

Appendix 4D

Half Year Report to the Australian Securities Exchange

Part 1

Name of Entity	AdAlta Limited
ABN	92 120 332 925
Half Year Ended	31 December 2019
Previous Corresponding Reporting Period	Half Year Ended 31 December 2018

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	\$404	1,059%
Loss from continuing activities after tax attributable to members	(\$6,005)	66%
Net loss attributable to members	(\$6,005)	66%

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

For personal use only

Part 3 – Contents of ASX Appendix 4D

Section	Contents
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

For personal use only

Part 4 – Commentary on Results

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

Part 6 – Net Tangible Assets per Security

	2019	2018
Net tangible asset backing per ordinary security	2.1 cents	4.2 cents

Part 7 – Details of Entities Over Which Control has been Gained or Lost

Name of entity (or group of entities)	N/A
Date control gained or lost	N/A
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	N/A
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	N/A

Part 8 – Details of Associates and Joint Venture Entities

Name of entity	Ownership Interest		Contribution to net profit/(loss)	
	2019 %	2018 %	2019 \$A'000	2018 \$A'000
	N/A	N/A	N/A	N/A
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

Part 9 – Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not applicable

Attachments Forming Part of Appendix 4D

Attachment No.	Details
1	Interim Financial Report

Signed by Company Secretary



Cameron Jones

Dated: 26 February 2020



AdAlta
next generation protein therapeutics

AdAlta Limited

ABN 92 120 332 925

**Half year report for the half-year ended
31 December 2019**

For personal use only

Corporate directory

Board of Directors

Mr Timothy Oldham	Chief Executive Officer and Managing Director (appointed 8/10/2019)
Mr Paul MacLeman	Non-Executive Chairman
Mr James Williams	Non-Executive Director
Ms Elizabeth McCall	Non-Executive Director
Mr Robert Peach	Non-Executive Director
Mr John Chiplin	Non-Executive Director (resigned 3/1/2020)
Ms Rosalind Wilson	Non-Executive Director (appointed 1/8/2019)
Ms Samantha Cobb	Chief Executive Officer and Managing Director (resigned 25/8/2019)

Company Secretary

Mr Cameron Jones

Registered Office

Suite 15 / 2 Park Drive
Bundoora Vic 3083

Website

Website: www.adalta.com.au

Auditors

Butler Settineri Pty Ltd
Unit 16, First Floor,
100 Railway Road
Subiaco, Western Australia 6008

Share Registry

Automic Registry Services
Level 5
126 Phillip Street
Sydney, NSW 2000
Tel: +61 2 9698 5414

Stock Exchange

Australian Securities Exchange Ltd

ASX Code

1AD

For personal use only

Half year report for the half-year ended 31 December 2019

Contents

Directors' report.....	1
Auditor's independence declaration.....	4
Independent auditor's review report.....	5
Directors' declaration.....	7
Condensed statement of profit or loss and other comprehensive income.....	8
Condensed statement of financial position.....	9
Condensed statement of changes in equity.....	10
Condensed statement of cash flows.....	11
Condensed notes to the financial statements.....	12

For personal use only

Directors' report

The Directors of AdAlta Limited ("AdAlta" or "the Company") submit herewith the financial report of the Company for the half-year ended 31 December 2019.

Names of Directors

The names of the Directors of the Company during or since the end of the half-year are noted below. All Directors were in office for the entire period (unless outlined otherwise below):

Mr Paul MacLeman
Dr Timothy Oldham (appointed 8/10/2019)
Mr James Williams
Ms Elizabeth McCall
Mr John Chiplin (resigned 3/1/2020)
Mr Robert Peach
Ms Rosalind Wilson (appointed 1/8/2019)
Ms Samantha Cobb (resigned 25/8/2019)

Financial results

The loss for the half-year ended 31 December 2019, after accounting for income tax benefit, amounted to \$6,004,500 (half year ended 31 December 2018: \$3,625,970). The half-year ended 31 December 2019 operating results included the following:

- First revenues from i-body platform partnerships of \$386,516 (31 December 2018: \$0);
- Research and Development Tax Incentive refund of \$3,498,774 for the 2018/2019 financial year (31 December 2018: \$2,020,175)
- Research and development expenditure of \$4,993,307 (31 December 2018: \$2,573,091);
- Corporate and administration expenses of \$1,182,388 (31 December 2018: \$1,019,004);
- Share based payment expense of \$294,220 (31 December 2018: \$47,960); and
- Net foreign exchange (loss)/gain of \$61,179 (31 December 2018: (\$20,791))

The cash position as at 31 December 2019 was \$5,024,755 (31 December 2018: \$5,359,175 and 30 June 2019: \$5,555,875).

On 3 July 2019, the Company announced an issue of 13,732,581 fully paid ordinary shares and 6,866,290 options, exercisable at a price of \$0.25 and expiring 30 June 2021, pursuant to the shareholder approval at the general meeting held on 27 June 2019.

On 29 November 2019, the Company announced the issue of 4,929,060 unlisted options, exercisable at 25 cents per option and expiring 26 November 2025 to CEO and Managing Director Tim Oldham, as approved by shareholders at the Annual General Meeting held on 26 November 2019. During the period, no unlisted options were exercised. On 14 November 2019 the Company advised that 1,750,000 unlisted employee options were cancelled.

On 20 December 2019, the Company announced that it had received a loan facility with Radium Capital which provides AdAlta with immediate funds equivalent to the majority of its accrued R&D Tax Incentive (RDTI) rebate each quarter. Under the loan facility, AdAlta is able to access up to 80% of its accrued RDTI rebate each quarter. The Company received \$960,231 on 24 December under the agreement.

Review of operations

The principal business of the Company is the development of protein based therapeutic and diagnostic products using its proprietary i-body platform. I-bodies are single domain antibodies with unique properties that enable them to access drug targets that are difficult to drug, or sub-optimally drugged, using traditional antibody therapeutics. The Company creates value by using the i-body platform to discover and develop its own products prior to licensing these to large biopharmaceutical companies (internal pipeline); and by partnering with biotechnology and biopharmaceutical companies to co-develop products against targets identified by these partners (platform partnerships).

Platform partnerships

On 16 September 2019, the Company announced that it had entered a commercial discovery partnership with global medical technology and diagnostics firm GE Healthcare, under which the Company will discover and develop i-bodies for diagnostic imaging applications. AdAlta has since received A\$386,516 in upfront payments and stage one research costs. The stage one milestones have been met and stage two commenced just before the end of the period. Stage two research fees will be received in the March quarter of 2020.

Internal pipeline: AD-214 progressing to clinical trials

AdAlta continued to progress its plan to take its most advanced product candidate, AD-214, to initial human clinical trials. During the period, the Company successfully manufactured sufficient Good Manufacturing Practice (GMP) grade AD-214 drug substance for the clinical trial at our primary Contract Manufacturing Organisation (CMO), KBI Pharma. This was dispensed into vials for the trial at PCI Pharma post the end of the period and is currently undergoing final release testing.

The Company also successfully completed an essential Good Laboratory Practice (GLP) toxicity study in Non-human Primates (NHPs) to demonstrate the safety of AD-214 prior to advancing AD-214 to human trials. Additional pharmaco-kinetic and pharmaco-dynamic data has now been received from this study and is being evaluated to inform dosing levels and intervals for the human trials. Following an extensive internal review of all pre-clinical data received to date, the Board determined to generate additional pre-clinical data *in lieu* of a second half 2019 study that was unable to generate results in any arm of the study due to technical issues in the conduct of the study by the vendor.

In December, the Company announced it had been awarded A\$1 million over two years from the Australian Government's Medical Research Future Fund (MRFF) through the Biomedical Translation Bridge (BTB) program to develop and clinically evaluate a radiolabelled version of AD-214 for imaging of the cell surface receptor CXCR4 in idiopathic pulmonary fibrosis (IPF) patients. This will enable the distribution and localisation of AD-214 to diseased tissue to be determined in clinical studies and as a result, post the end of the period, the Company announced it is revising the Phase I study design to now incorporate Interstitial Lung Disease (ILD) including Idiopathic Pulmonary Fibrosis (IPF) patients in addition to healthy volunteers in the Phase I study design that it will submit for ethics approval. The Company has appointed Clinical Network Services Pty Ltd, CMAX Clinical Research Pty Ltd and 360biolabs Pty Ltd to support the Phase I clinical trial which is expected to commence in mid-2020.

Corporate developments

During the period, Ros Wilson joined the Board, strengthening its clinical product development experience.

Tim Oldham was appointed CEO and Managing Director and has conducted a review of the Company's operations and strategy. The i-body platform provides a significant opportunity for the expansion of the pipeline of i-body drug candidates in multiple therapeutic areas. The Company plans to maximise the benefits of its i-body platform and i-body libraries through partnerships, while retaining the ability to resource and focus on its own in-house discovery and development activities. Development of additional i-body drug candidates provides potential for

additional revenue, including up-front milestone payments and licensing payments. The Company will host a briefing for investors and analysts in March 2020 to outline its growth strategy to realise this opportunity. Presentations from the briefing will be lodged with the ASX and be posted on the Company's website at www.adalta.com.au.

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years and that has not been disclosed above.

The Company has sufficient sources of cash to complete the development of the PET tracer version of AD-214 and the healthy volunteer component of the Phase I program. [The Board is evaluating options to accelerate implementation of the growth strategy].

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Paul MacLeman

Chairman

26 February 2020

Melbourne, Victoria, Australia

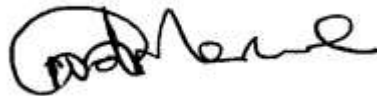
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of AdAlta Limited for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AdAlta Limited during the half year ended 31 December 2019.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth
Date: 26 February 2020

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADALTA LIMITED

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of AdAlta Limited ("the Company") which comprises the condensed statement of profit and loss and other comprehensive income, condensed statement of financial position as at 31 December 2019, the condensed statement of changes in equity and the condensed statement of cash flows for the half year ended on that date, notes comprising a statement of significant accounting policies and other selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of AdAlta Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half year financial report

The directors are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of AdAlta Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

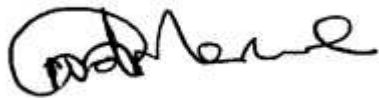
For personal use only

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain the assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 26 February 2020

For personal use only

Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position at 31 December 2019 and performance of the Consolidated Entity for the period ended on that date.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Paul MacLeman
Chairman

26 February 2020
Melbourne, Victoria, Australia

For personal use only

Statement of profit or loss and other comprehensive income for the half-year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Continuing operations			
Revenue	3	404,236	34,876
Research and development expenses		(4,993,307)	(2,573,091)
Corporate administration expenses		(1,182,388)	(1,019,004)
Share based payment expenses		(294,220)	(47,960)
Net foreign exchange (loss) / gain		61,179	(20,791)
Loss before income tax		(6,004,500)	(3,625,970)
Income tax benefit			-
Loss for the period attributable to Owners of AdAlta Limited		(6,004,500)	(3,625,970)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(6,004,500)	(3,625,970)
Loss and total comprehensive loss attributable to:			
Owners of AdAlta Limited		(6,004,500)	(3,625,970)
Loss per share:			
Basic and diluted (cents per share)	4	(3.66)	(3.14)

Condensed notes to the financial statements are included on pages 12 to 16.

Statement of financial position as at 31 December 2019

	Note	31 Dec 2019 \$	30 Jun 2019 \$
Current assets			
Cash and cash equivalents		5,024,755	5,555,875
Trade and other receivables		133,039	3,613,441
Total current assets		5,157,794	9,169,316
Non-current assets			
Plant and Equipment		118,268	138,105
Other non-current assets		77,918	2,600
Total non-current assets		196,186	140,705
Total assets		5,353,980	9,310,021
Current liabilities			
Trade and other payables		967,005	1,740,111
Provisions		13,366	78,801
Borrowings	5	965,805	-
Total current liabilities		1,946,176	1,818,912
Total liabilities		1,946,176	1,818,912
Net assets		3,407,804	7,491,109
Equity			
Issued capital	6	28,436,476	26,809,501
Reserves	7	567,784	273,564
Accumulated losses		(25,596,456)	(19,591,956)
Total equity		3,407,804	7,491,109

Condensed notes to the financial statements are included on pages 12 to 16.

Statement of changes in equity for the half-year ended 31 December 2019

	Issued capital	Retained Earnings	Share based payment reserve	Unissued Share Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	17,573,527	(13,673,762)	172,866	-	4,072,631
Loss for the period	-	(3,625,970)	-	-	(3,625,970)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(3,625,970)	-	-	(3,625,970)
Issue of ordinary shares	4,727,603	-	-	-	4,727,603
Share issue costs	(306,720)	-	-	-	(306,720)
Share based payments recognised	-	-	47,960	-	47,960
Balance at 31 December 2018	21,994,410	(17,299,732)	220,826	-	4,915,504
Balance at 1 July 2019	26,529,233	(19,591,955)	273,564	280,267	7,491,109
Loss for the period	-	(6,004,501)	-	-	(6,004,501)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(6,004,501)	-	-	(6,004,501)
Issue of ordinary shares	2,059,887	-	-	(280,267)	1,779,620
Share issue costs	(152,644)	-	-	-	(152,644)
Share based payments recognised	-	-	294,220	-	294,220
Balance at 31 December 2019	28,436,476	(25,596,456)	567,784	-	3,407,804

Condensed notes to the financial statements are included on pages 12 to 16.

Statement of cash flows for the half-year ended 31 December 2019

	Note	Half-year ended	
		31 Dec 2019 \$	31 Dec 2018 \$
Cash flows from operating activities			
Receipts from customers		386,517	-
Payments to suppliers and employees		(7,027,443)	(3,247,733)
Interest received		18,027	30,484
R&D tax incentive		3,498,774	2,020,175
Net cash provided by / (used in) operating activities		(3,124,125)	(1,197,154)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,376)	(170,602)
(Payment)/refund of other non-current assets		2,600	-
Net cash provided by / (used in) investing activities		224	(170,602)
Cash flows from financing activities			
Proceeds from share capital	6	1,779,620	4,727,603
Payment of share issue costs	6	(152,644)	(306,720)
Proceeds from borrowings		965,805	-
Net cash (used in)/provided by financing activities		2,592,781	4,420,883
Net increase in cash and cash equivalents		(531,120)	3,053,127
Cash and cash equivalents at the beginning of the period		5,555,875	2,306,048
Cash and cash equivalents at the end of the period		5,024,755	5,359,175

Condensed notes to the financial statements are included on pages 12 to 16

Condensed notes to the financial statements for the half-year ended 31 December 2019

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2019 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 26 February 2020.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss

Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

There were no new standards issued since 30 June 2019 that have been applied by the Company. The 30 June 2019 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2019.

2. Segment information

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Board considers that the Company has only operated in one segment.

Corporate costs, finance costs, and interest revenue are not considered a separate segment.

The Company is domiciled and conducts its operations in Australia.

3. Revenue

	31 Dec 2019 \$	31 Dec 2018 \$
Interest income	17,720	34,876
License income	181,115	-
Research project costs	205,401	-
	404,236	34,876

4. Loss per share

	31 Dec 2019 \$	31 Dec 2018 \$
Basic and diluted loss per share	0.037	0.031

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	31 Dec 2019 \$	31 Dec 2018 \$
Loss for the half-year attributable to the owners of the Company	(6,004,500)	(3,625,970)
	31 Dec 2019	31 Dec 2018
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	164,114,921	115,358,778

5. Borrowings

	31 Dec 2019 \$	31 Dec 2018 \$
Loan – R&D Advance	965,805	-

The Borrowings as at 31 December 2019 represents a loan facility with Innovation Structured Finance CO. LLC serviced via Radium Capital and is an advance on 80% of the Company's R&D Tax Incentive for the quarter ended 30 September 2019. The interest payable for the loan facility is 15% per annum, the facility maturity date is 30 November 2020 and is secured by the R&D tax Incentive for the financial year ending 30 June 2020.

6. Issued Capital

	31-Dec-19		30-Jun-19	
	No.	\$	No.	\$
Fully paid ordinary shares	163,945,613	28,436,476	150,569,426	26,809,501
Balance at end of period	163,945,613	28,436,476	150,569,426	26,809,501

Ordinary Shares

	31-Dec-19		30-Jun-19	
	No.	\$	No.	\$
Balance at beginning of the reporting period	150,569,426	26,809,501	101,845,845	17,573,527
Issue of ordinary shares	13,732,581	1,779,619	48,723,581	9,672,338
Unissued share reserve	-	-	-	280,268
Cancellation of ordinary shares	(356,394)	-	-	-
Capital raising costs	-	(152,644)	-	(716,632)
Balance at end of period	163,945,613	28,436,476	150,569,426	26,809,501

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

Options on issue

Expiry Date	Balance as at 30 June 2019	Issued in the period	Exercised in the period	Expired in the period	Balance as at 31 Dec 2019
16 October 2020	600,000	-	-	-	600,000
1 November 2020	234,472	-	-	-	234,472
30 September 2021	200,000	-	-	-	200,000
30 June 2021	16,482,513	6,866,290	-	-	23,348,803
14 November 2021	775,000	-	-	375,000	400,000
14 November 2021	650,000	-	-	500,000	150,000
14 November 2021	700,000	-	-	500,000	200,000
27 February 2022	620,535	-	-	-	620,535
30 September 2022	200,000	-	-	-	200,000
1 November 2022	375,000	-	-	375,000	-
26 November 2025	-	4,929,060	-	-	4,929,060
Total	20,837,520	11,795,350	-	1,750,000	30,882,870

7. Reserves

	31 Dec 2019	30 June 2019
Share based payment reserve	\$	\$
At beginning of reporting period	237,564	172,866
Recognised during the year	294,220	100,698
Total reserves at end of period	567,784	273,564

Options

6,866,290 options were issued on 3 July 2019 pursuant to approval at the Extraordinary General Meeting held on 27 June 2019 to those who participated in the May 2019 placement. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of 6,866,290 unlisted options:

Number of options	6,866,290
Volatility (%)	65.19%
Risk free interest rate (%)	1.50%
Expected life of option (years)	1.99
Exercise price per terms and conditions	\$0.25
Underlying security price at grant date	\$0.14
Expiry date	30 June 2021
Value per option	\$0.027

Employee Options

4,929,060 options were issued on 29 November 2019 pursuant to approval at the Annual General Meeting held on 26 November 2019 to Timothy Oldham, Chief Executive Officer and Managing Director. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of 4,929,060 unlisted options:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number of options	492,906	1,478,718	1,478,718	1,478,718
Volatility (%)	91.06%	91.06%	91.06%	91.06%
Risk free interest rate (%)	0.75%	0.75%	0.75%	0.75%
Expected life of option (years)	6.01	5.00	4.00	3.00
Exercise price per terms and conditions	\$0.25	\$0.25	\$0.25	\$0.25
Underlying security price at grant date	\$0.125	\$0.125	\$0.125	\$0.125
Expiry date	26/11/2025	26/11/2025	26/11/2025	26/11/2025
Value per option	\$0.080	\$0.073	\$0.064	\$0.053

8. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2019. During the period under review the following changes to key management personnel occurred. Details of remuneration outlined below:

Timothy Oldham (CEO and Managing Director):

Base salary: A\$300,000 per annum (not including superannuation)

Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

9. Dividends

No dividends were paid or declared for the half-year ended 31 December 2019 and the directors have not recommended the payment of a dividend.

10. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2019, the Company has no significant commitments.

11. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.