,220</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 54,220</u>

The following is a roll forward for the three months ended September 30, 2021 of the fair value liability of price adjustable derivative instruments:

	<u>Fair Value of Liability for Derivative Instruments</u>
Balance at June 30, 2021	\$ 54,220
Change in fair value included in statements of operations	3,904
Balance at September 30, 2021	<u>\$ 58,124</u>

NOTE 12 – SUBSEQUENT EVENTS

Exercise of Warrants

In October 2021, the Company issued 2,199,989 shares of common stock from the alternate cashless exercise of 11 Series A warrants.

Note Conversions

In October 2021, the Company issued an aggregate of 1,818,097 shares of its common stock at an average contractual conversion price of \$0.01, as a result of the conversion of principal of \$25,000, interest of \$1,726 and conversion fees \$0 underlying certain outstanding convertible notes converted during such period. The Company reclassified \$16,667 in put premiums to additional paid in capital following these conversions.

Common Stock Issuable

The 2,002,490 shares of common stock issuable as of September 30, 2021 were issued in October 2021.

Consulting Agreement

On October 1, 2021, the Company entered into a consulting agreement (the "Consulting Agreement") with a consultant who will assist in the development of the Company's business and financing activities. The consultant will serve initially as an independent contractor, and upon certain mutually agreed upon conditions being met, will be appointed Vice Chairman, President and Interim CFO. The term of the Consulting Agreement shall be for three years commencing on October 1, 2021, and can be terminated by either party upon 30 day written notice. The monthly payment per the Consulting Agreement is \$7,000. The Company will also issue shares of common stock equal to 1% of the total issued and outstanding shares at the end of each year of service.

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October 21, 2021 Securities Purchase Agreement

Effective October 21, 2021, the Company entered into a securities purchase agreement with Sixth Street Lending LLC (“Sixth Street”), pursuant to which Sixth Street purchased a convertible promissory note (the “October 21, 2021 Sixth Street”) from the Company in the aggregate principal amount of \$63,750, such principal and the interest thereon convertible into shares of the Company’s common stock at the option of Sixth Street any time after the six-month anniversary of the October 21, 2021 Sixth Street. The October 21, 2021 Sixth Street contains an original discount of \$3,750. The Company intends to use the net proceeds from the October 21, 2021 Sixth Street for general working capital purposes. The maturity date of the October 21, 2021 Sixth Street Note is October 21, 2022. The October 21, 2021 Sixth Street Note bears interest at a rate of 8% per annum, which interest may be paid by the Company to Sixth Street in shares of the Company’s common stock; but shall not be payable until the October 21, 2021 Sixth Street 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 these notes, the Company has the right to prepay the principal and accrued but unpaid interest due under the above notes issued to Sixth Street, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium ranging from 110% to 129% as defined in the note agreement. After this initial 180-day period, the Company does not have a right to prepay such notes.

The conversion price for the above Sixth Street notes shall be equal to a 35% discount of the market price which means the average of the lowest three trading prices of the Common Stock for the ten trading days immediately prior to the delivery of a Notice of Conversion. Notwithstanding the foregoing, Sixth Street shall be restricted from effecting a conversion if such conversion, along with other shares of the Company’s common stock beneficially owned by Sixth Street and its affiliates, exceeds 9.99% of the outstanding shares of the Company’s common stock. These notes are treated as stock settled debt under ASC 480 and accordingly the Company recorded a total of \$34,327 put premium.

The above Sixth Street 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 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.

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

Special Note Regarding Forward-Looking Information

The following discussion and analysis of the results of operations and financial condition of Propanc Biopharma, Inc., and its wholly-owned Australian subsidiary, Propanc PTY LTD (“Propanc” or the “Company”) as of September 30, 2021 for the three months ended September 30, 2021 and 2020 should be read in conjunction with our unaudited financial statements and the notes to those unaudited financial statements that are included elsewhere in this Quarterly Report on Form 10-Q. References in this Management’s Discussion and Analysis of Financial Condition and Results of Operations to “us”, “we”, “our” and similar terms refer to Propanc. This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words “may,” “will,” “expect,” “believe,” “anticipate,” “project,” “plan,” “intend,” “estimate,” and “continue,” and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties set forth under Item 1A. Risk Factors in the Company’s section captioned “Risk Factors” of our Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission (“SEC”) on September 28, 2021, and matters described in this Quarterly Report generally.

Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. Except as required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

U.S. Dollars are denoted herein by “USD,” “\$” and “dollars”.

COVID-19

At Propanc, our highest priority remains the safety, health and well-being of our employees, their families and our communities. The COVID-19 pandemic is a highly fluid situation and it is not currently possible for us to reasonably estimate the impact it may have on our financial and operating results. We will continue to evaluate the impact of the COVID-19 pandemic on our business as we learn more and the impact of COVID-19 on our industry becomes clearer. We are complying health guidelines regarding safety procedures, including, but are not limited to, social distancing, remote working, and teleconferencing. The extent of the future impact of the COVID-19 pandemic on our business is uncertain and difficult to predict. Adverse global economic and market conditions as a result of COVID-19 could also adversely affect our business. If the pandemic continues to cause significant negative impacts to economic conditions, our results of operations, financial condition and liquidity could be adversely impacted.

Overview

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.

Recent Developments

On October 1, 2020, the Company entered into a two-year collaboration agreement with the University of Jaén (the “University”) to provide certain research services to the Company. In consideration of such services, the Company agreed to pay the University approximately 30,000 Euros (\$35,145 USD) which shall be paid in four installment payments of 5,000 Euros in November 2020, 5,000 Euros (\$5,858) in March 2021, 10,000 Euros (\$11,715) in December 2021 and 10,000 Euros (\$11,715) in September 2022. Additionally, the University shall hire and train a doctoral student for this project and as such the Company shall pay the University 25,837 Euros (\$30,268 USD). In exchange for full ownership of the intellectual property, the Company agreed to pay royalties of 2% of net revenues to the University.

On May 11, 2021, the Company’s scientific researchers with the Universities of Jaén and Granada, published data in a peer reviewed journal, *Expert Opinion on Biological Therapy*, confirming the anti-tumor potential of a mixture of two pancreatic proenzymes trypsinogen and chymotrypsinogen. Treatment with proenzymes sensitizes cancer stem cells which may allow standard treatment approaches like chemotherapy and radiotherapy to be more effective.

Between August 2020 to November 2021, advancements were made with the Company's patent portfolio including allowed claims describing a pharmaceutical composition for treating cancer in Brazil and a divisional application covering additional claims describing a pharmaceutical composition for treating cancer was granted in China (both covering the Company's lead patent application), a first granted patent describing a method to treat cancer stem cells in Australia, and granted patents in Australia, Indonesia and Singapore, citing higher doses of a pharmaceutical composition. The advancements represent three of four patent families covering the Company's lead product, PRP.

In November 2021, a Strategic Advisor to the Propanc Biopharma Executive team was appointed to initiate the process of establishing a wholly owned, US based, R&D operating subsidiary, located in New Jersey. The Strategic Advisor will oversee establishment of the R&D operating subsidiary and identify strategic partners to assist with financing and resourcing to advance PRP towards a First-In-Human study for advanced cancer patients suffering from solid tumors.

Results of Operations

The following discussion should be read in conjunction with the Company's unaudited consolidated financial statements and notes thereto included elsewhere in this Report. The results discussed below are of the Company and its wholly-owned Australian subsidiary, Propanc PTY LTD.

Three months ended September 30, 2021, as compared to the Three months ended September 30, 2020

Revenue

For the three and three months ended September 30, 2021 and 2020, we generated no revenue because we are currently undertaking research and development activities for market approval and no sales were generated in this period.

Administration Expense

Administration expense increased to \$431,740 for the three months ended September 30, 2021 as compared to \$323,111 for the three months ended September 30, 2020. This decrease of approximately \$109,000 is primarily attributable to an increase of approximately \$133,000 in stock-based expenses for services and increase in other general and administrative expenses of approximately \$3,000, offset by decrease in general consulting, legal and investor relation fees of approximately \$1,000, decrease in accounting fees of approximately \$13,000, and decrease in approximately \$13,000 in employee remuneration expense.

Occupancy Expense

Occupancy expense decreased by \$1,468 to \$7,736 for the three months ended September 30, 2021. The decrease primarily relates to exchange rate movements over the period when compared to the same period in 2020.

Research and Development Expenses

Research and development expenses were \$46,554 for the three months ended September 30, 2021, as compared to \$50,846 for the three months ended September 30, 2020, a decrease of approximately \$4,000. The research and development expenses incurred are primarily attributable to research and development expenses incurred in relation to the two-year collaboration agreement we entered with University of Jaén in October 2020.

Interest Expense/Income

Interest expense decreased to \$109,853 for the three months ended September 30, 2021, as compared to \$159,281 for the three months ended September 30, 2020, respectively. Interest expense is primarily comprised of approximately \$6,000 and \$90,000 of debt discount amortization and accretion of put premium for the three months ended September 30, 2021 and interest expense from conversion fees of \$2,000 and accrual of interest expense for approximately \$11,000 for the three months ended September 30, 2021.

This decrease is primarily attributable to a decrease in amortization of debt discount of approximately \$115,000 for three months ended September 30, 2021, decrease in prepayment penalty fees of approximately \$13,000 and decrease in conversion fees of \$4,000 offset by increases in accretion of put premium interest expense of approximately \$90,000, and accrual of interest expense for a total of \$7,000 for the three months ended September 30, 2021.

Change in Fair Value of Derivative Liabilities

Change in fair value of derivative liabilities changed by \$68,856, to a loss of \$3,904 for the three months ended September 30, 2021, as compared to a gain of \$64,952 for the three months ended September 30, 2020. This change is primarily attributable to an increase in fair value of the principal amount of a convertible note with bifurcated embedded conversion option derivatives during the three months ended September 30, 2021.

Gain (loss) on Extinguishment of Debt, net

During the three months ended September 30, 2020, notes were converted with principal amounts totaling \$75,000 and accrued interest of \$3,000 contained bifurcated embedded conversion option derivatives. Accordingly, the fair market value of the shares issued was \$134,155 resulting in a loss on extinguishment at the time of conversion of \$56,155 and \$106,140 of derivative fair value was recorded as a gain on extinguishment at the time of conversion.

During the three months ended September 30, 2021, there were no notes converted that contained bifurcated embedded conversion option derivatives.

Foreign Currency Transaction Gain (Loss)

Foreign currency transaction increased to a gain of \$109,129 for the three months ended September 30, 2021 as compared with \$1,960 for the three months ended September 30, 2020.

The foreign currency transaction decreased to a gain is partially attributable to the increase in exchange rates during the three months ended September 30 2021, as compared to the three months ended September 30, 2020.

Net loss

Net loss increased to \$490,658 for the three months ended September 30, 2021 as compared to a net loss of \$425,545 for the three months ended September 30, 2020. The change relates to the factors discussed above.

Deemed dividend

The Company recognized the value of the effect of a down round feature related to our Series A warrants when triggered. Upon the occurrence of the triggering event that resulted in a reduction of the strike price, the Company measured the value of the effect of the feature as the difference between the fair value of the warrants without the down round feature or before the strike price reduction and the fair value of the warrants with a strike price corresponding to the reduced strike price upon the down round feature being triggered. Accordingly, the Company recognized deemed dividend of \$114,844 and a corresponding reduction of income available to common stockholders upon the alternate cashless exercise of these warrants.

Net loss available to common stockholders

Net loss available to common stockholders increased to \$605,502 for the three months ended September 30, 2021 as compared to a net loss available to common stockholders of \$425,545 for the three months ended September 30, 2020. The change relates to the factors discussed above.

Liquidity and Capital Resources

Current Financial Condition

As of September 30, 2021, we had total assets of \$62,165, comprised primarily of cash of \$45,817, GST tax receivable of \$2,238, prepaid expenses and other current assets of \$8,353, property and equipment, net, of \$3,593 and security deposit of \$2,164. As compared to June 30, 2021, we had total assets of \$13,101, comprised primarily of cash of \$2,255, GST tax receivable of \$4,341, property and equipment, net, of \$4,255 and security deposit of \$2,250.

We had current liabilities of \$2,368,795, primarily comprised of net convertible debt of \$584,608, accounts payable and accrued expenses of \$1,233,959, employee benefit liability of \$406,644, and embedded conversion option liabilities of \$58,124 as of September 30, 2021. As compared to June 30, 2021, 3,080,674, primarily comprised of net convertible debt of \$624,583, accounts payable and accrued expenses of \$1,894,486, employee benefit liability of \$418,538, and embedded conversion option liabilities of \$54,220 as of June 30, 2021.

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 three months ended September 30, 2021 we received proceeds from exercise of warrants of \$275,000 and net proceeds from issuance of convertible notes of \$160,000.

We have substantial capital resource requirements and have incurred significant losses since inception. As of September 30, 2021, we had \$45,817 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 Three months ended September 30,	
	2021	2020
Net cash used in operating activities	\$ (486,758)	\$ (179,949)
Net cash used in investing activities	\$ -	\$ -
Net cash provided by financing activities	\$ 435,000	\$ 158,044
Effect of exchange rate changes on cash	\$ 95,320	\$ 6,116

Net Cash Flow from Operating Activities

Net cash used in operating activities was \$486,758 for the three months ended September 30, 2021, due to our net loss of \$490,658 offset primarily by non-cash charges of amortization of debt discount of \$6,074, stock-based compensation of \$154,140 non-cash interest expense of \$2,250, accretion of put premium of \$90,192, change in fair value of derivatives of \$3,904 addback foreign currency transaction gain of \$109,129. Net changes in operating assets and liabilities totaled \$144,040, which is primarily attributable to increase in prepaid expense of \$8,353, increase accrued interest of \$11,338 offset by decrease in accounts payable of \$137,927 and decrease in accrued expenses of \$15,102.

Net cash used in operating activities was \$179,949 for the three months ended September 30, 2020, due to our net loss of \$425,545 offset primarily by non-cash charges of amortization of debt discount of \$121,281, stock-based compensation of \$20,718, non-cash interest expense of \$6,750 addback \$64,952 of change in fair value of derivatives and \$49,985 gain on extinguishment of debt. Net changes in operating assets and liabilities totaled \$213,306, which is primarily attributable to increase in accounts payable of \$53,576, employee benefit liability of \$10,544, accrued expenses of \$133,046, and accrued interest of \$16,262.

Net Cash Flow from Financing Activities

Cash flows provided by financing activities for the three months ended September 30, 2021 were \$435,000 as compared to \$158,044 for the three months ended September 30, 2020. During the three months ended September 30, 2021 we received proceeds from the exercise of warrants of \$275,000 and net proceeds from issuance of convertible notes of \$160,000. During the three months ended September 30, 2020 we received proceeds from the exercise of warrants of \$201,044 offset by repayments of convertible notes of \$43,000.

Effect of Exchange Rate

The effect of the exchange rate on cash resulted in a \$95,320 positive adjustment to cash flows in the three months ended September 30, 2021 as compared to an adjustment of \$6,116 to cash flows in the three months ended September 30, 2020. 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

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): The Company's wholly owned subsidiary's functional currency is the AUD. For financial reporting purposes, the Australian Dollar ("AUD") has been translated into USD as the Company's 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). Effective fiscal year 2021, the parent company determined that intercompany loans will not be repaid in the foreseeable future and thus, per ASC 830-20-35-3, gains and losses from measuring the intercompany balances are recorded within cumulative translation adjustment, a component of other comprehensive income.

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 or around 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 record the put premium as accretion to interest expense.

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.

Going Concern Qualification

We did not generate any revenue for the three months ended September 30, 2021 and 2020 and have incurred significant losses and cash used in operations, and such losses and use of cash are expected to continue. Our independent registered public accounting firm has included a “Going Concern Qualification” in their audit report for each of the fiscal years ended June 30, 2021 and 2020. 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 for a period of 12 months from the issue date of this report. 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 and/or to consummate a public offering. Management is currently seeking additional funds, primarily through the issuance of equity and/or debt securities for cash to operate our business. No assurance can be given that any future financing will be available or, if available, that it will be 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 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 September 30, 2021, 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 financial statements for the fiscal years ended June 30, 2021 and 2020, 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 September 30, 2021:

- 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.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

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. There is no action, suit, or proceeding by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or our subsidiary, threatened against or affecting our Company, our common stock, our subsidiary or of our companies or our subsidiary's officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 1A. Risk Factors.

We are not required to provide this information as we are a smaller reporting company.

COVID-19

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.

Shares issued for conversion of convertible debt

From July 1, 2021 through September 30, 2021, the Company issued an aggregate of 9,445,009 shares of its common stock at an average contractual conversion price of \$0.02, ranging from \$0.02 to \$0.04, as a result of the conversion of principal of \$189,849, interest of \$8,087 and conversion fees \$2,250 underlying certain outstanding convertible notes converted during such period.

Shares issued for services

On August 12, 2021, the Board approved the issuance of 2,800,000 shares of the Company's common stock for bonus payable of \$84,000 as of June 30, 2021 to an employee who is the wife of the CEO of the Company. The 2,800,000 shares of common stock was valued at approximately \$0.03 per share or \$87,920, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021.

On August 12, 2021, the Board approved the issuance of 166,667 shares of the Company's common stock for legal services rendered for the month of August 2021. The 166,667 shares of common stock was valued at approximately \$0.05 per share or \$7,883, being the closing price of the stock on August 31, 2021, the date of grant. The shares were issued on September 3, 2021.

On August 12, 2021, the Company entered into a Cancellation Agreement with James Nathanielsz ("Nathanielsz"), Chief Executive Officer and Director of the Company, whereby Nathanielsz agreed to cancel his cash compensation bonus award for fiscal year 2021, ended June 30, 2021, in exchange for common stock of the Company. The Company and Nathanielsz entered into an Amended and Restated Employment Agreement dated May 14, 2019 (the "Agreement"). Pursuant to the terms of the Agreement, Nathanielsz was eligible to earn an annual fiscal year cash performance bonus for each fiscal year of his employment period with the Company with a target performance bonus of 200% of his average annualized base salary during the fiscal year for which the performance bonus is earned. On July 20, 2021, Nathanielsz was awarded a "target" bonus of 78%, or \$177,840 USD (the "Debt") for the fiscal year ended June 30, 2021, by the Company's Board of Directors (the "Board"). Pursuant to the Cancellation Agreement, Nathanielsz agreed to cancel this Debt in exchange for 5,928,000 shares of the common stock of the Company (the "Shares"), valued at approximately \$0.03 per share or \$186,139, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021.

On August 12, 2021, the Company entered into a Cancellation Agreement with Dr. Julian Kenyon ("Kenyon"), Chief Scientific Officer and Director of the Company, whereby Kenyon agreed to cancel of \$102,600 USD of accrued salary due him as of June 30, 2021, pursuant to that certain Amended and Restated Services Agreement by and between Kenyon and the Company, dated May 14, 2019, in exchange for 3,420,000 shares of common stock of the Company (the "Shares"), valued at approximately \$0.03 per share or \$107,388, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021.

On August 12, 2021, the Company entered into an Amended and Restated Director Agreement (the "Director Agreement") with Josef Zelinger ("Zelinger"). Pursuant to the terms of the Director Agreement, the Company shall pay Zelinger a base salary of \$250.00 AUD per month, payable on the first day of each month. In addition, the Company may compensate Zelinger additional consideration for advisory services performed by the Director, either in the form of cash or common stock, at the discretion of the Board. The Company issued 2,800,000 shares of common stock of the Company for accrued director services of \$84,000 as of June 30, 2021. The 2,800,000 shares of common stock was valued at approximately \$0.03 per share \$87,920, being the closing price of the stock on the date of grant. The shares were issued on August 17, 2021.

In September 2021, the Company issued 2,819,712 shares of the Company's common stock to a consultant for services rendered from July 2021 to September 2021. The Company issued 2,819,712 shares of the Company's common stock valued at approximately \$0.04 per share or \$104,611, being the closing price of the stock on the date of grant to such consultant.

Except as otherwise noted, the securities in the transactions describe above were sold in reliance on the exemption from registration provided in Section 4(a)(2) of the Securities Act for transactions not involving any public offering. Each of the persons acquiring the foregoing securities was an accredited investor (as defined in Rule 501(a) of Regulation D) and confirmed the foregoing and acknowledged, in writing, that the securities must be acquired and held for investment. All certificates evidencing the shares sold bore a restrictive legend. No underwriter participated in the offer and sale of these securities, and no commission or other remuneration was paid or given directly or indirectly in connection therewith. The proceeds from these sales were used for general corporate purposes.

Item 3. Defaults Upon Senior Securities.

As of September 30, 2021, we were in default under certain convertible promissory note issued to certain noteholders on August 30, 2019, and October 3, 2019 for failure to pay an aggregate of \$171,266 of principal and accrued interest as of September 30, 2021, subsequent to their maturity dates. We are currently in discussions with such noteholders to extend such maturity dates. See "Note 6 – 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.

On October 1, 2021, the Company entered into a consulting agreement (the "Consulting Agreement") with a consultant who will assist in the development of the Company's business and financing activities. The consultant will serve initially as an independent contractor, and upon certain mutually agreed upon conditions being met, will be appointed Vice Chairman, President and Interim CFO. The term of the Consulting Agreement shall be for three years commencing on October 1, 2021, and can be terminated by either party upon 30 day written notice. The monthly payment per the Consulting Agreement is \$7,000.

The foregoing description of the consulting services agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the agreement, which is filed as Exhibit 10.1 hereto and incorporated by reference herein.

Item 6. Exhibits.

Exhibit Number	Description
10.1*	<u>Consultant Agreement by and between the Company and Paul Patrizio, dated October 1, 2021.</u>
31.1*	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14a or 15d-14(a) under the Securities Exchange Act of 1934, as amended, and adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, is formatted in Inline XBRL.

* 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.

Dated: November 12, 2021

PROPANC BIOPHARMA, INC.

By: /s/ James Nathanielsz
Name: James Nathanielsz
Title: Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the “Agreement”) is made effective this 1st day of October 1, 2021, between Apogee Partners LLC, a New Jersey limited liability company (the “Consultant”), and Propane Biopharma, Inc., a Delaware corporation (the “Company”).

WHEREAS, the Company needs certain consulting and advisory services; and

WHEREAS, the Consultant possesses considerable industry knowledge and experience that is valuable to the Company; and

WHEREAS, the Consultant has agreed to perform consulting work for the Company with respect to the services (the “Services”) detailed in the Term Sheet executed by the parties and attached hereto as Exhibit A (the “Term Sheet”).

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE 1- SCOPE OF WORK.

1.1 Services - The Company shall engage the Consultant, and specifically its President, Paul Patrizio, to provide the Services detailed in the Term Sheet on the terms and conditions that follow.

1.2 Time and Availability - The Services shall be performed at such place or places as the Consultant deems reasonable giving due regard to the needs of the Company’s business. Consultant shall devote such of his time and business efforts to the performance of the Services as Consultant as set forth in the Term Sheet.

1.3 Confidentiality - In order for the Consultant to perform the Services, it may be necessary for the Company to provide the Consultant with Confidential Information (as defined below) regarding the Company’s business and products. The Consultant agrees to be bound by the terms of Article 5 hereof.

1.4 Standard of Conduct - In rendering the Services under this Agreement, the Consultant shall conform to high professional standards of work and business ethics. The Consultant shall not use time, materials, or equipment of the Company without the prior written consent of the Company.

1.5 Outside Services - The Consultant shall not use the service of any other person, entity or organization in the performance of the Consultant’s duties without the prior written consent of the Company. Should the Company consent to the use by the Consultant of the services of any other person, entity or organization, no information regarding the Services to be performed under this Agreement shall be disclosed to that person, entity or organization until such person, entity or organization has executed an agreement to protect the confidentiality of the Company’s Confidential information (as defined below) and the Company’s absolute and complete ownership of all right, title and interest in the work performed under this Agreement.

1.6 Reports - The Consultant shall, periodically and when specifically requested by the Company, provide the Company with written reports of his observations and conclusions regarding the Services. Upon the termination of this Agreement, the Consultant shall, upon the request of Company, prepare a final report of the Consultant’s activities.

ARTICLE 2 - INDEPENDENT CONTRACTOR.

2.1 Independent Contractor - The Consultant is an independent contractor and is not an employee, partner, or co-venturer of, or in any other service relationship with, the Company. The Consultant is not authorized to speak for, represent, or obligate the Company in any manner without the prior express written authorization from an officer of the Company.

2.2 Indemnification - The Company agrees to the indemnification and other obligations set forth in Exhibit B attached hereto, which Exhibit B forms an integral part of this Agreement and is incorporated by reference herein.

2.3 Taxes - The Consultant shall be responsible for all taxes arising from compensation as per Section 3.1 below under this Agreement, and shall be responsible for all payroll taxes and fringe benefits of the Consultant's employees. Neither federal, nor state, nor local income tax, nor payroll tax of any kind, shall be withheld or paid by the Company on behalf of the Consultant or its employees. The Consultant understands that it is required to pay, according to law, the Consultant's taxes and the Consultant shall, when requested by the Company, properly document to the Company that any and all federal and state taxes have been paid. All reimbursements as per Section 3.2 are not and shall not be reported to the IRS as taxable income.

2.4 Benefits -The Consultant and the Consultant's employees will not be eligible for, and shall not participate in, any employee pension, health, welfare, or other fringe benefit plan, of the Company. No workers' compensation insurance shall be obtained by the Company covering the Consultant or the Consultant's employees.

ARTICLE 3- COMPENSATION FOR CONSULTING SERVICES.

3.1 Compensation - In consideration for the Services, the Consultant shall be entitled to receive a monthly cash payment in accordance with the Term Sheet. In addition, the Consultant shall be entitled to the Equity Payments, Milestone Bonuses and a Success Bonus, all as set forth in the Term Sheet. The Consultant shall not be entitled to any additional compensation from the Company for any other services rendered by the Consultant without the express approval of the Company and its Chief Executive Officer.

3.2 Reimbursement -The Company agrees to reimburse the Consultant for all actual reasonable and necessary expenditures, which are directly related to the Services. Expenses will only be reimbursed if the Company had given prior approval of the expenditure. Expenses incurred by the Consultant will be reimbursed by the Company within thirty (30) days of the Consultant's proper written request for reimbursement which includes all proper documentation.

ARTICLE 4 - TERM AND TERMINATION.

4.1 Term - This Agreement shall be effective as of the date of this Agreement and shall continue in full force and effect for 36 consecutive months. The Company and the Consultant may negotiate to extend the term of this Agreement and the terms and conditions under which the relationship shall continue. The Company or Consultant may cancel this agreement on thirty (30) days' notices, as per section 9.9 below.

4.2 Responsibility upon Termination - Any equipment provided by the Company to the Consultant in connection with or furtherance of Consultant's Services under this Agreement, including, but not limited to, computers, laptops, and personal management tools, shall, immediately upon the termination of this Agreement, be returned to the Company.

4.3 Survival - The provisions of Articles 5, 6, 7 and 8 of this Agreement shall survive the termination of this Agreement and remain in full force and effect thereafter.

ARTICLE 5 - CONFIDENTIAL INFORMATION.

5.1 Obligation of Confidentiality - In performing the Services under this Agreement, the Consultant may be exposed to and will be required to use certain "Confidential Information" (as hereinafter defined) of the Company. The Consultant agrees that the Consultant will not and the Consultant's employees, agents or representatives will not, use, directly or indirectly, such Confidential Information for any purpose other than providing the Services and will not use for the benefit of any person, entity or organization other than the Company, or disclose such Confidential Information without the written authorization of the Company, either during or after the term of this Agreement, for as long as such information retains the characteristics of Confidential Information ..

5.2 Definition - "Confidential Information" means information, not generally known, and proprietary to the Company or to a third party for whom the Company is performing work, including, without limitation, information concerning any patents or trade secrets, confidential or secret designs, processes, formula, source codes, plans, devices or material, research and development, proprietary software, analysis, techniques, materials or designs (whether or not patented or patentable), directly or indirectly useful in any aspect of the business of the Company, any vendor names, customer and supplier lists, databases, management systems and sales and marketing plans of the Company, any confidential secret development or research work of the Company, or any other confidential information or proprietary aspects of the business of the Company. All information which Consultant acquires or becomes acquainted with during the period of this Agreement, whether developed by Consultant or by others, which Consultant has a reasonable basis to believe to be Confidential Information, or which is treated by the Company as being Confidential Information, shall be presumed to be Confidential Information. Confidential Information does not include information that (i) is or later becomes available to the public through no breach of this Agreement by the recipient; (ii) is obtained by the recipient from a third party who had the legal right to disclose the information to the recipient; (iii) is already in the possession of the recipient on the date this Agreement becomes effective; or (iv) is required to be disclosed by law, government regulation, or court order.

5.3 Property of the Company - The Consultant agrees that all plans, manuals and specific materials developed by the Consultant on behalf of the Company in connection with the Services rendered under this Agreement, are and shall remain the exclusive property of the Company. Promptly upon the expiration or termination of this Agreement, or upon the request of the Company, the Consultant shall return to the Company all documents and tangible items, including samples, provided to Consultant or created by Consultant for use in connection with services to be rendered hereunder, including without limitation all Confidential Information, together with all copies and abstracts thereof.

5.4 Intellectual Property - Title to all inventions and discoveries made by the Consultant resulting from the work performed hereunder shall reside in the Company; title to all inventions and discoveries made by the Company resulting from the research performed hereunder shall reside in the Company; title to all inventions and discoveries made jointly by the Consultant and Company resulting from the consultancy hereunder shall reside with the Company solely. The Consultant reserves the right to give notice to the Company and use, apply and profit from the above if the Company elects not to use or put into practice or outside the store fixture industry. Title to all inventions and discoveries made by the Consultant prior to this agreement shall reside with the Consultant.

ARTICLE 6-DATA.

6.1 Data - All drawings, models, designs, formulas, methods, documents and tangible items prepared for and submitted to the Company by the Consultant in connection with the services rendered under this Agreement shall belong exclusively to the Company and shall be deemed to be works made for hire (the "Deliverable Items"). To the extent that any of the Deliverable Items may not, by operation of law, be works made for hire, the Consultant hereby assigns to the Company the ownership of copyright or mask work in the Deliverable Items, and the Company shall have the right to obtain and hold in its own name any trademark, copyright, or mask work registration, and any other registration and similar protection which may be available in the Deliverable Items. The Consultant agrees to give the Company or its designees all assistance reasonably required to perfect such rights.

ARTICLE 7 -NON- SOLICITATION.

The Consultant covenants and agrees that during the term of this Agreement, the Consultant will not, directly or indirectly, through an existing corporation, unincorporated business, affiliated party, successor employer, or otherwise, solicit, hire for employment or work with, on a part-time, consulting, advising or any other basis, other than on behalf of the Company, any customer or client of, or any employee or independent contractor employed by, the Company while the Consultant is performing the Services for the Company.

ARTICLE 8 - RIGHT TO INJUNCTIVE RELIEF.

The Consultant acknowledges that the terms of Articles 5, 6, and 7 of this Agreement are reasonably necessary to protect the legitimate interests of the Company, are reasonable in scope and duration, and are not unduly restrictive. The Consultant further acknowledges that a breach of any of the terms of Articles 5, 6, or 7 of this Agreement will render irreparable harm to the Company, and that a remedy at law for breach of the Agreement is inadequate, and that the Company shall therefore be entitled to seek any and all equitable relief, including, but not limited to, injunctive relief, and to any other remedy that may be available under any applicable law or agreement between the parties. The Consultant acknowledges that an award of damages to the Company does not preclude a court from ordering injunctive relief. Both damages and injunctive relief shall be proper modes of relief and are not to be considered as alternative remedies.

ARTICLE 9 - GENERAL PROVISIONS.

9.1 Construction of Terms- If any provision of this Agreement is held unenforceable by a court of competent jurisdiction, that provision shall be severed and shall not affect the validity or enforceability of the remaining provisions.

9.2 Governing Law - This Agreement shall be governed by and construed in accordance with the internal laws (and not the laws of conflicts) of the State of New Jersey.

9.3 Complete Agreement -This Agreement constitutes the complete agreement and sets forth the entire understanding and agreement of the parties as to the subject matter of this Agreement and supersedes all prior discussions and understandings in respect to the subject of this Agreement, whether written or oral.

9.4 Jurisdiction and Venue - The parties acknowledge that all of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in the State of New Jersey, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the parties irrevocably and unconditionally (a) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement may be brought in the state or federal courts of record of the State of New Jersey (b) consents to the jurisdiction of each such court in any suit, action or proceeding; (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in said state.

9.5 Modification - No modification, termination or attempted waiver of this Agreement, or any provision thereof, shall be valid unless in writing signed by the party against whom the same is sought to be enforced.

9.6 Waiver of Breach - The waiver by a party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other or subsequent breach by the party in breach.

9.7 Successors and Assigns - This Agreement may not be assigned by either party without the prior written consent of the other party; provided, however, that the Agreement shall be assignable by the Company without the Consultant's consent in the event the Company is acquired by or merged into another corporation or business entity. The benefits and obligations of this Agreement shall be binding upon and inure to the parties hereto, their successors and assigns.

9.8 No Conflict - The Consultant warrants that the Consultant has not previously assumed any obligations inconsistent with those undertaken by the Consultant under this Agreement.

9.9 Notices - Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon delivery, when delivered personally or by overnight courier or sent by fax (upon customary confirmation of receipt), 48 hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, addressed to the party to be notified at such party's address as set forth above, or by email.

9.10 Counterparts - This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of this Agreement via facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed as of the date set forth above.

Apogee Partners LLC

By: /s/ Paul Patrizio
Name: Paul Patrizio
Title: President

Propane Biopharma, Inc.

By: /s/ James Nathanielsz
Name: James Nathanielsz
Title: CEO

EXHIBIT A

EXECUTED SUMMARY TERM SHEET

SUMMARY TERM SHEET

Objective: This Term Sheet shall set forth the basic terms whereby Propane Biopharma, Inc., a Delaware corporation (the "Company") engages the services of Paul Patrizio ("Patrizio") to assist in the development of the Company's business and financing activities.

Role/Title: Vice Chairman, President, and Interim CFO

Services: Perform the Services as required to fulfill the role and titles set forth above to achieve the objectives mutually agreed to by the parties hereto, with an estimated time allocation of 50 hours a month as a Director and Officer (D&O) of the Company, or 25 hours a month as a consultant.

D&O: The Company will obtain D&O insurance as a condition of Patrizio assuming D&O roles with the Company.

Term: 3 years commencing on 10/01/2021, unless terminated before the 3-year anniversary date.

Compensation :

Prior to **D&O**: consultant at \$7,000 a month

Annual Salary— \$150,000 (plus \$1,500/mo. expense allowance)— Can increase upon substantial funding

Equity — To be issued common shares equal to 1% of the total outstanding shares at the end of each year of service.

Milestone Bonuses: At Discretion of Board and can be paid in stock or cash.

Success Bonus : To be issued the number of common shares equal to 7% of the total issued and outstanding fully diluted common shares: of the Company a.t the time of a success event such as a NASDAQ Listing or the Sale of the Company in addition to a payment in cash of \$250,000.

Time Commitment: It is understood by the Company that Patrizio has commitments and activities other than to the Company; however, Patrizio will commit the necessary time to fulfill the duties required of him as described herein.

Status: Patrizio shall be engaged as an independent contractor if permitted by law and perform his services through a service entity.

Agreed and accepted this 5th day of October 2021 by

Agreed and accepted this 5th day of October 2021 by

PROPANC BIOPHARMA, INC.

PAUL PATRIZIO

/s/ James Nathanielsz

/s/ Paul Patrizio

Name: James Nathanielsz
Title: CEO

Name: Paul Patrizio
Title: Esq.

EXHIBIT B

Indemnification Agreement

This Exhibit B is a part of and is incorporated into that certain engagement agreement (together, the “**Agreement**”) by and between the Company and the Consultant. Unless otherwise defined herein, capitalized terms used in this Exhibit B and defined in the letter agreement described above shall have the same meaning when used in this Exhibit B.

The Company shall indemnify and hold harmless Consultant, any affiliate of Consultant, and each person, if any, who controls Consultant or such affiliate within the meaning of Section 15 of the Securities Act of 1933, as amended (the “**1933 Act**”), or Section 20 of the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), and each member, director, officer, partner, employee, agent, and counsel of Consultant, of any such affiliate, or of any such controlling person (each, an “**Indemnified Person**”) in respect of any and all losses, claims, damages, or liabilities, joint or several, to which any such Indemnified Person may become subject under any statute, under common law, or otherwise, and whether or not involving a third party, relating to or arising out of (i) the contents of oral or written information provided by the Company, its employees or its other agents, which information either the Company or Consultant provides to any actual or potential buyers, sellers, investors or offerees, (ii) any other action or failure to act by the Company, its employees or its other agents of Consultant in accordance with and at the Company’s request or with the Company’s consent or (iii) the engagement contemplated by the Agreement or any transaction or conduct in connection therewith and to reimburse each Indemnified Person as and when incurred for any legal or any other expenses incurred by such Indemnified Person in connection with investigating or defending against any such loss, claim, damage, or liability or providing evidence, producing documents, appearing as a witness or taking any other action in respect thereto (whether or not Consultant is itself a defendant in, or target of, the action, proceeding, or investigation in respect of which indemnity or reimbursement may be sought and whether or not such action, proceeding, or investigation involves a third party); provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, or liability is found in a final judicial determination, not subject to further appeal, to have resulted primarily and directly from the willful misconduct or gross negligence of an Indemnified Person, in which event any reimbursement or payment previously made to any Indemnified Person in connection with any such loss, claim, damage, or liability will be returned to the Company. The foregoing indemnity shall be in addition to any liability that the Company may otherwise have to the Indemnified Persons at common law or otherwise. The indemnity and reimbursement of expenses provided for in this Paragraph and the contribution rights provided for below are in addition to, and not subject to the limitations of, any retainer, compensation, and reimbursement of expenses provided for in the Agreement. The Company also agrees that no Indemnified Person shall have any obligation (whether direct or indirect, in contract, tort, or otherwise) to the Company or any of its directors, officers, employees, agents, counsel, or controlling persons, arising out of, based upon, or in connection with the matters specified in the preceding sentence, except for any such obligation for losses, claims, damages, and liabilities that are found in a final judicial determination, not subject to further appeal, to have resulted primarily and directly from the willful misconduct or gross negligence of such Indemnified Person and except for the contribution rights provided for below.

The Company shall not be liable for the settlement by any Indemnified Person of any action, proceeding or investigation effected without its consent, which consent will not be unreasonably or untimely withheld. The Company shall not, without the prior written consent of Consultant, settle or compromise any action, proceeding or investigation (whether or not Consultant or any other Indemnified Person is an actual or potential party to such action, proceeding or investigation), or permit a default or consent to the entry of any judgment with respect thereto, unless such settlement, compromise, default or consent includes, as an unconditional term thereof, the giving by the party other than the Company thereto of an unconditional general release to all Indemnified Persons from all liability in respect of such action, proceeding, or investigation.

In order to provide for just and equitable contribution, if (a) a claim for indemnification pursuant to the Agreement (subject to the limitations hereof) is made by an Indemnified Person but it is found in a final judicial determination, not subject to further appeal, that such indemnification may not be enforced in such case, or (b) contribution under the 1933 Act, the 1934 Act or otherwise may be sought by the Company, Consultant or another Indemnified Person, then the Company on the one hand, and Consultant and the other Indemnified Persons collectively on the other hand, shall contribute to the losses, claims, damages or liabilities to which they may be subject in either such case (after contribution from others) in accordance with (i) the relative benefits received by the Company on the one hand and Consultant on the other hand or (ii) if (but only if) the allocation provided for in clause (i) is for any reason held unenforceable, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company on the one hand and Consultant on the other hand in connection with the statement, act or omission which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The Company agrees that for the purposes of this paragraph the relative benefits to the Company and Consultant of any contemplated transaction that is the subject of this Agreement (whether or not such transaction is consummated) shall be deemed to be in the same proportion that the total value of the consideration paid or issued or contemplated to be paid or issued in the transaction bears to the fees paid or to be paid to Consultant under the Agreement; provided, however, that, to the extent permitted by applicable law, in no event shall the Indemnified Persons be required to contribute an aggregate amount in excess of the aggregate fees actually paid to Consultant under the Agreement. For the purpose of determining the extent to which Consultant and the Indemnified Persons on the one hand, and the Company on the other hand, have satisfied the respective obligations to contribute under this Paragraph, amounts paid by each party shall include amounts paid by any person who is an affiliate or actually or allegedly controls such person, in each case within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act. No person found liable for a fraudulent misrepresentation shall be entitled to contribution from any person who is not also found liable for such fraudulent misrepresentation. The foregoing contribution agreement shall, to the extent permitted by law, supersede the contribution liabilities of any persons having liability under the 1933 Act, the 1934 Act or otherwise. If the law does not permit the full amount of the contribution specified in this Paragraph to be made, then the party seeking contribution and each person who controls such party shall be entitled to contribution hereunder to the fullest extent permitted by law.

The provisions of this Exhibit B shall continue to apply and shall remain in full force and effect regardless of any modification or termination of the Agreement or the completion of Consultant's services under the Agreement.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13A-14A OR 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND ADOPTED 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 September 30, 2021;
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. I am 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. 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: November 12, 2021

By: /s/ James Nathanielsz

James Nathanielsz
Chief Executive Officer and
Chief Financial Officer
(Principal Executive Officer and
Principal Financial Officer)

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

In connection with the Quarterly Report on Form 10-Q of Propanc Biopharma, Inc. (the "Company") for the quarter ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Nathanielsz, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report 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 the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 12, 2021

/s/ James Nathanielsz

James Nathanielsz
Chief Executive Officer and
Chief Financial Officer
(Principal Executive Officer and
Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
