



opal
Biosciences

Opal Biosciences Limited | ABN 97 605 631 963

2022 ANNUAL
REPORT



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Who we are

Opal Biosciences Ltd's strategic focus is directed towards growing Australia's vaccine and pharmaceutical manufacturing capability. The lack of onshore manufacturing capability and risks of reliance on imported medicines has become evident during the current pandemic.

Highlights of 2022:

Corporate

- Mr Hugh Morgan AC stepped down from the chairman's role on the Opal Biosciences ("Opal") board in November 2021, replaced by Mr Ken Windle, an experienced pharmaceutical executive and non-executive director.
- Mr Damien Hannes, the Chairman of BioDiem Ltd, joined the Opal board as a non-executive director in May 2022.
- Mr Hugh Morgan AC and Mr Peter Snowball retired from the Opal board in May 2022.
- A total of \$162,431 was raised from the conversion of \$0.075 options issued from the placement of shares in September 2021.
- \$87,569 raised from placement of shares was completed post-year end.

Operations

- The strategic focus of Opal was redirected towards exploring additional opportunities in Australian vaccine and pharmaceutical manufacturing.
- Due to the opportunity for Opal to take a potential tenancy on the GSK Boronia pharmaceutical plant site in Victoria, the capital raising which commenced in FY21 for acquisition of Formulytica Pty Ltd was withdrawn and all monies returned to applicants. A share placement of \$250,000 was undertaken in September 2021 to finance the exploration of this opportunity.
- Advocacy efforts with both the federal and state governments (and associated grant applications) were undertaken to secure access for Opal's proposed manufacturing operations and support retention of manufacture on the GSK pharmaceutical site.
- In early 2022 Perth, Western Australia was identified as a potential site of interest for establishment of a small-scale manufacturing facility for clinical trial supplies and the related Commonwealth and WA State grant applications were lodged.





Chairman's Letter

Dear Shareholders,

The 2021-2022 has seen Opal continue its new strategic direction in pharmaceutical manufacturing. The year has been exceedingly busy for the company and we have ended the year with a great project under proposal in Western Australia and a strong partnership with the University of Western Australia and Formulytica Pty Ltd. While disappointing in some regards that we have not been successful with other projects, we are hopeful that the year's activities will be for the better.

However before I describe the events of the year I wish to make some special thanks. Firstly to Mr Hugh Morgan AC who was chairman of the Opal Board since the company's formation in 2015. Hugh stepped down from the chair role in November 2021 and then left the board in May 2022. I wish to thank Hugh for his considerable guidance of the company in its early years and his generosity of support for the company. I also wish to thank our other retired non-executive director Mr Peter Snowball who had been a director of the company since its formation in 2015 and retired in May 2022. Peter gave considerable support to the company and continues to do so as a major shareholder. I have the pleasure of welcoming to our board Mr Damien Hannes, the chairman of BioDiem Ltd, Opal's majority shareholder, and Damien is also a shareholder of Opal.

In July 2021 we started the year with the new prospect of Opal transitioning into pharmaceutical manufacturing and potentially gaining access to a tenancy on the GSK pharmaceutical manufacturing plant in Boronia, Victoria. In May 2021 Opal had entered into a share purchase agreement with Formulytica and had issued an information memorandum to raise capital to conclude Formulytica's acquisition. As advised to shareholders in July 2021 the capital raising was withdrawn and all application monies returned to applicants because the information memorandum did not include the prospect of a tenancy on the GSK Boronia site. While the timing of the exploration of this potential was outside our hands we believed it was in the best interest of shareholders to try to secure a tenancy and to build a business case around our transition into pharmaceutical manufacturing on that site. Through our relationship with manufacturing experts we were able to build a business case should we have been successful with that plan however what was required was support of governments to be able to do this. During 2021 and early 2022 we submitted multiple applications to the Commonwealth government to gain support for our business plan and we lobbied heavily both state and the federal governments. Unfortunately the award of the grants required that we had access to the GSK site and by the time the grants were assessed we did not have that tenancy. During the same time the manufacturing equipment on the site was being progressively sold and this equipment was central to our business proposal. In early 2022 the Opal board took the view that the overall value of a tenancy on the Boronia site had significantly diminished and we therefore commenced a plan to develop a new site for smaller scale manufacturing of novel products and for clinical trial.

In Victoria suitable land for a new facility was scarce and so we looked to Western Australia and Perth in particular where the need for small-scale manufacturing of sterile pharmaceuticals for clinical trials was clear. In discussion with the WA government and the University of Western Australia (UWA) and Formulytica we developed a significant project proposal to develop an mRNA vaccine platform which could be used for new personalised vaccines including against cancer and other chronic diseases. The mRNA vaccine platform would be built on decades of research undertaken by Professor Bruce Robinson, Professor of Medicine at UWA and Associate Professor Archer Fox, UWA.

Pending the success of our applications for government funding support for this endeavour Opal is poised to enter a new growth phase as we executes our plan. There remains of course high risk for many factors beyond our control however we have formed a strong, experienced and credible syndicate to undertake the work required for this exciting business.

We have been managed our cash very tightly and we have been able to stretch our cash runway through some consultancy work of our CEO. The consultancy work arose from her endeavours in pursuing a life sciences precinct for the GSK Boronia site. We are very grateful to Julie for this.

In September \$0.075 options that were attached to the shares placed in 2021 were due to expire and we raised \$162,431 from their exercise. BioDiem exercised its options in full. In October we completed a shortfall placement which included BioDiem and some other interested parties \$87,569. BioDiem remains Opal's largest shareholder. We continue to share resources with the parent company so that administration and corporate costs are reduced.


This limited cash will see us through the months until we find out the success or otherwise of the grant applications which have been lodged during 2022.

Thank you to our shareholders, staff and board members and those within our syndicate including Formulytica Pty Ltd staff, Phil Leslie, and Andrew Watson for the work involved in constructing our new business proposal for Perth. I look forward to bringing you news of our progress in this endeavour.

Yours faithfully.



Kenneth Windle
Chairman



Western Australia's inaugural Health and Medical Life Sciences Industry Strategy was launched in October 2021 to guide the WA Government's efforts for strategic development of the industry by building on the State's comparative advantages.

Reference: "Western Australia - A centre for health and medical solutions" October 2022.

Review of Operations

In 2021 we announced that Opal's strategic focus was re-directed to growing Australia's vaccine and pharmaceutical manufacturing capability. Australia's lack of this capability onshore and risks from reliance on imported medicines, including vaccines, became evident during the COVID-19 pandemic.

With GSK announcing its exit from its pharmaceutical manufacturing plant in Boronia, Victoria, scheduled to occur in 2023, we saw this as an enormous opportunity to implement our strategy at scale. Together with a team of industry experts we promoted to state and federal governments and to the life sciences sector the retention of the Boronia site and its re-birth as a life sciences precinct: this was aimed at securing a place for Opal's proposed manufacturing business. With funds raised from a share placement of \$250,000 in September 2021 we assembled other like-minded companies and set about trying to achieve this.

Focus on the GSK manufacturing plant, Boronia, Victoria

Given the scale and importance of the initiative, particularly in the context of the COVID-19 pandemic, we proposed to manufacture and supply pharmaceuticals, injectables and vaccines at scale, we directed advocacy efforts at both the state and federal governments for their involvement. Many others in the life sciences sector saw the value of a precinct focused on pharmaceutical manufacturing. So that we could build a sustainable business, we engaged with local and international companies wanting Australian-based manufacturing and who could see the value of access to the significant assets on the site as well as the syndicate of experienced formulation and manufacturing personnel we had assembled. We prepared a financial model for the business which was used as a basis for our grant applications and the model assumed we would be a tenant on the GSK site. In the process, we achieved the support of numerous stakeholder groups including many universities, government agencies, biotech and pharma companies, industry peak bodies, service providers and others. Letters of support from this diverse and impressive range of industry and academic groups accompanied our applications to the Commonwealth for the following programs:

- Modern Manufacturing Initiative – Manufacturing Translation Stream – Medical Products priority Round 1 (submitted 29 March 2021)
- "Approach to Market": proposal to establish an onshore mRNA manufacturing capability (submitted 16 July 2021)
- Modern Manufacturing Initiative – Manufacturing Integration Stream – Medical Products priority Round 2 (submitted 14 January 2022)

We also submitted an application to the Victorian State government mRNA Victoria Activation Program in January 2022.

That effort over many months during 2021 through to the end of March 2022 was intense. We were aware that the important pieces of manufacturing equipment on the GSK site were being sold on an international public auction site starting in January 2022 and so the potential value of our proposal to acquire these to use for our manufacturing reduced as time passed and the equipment was sold.

All the submitted grants relied on Opal's access to the GSK Boronia site, and the potential for our access to the site and success of our business model was influenced by whether any of these grants were successful and that government funding support would be available.

We were advised in July 2021, December 2021 and 25 August 2022, respectively, that the Commonwealth grants listed above were unsuccessful and in August 2022 that the Victorian grant application was also unsuccessful.

Focus on small scale sterile pharmaceutical manufacturing

By February 2022, in the absence of a firm funding commitment from government for the Boronia precinct, we developed a fallback plan for smaller scale sterile pharmaceutical manufacturing and looked at sites for locating such a facility elsewhere in Victoria but also in Western Australia (WA). The prospects in WA are strongly encouraging and there is a growing need there for the manufacture of clinical trial materials.

The WA government has shown interest in our plan and the market need assessment for such a service for contract manufacturing has been undertaken.

In July 2022 Opal submitted an application to the Commonwealth's Medical Research Future Fund (MRFF) mRNA Clinical Trial Enabling Infrastructure grant for an exciting project partnering with Formulytica Pty Ltd, the WA State government and the University of Western Australia. This is for a \$15m+ project to fast-track development of critical sovereign capability in mRNA vaccine manufacturing and develop and manufacture "clinical trial ready" vaccines. The project focuses on lung cancer which is the lead target. The prognosis is poor for lung cancer patients and there is an urgent need for new treatment options. The project's vaccine design will be based on successful preclinical and neo-antigen cancer vaccine studies built on decades of research from the Professor Bruce Robinson's team at the University of Western Australia (UWA). The mRNA expertise of Associate Professor Archa Fox's team will be closely involved in the mRNA vaccine candidate design. Opal's syndicate will formulate the vaccine candidates to optimise stability, safety and efficacy using an iterative process with preclinical testing at UWA. Successful candidates will undergo development and cGMP-compliant manufacture for first-in-man studies. This new sovereign capability would provide infrastructure and workforce capability and would form a clinical resource for other new mRNA vaccine development for other cancers and diseases.

In September 2022 Opal submitted an application to the Commonwealth's Medical Research Future Fund National Critical Research Infrastructure grant for similar project partnering with Formulytica Pty Ltd, the WA State government and the University of Western Australia. The emphasis in this application was on the manufacture of clinical trial materials, focussing on small batch manufacturing for early stage clinical studies.

In October 2022 Opal submitted an application to the Western Australian Investment Attraction fund. This application is complementary to the Commonwealth grant applications and is targeted to support the funding of the small-scale pharmaceutical manufacturing facility to formulate and manufacture clinical trial materials for human studies.

The outcome of these grants is expected within the next 4 to 6 months.

Financial Report

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Directors' Report

The directors present their report, together with the financial statements, on Opal Biosciences Limited ("Opal" or "the Company") for the period ended 30 June 2022.

Directors

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

- Mr Kenneth Windle (Chairman)
- Mr Hugh M Morgan AC (Retired on 3 May 2022)
- Mr Damien Hannes (Appointed on 30 May 2022)
- Mr Peter Snowball (Retired on 3 May 2022)
- Ms Julie Phillips

Principal activities

During the financial period the principal activity of the Company consisted of the development and commercialisation of pharmaceutical and biomedical research.

Dividends

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

Review of operations

The loss for the Company after providing for income tax amounted to \$195,886 (30 June 2021: \$478,322).

Opal Biosciences is an Australian biotechnology company and is currently seeking to diversify its focus by considering commercial opportunities within the Australian biotechnology and pharmaceutical industry.

Risks and uncertainties

The Company is subject to risks that are specific to the Company and the Company's business activities, as well as general risks. The following list gives examples of risk areas:

Future funding risks

While the Company has a cash and cash equivalents balance of \$60,942, and net assets of \$32,961 as at 30 June 2022 and is able to continue on a going concern basis, there is risk that the Company may require substantial additional financing in the future to sufficiently fund its activities and longer-term objectives.

The Company has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. The Company can reduce its level of expenditure to retain appropriate cash balances. Management remains diligent in monitoring its cash balances and expenditure. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Company was unable to raise future funds, its ability to achieve its milestones or future activities would be significantly affected.

Directors' Report

The Directors regularly review the Company's finances to ensure its ability to meet its financial obligations.

Dependence on service providers and third-party collaborators

There is no guarantee that the Company will be able to find suitable service providers and/or collaborators to complete the research, development and commercialisation activities. The Company therefore may be exposed to the risk that any of these parties could experience problems related to operations, financial strength or other issues. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's research, development and commercialisation efforts, financial condition and results of operations.

Reliance on key personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Company.

The Company maintains a mixture of permanent staff and consultants to support the operations of the Company.

Inability to protect intellectual property

The Company's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual property. A failure or inability to protect the Company's intellectual property rights could have an adverse impact on operating and financial performance.

IT system failure and cyber security risks

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Company is committed to preventing and reducing cyber security risks through outsourced IT management to a reputable services provider.

Impact of COVID-19

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, evolves continuously. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have a significant impact on capital markets and share prices.

To date, COVID-19 has affected equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions. These impacts are creating risks for the Company's business and operations in the short to medium term. Shipping and supply (domestic and international) delays may impact the Company. Among other factors, staff reduction in some international supplier businesses may also extend typical processing and shipping times.

The Company has in place business continuity plans and procedures to help manage the key risks that may cause a disruption to the Company's business and operations, but their adequacy cannot be predicted. The Company's Directors are closely monitoring the situation and considering the impact on the Company's business from both a financial and operational perspective.

Directors' Report

Significant changes in the state of affairs

On 14 July 2021, the Company announced that in light of progress towards leading the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, Opal reviewed its funding requirements and withdrew its capital raising. All applicant monies were returned in full to applicants.

On 20 September 2021, the Company made a Placement of 3,333,332 ordinary shares at an issue price of \$0.075 (7.5 cents) per share, raising a total of \$250,000. One free attaching option was issued for every one new share. The free attaching options were exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. The proceeds from the Placement were used to pursue potential pharmaceutical manufacturing opportunities, including due diligence, feasibility studies and exploring potential grant opportunities, and for general working capital purposes.

In June 2022 the Company announced it was considering a plan to establish a small scale pharmaceutical manufacturing facility and had looked at potential sites for the facility in Victoria but also in Western Australia.

There were no other significant changes in the state of affairs of the Company during the financial period.

Matters subsequent to the end of the financial period

On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

The Company will continue to implement its strategy by focusing on the execution of its business plan in an economically efficient manner.

Environmental regulation

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

Directors' Report

Information on directors



Kenneth Windle | Non-Executive Director and Chairman

Ken Windle worked 30 years with Glaxo/Glaxo Wellcome (now gsk) in International positions including Member of the Group's Executive Committee. This career included Head of Global Commercialisation based in London, CEO of subsidiaries in UK, Australia, and Regional President Asia Pacific. He was Chairman and CEO of Advent Pharmaceuticals Pty Ltd which he co-founded in 2001 and sold in 2018. He was Director of Aus Bio Ltd, Chairman of their R&D Committee, Deputy Chair of Acrux, and NED of NZ Pharmaceuticals. He is Chairman of RMIT's PAC. He served 8 years as a Member of Innovation Australia which included Chairman of the Board's COMET and P3 Committees, member of IIF Committee, and PISG Working Group. He was Chairman of the working group in Victorian Govt's. Biotechnology Strategic Development Plan. Graduating from Otago University in Pharmacy and pharmacology, he further studied Economics at Massey University, and completed the Executive Programme at London Business School.

Mr Windle has previously served as Consultant to the (Australian) Prime Minister's Science Council on Industry Development, Director of the (Singapore) Economic Development Board EDB, and (Singapore's) Committee on Competitiveness.

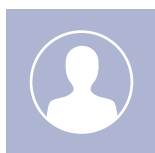
He was for 2 three year terms Chairman of the APMA (now Medicines Australia), a member of the Pharmaceuticals Industry Advisory Committee, a member of Pharmaceuticals Industry Action Agenda (PIAAG), member of the Pharmaceuticals Industry Strategy Group (PISG), and has been twice a winner of the Governor of Victoria's Export Prize. [Special responsibilities: None](#)



Julie Phillips | Managing Director | BPharm, DHP, MSc, MBA

Ms Julie Phillips has a strong background in the biotech and pharmaceutical industry, having worked as the CEO and Director of start-up Australian biotechnology companies operating in the life sciences sector. She is the CEO and a Director of BioDiem Ltd; Chairman of the Commonwealth government's Industry Innovation and Science Australia's R&D Incentive Committee; until Feb 2020 was Chairman of AusBiotech Ltd, the peak biotechnology industry association in Australia, and is currently a Director of the Medtech and Pharma Growth Centre, MTP Connect. Julie is also a member of the University of Newcastle's Council. [Special responsibilities: None](#)

Directors' Report



Mr Damien Hannes | Non-Executive Director

Mr. Hannes has over 25 years of finance, operations, sales and management experience. He has most recently served over 15 years as a managing director and a member of the operating committee, among other senior management positions, for Credit Suisse's listed derivatives business in equities, commodities and fixed income in its Asia and Pacific region. From 1986 to 1993, Mr. Hannes was a director for Fay Richwhite Australia, a New Zealand merchant bank. Prior to his tenure with Fay Richwhite, Mr. Hannes was the director of operations and chief financial officer of Donaldson, Lufkin and Jenrette Futures Ltd, a US investment bank. He has successfully raised capital and developed and managed mining, commodities trading and manufacturing businesses in the global market. He holds a Bachelor of Business degree from the NSW University of Technology and subsequently completed the Institute of Chartered Accounts Professional Year before being seconded into the commercial sector.

From 2009 to 2019 Mr Hannes was a non-executive director of Sundance Energy Australia Ltd (ASX) and Sundance Energy Inc (NASDAQ) after a re-domicile to the US. Damien was Chairman of the remuneration committee and a member of the audit committee in his time on the board at Sundance Energy. Damien has held various other Directorships in other private businesses in a capacity as Chairman and as a non executive Director. Damien is Chairman of BioDiem Ltd. [Special responsibilities: None](#)



Hugh M Morgan AC (Retired on 3 May 2022) | Chairman, Non-Executive Director | LLB, BCom

Hugh Morgan is Principal of First Charnock Pty Ltd. Hugh was appointed Chief Executive Officer of Western Mining Corporation (1990-2003) and prior to that served as an Executive Officer (1976-1986) and then Managing Director (from June 1986). Hugh has served as a Director of Alcoa of Australia Limited (1977-1998 and 2002-2003); Director of Alcoa Inc. (1998-2001); Member of the Board of the Reserve Bank of Australia (1981-1984 and 1996-2007); President of the Australian Japan Business Co-Operation Committee (1999-2006); Joint Chair of the Commonwealth Business Council (2003-2005) and now Emeritus Director; President of the Business Council of Australia (2003-2005) and now an Honorary Member; Member of the Anglo American plc Australian Advisory Board (2006-2014). Hugh was a Member of the Lafarge International Advisory Board; is Chairman of the Order of Australia Association Foundation Limited; Trustee Emeritus of The Asia Society New York; Chairman Emeritus of the Asia Society AustralAsia Centre; Member of the Asia Society Australia Advisory Council; President of the National Gallery of Victoria Foundation. Hugh is a graduate in Law and Commerce from the University of Melbourne. [Special responsibilities: None](#)

Directors' Report



Peter Snowball (Retired on 3 May 2022) | Non-Executive Director

Peter's successful career in the financial markets started at Barclays Bank and then the London Futures Exchange. After emigrating to Australia in 1971 he traded on the Sydney Wool Futures Exchange for global clients. Then back in London for a short time Peter became a senior broker at Shearson Lehmann Brothers with his own client base of professional traders, trading mainly financial futures in Chicago.

Later in Australia Peter set up a financial futures broking desk at Merrill Lynch in Sydney and subsequently at FIMAT Australia, broking interest rate futures into Singapore and Chicago. Peter moved to J B Were in 1994 where he switched to broking equities for retail clients and within five years became one of the biggest business writers in the Sydney office and in the Company.

After a short time supporting the Philanthropic Services team, Peter left J B Were in 2014 and moved to roles with smaller private companies assisting in company turn-arounds and corporate transactions. Peter was the chairman of Philip Shaw Wines Pty Ltd until December 2019. [Special responsibilities: None](#)

Melanie Leydin | Company secretary | BBus (Acc. Corp Law) CA FGIA

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer, now Vistra Australia. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors.

Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr Kenneth Windle	8	8
Ms Julie Phillips	8	8
Mr Damien Hannes *	1	1
Mr Peter Snowball **	6	6
Mr Hugh M Morgan AC ***	6	6

* Mr Damien Hannes was appointed on 30 May 2022.

** Mr Peter Snowball retired on 3 May 2022.

*** Mr Hugh M Morgan retired on 3 May 2022.

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

Directors' Report

Shares under option

Options outstanding at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 December 2020	30 November 2022	\$0.250	1,007,000

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

Shares issued on the exercise of options

The following ordinary shares of the Company were issued during up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
20/09/2021	\$0.075	1,964,079

Indemnity of officers

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

Indemnity of auditor

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Auditor

Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Kenneth Windle

Mr Kenneth Windle
Chairman
24 November 2022

Auditor's independence declaration



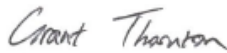
Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Opal Biosciences Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Opal Biosciences Limited for the year ended 30 June 2022, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance
Melbourne, 24 November 2022

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Statement of profit or loss and other comprehensive income

For the period ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	4	78,797	
Other Income	5	54,454	25,287
Expenses			
Research and Development Costs		-	(12,928)
Administration Expenses		(329,137)	(435,887)
Employment Costs		-	(54,794)
Loss before income tax expense		(195,886)	(478,322)
Income tax expense	6	-	-
Loss after income tax expense for the period attributable to the owners of Opal Biosciences Limited		(195,886)	(478,322)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Opal Biosciences Limited		(195,886)	(478,322)

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

Statement of financial position

As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	60,942	187,529
Trade and other receivables	8	13,503	9,838
Other assets	9	-	20,861
Total current assets		74,445	218,228
Total assets		74,445	218,228
Liabilities			
Current liabilities			
Trade and other payables	10	24,984	121,801
Funds received in advance	11	16,500	147,580
Total current liabilities		41,484	269,381
Total liabilities		41,484	269,381
Net assets/(liabilities)		32,961	(51,153)
Equity			
Issued capital	12	2,295,157	2,015,157
Accumulated losses		(2,262,196)	(2,066,310)
Total equity/(deficiency)		32,961	(51,153)

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

Statement of changes in equity

For the period ended 30 June 2022

	Issued capital \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2020	2,014,157	(1,587,988)	426,169
Loss after income tax expense for the period	-	(478,322)	(478,322)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(478,322)	(478,322)
<i>Transactions with owners in their capacity as owners:</i>			
Exercise of options	1,000	-	1,000
Balance at 30 June 2021	2,015,157	(2,066,310)	(51,153)

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	2,015,157	(2,066,310)	(51,153)
Loss after income tax expense for the period	-	(195,886)	(195,886)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(195,886)	(195,886)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 12)	250,000	-	250,000
Exercise of options	30,000	-	30,000
Balance at 30 June 2022	2,295,157	(2,262,196)	32,961

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

Statement of cash flows

For the period ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Income received		67,797	-
Payments to suppliers and employees (inclusive of GST)		(364,165)	(427,082)
R&D tax incentive		20,861	218,270
Net cash used in operating activities	17	(275,507)	(208,812)
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from exercise of options	12	30,000	1,000
Proceeds from issue of shares from placement	12	250,000	-
Funds received in advance	11	16,500	147,580
Refund of funds received for capital raising	11	(147,580)	-
Net cash from financing activities		148,920	148,580
Net decrease in cash and cash equivalents		(126,587)	(60,232)
Cash and cash equivalents at the beginning of the financial period		187,529	247,761
Cash and cash equivalents at the end of the financial period		60,942	187,529

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

Notes to the financial statements

30 June 2022

Note 1. General information

The financial statements cover Opal Biosciences Limited ("the Company" or "Opal") as an individual entity. The financial statements are presented in Australian dollars, which is Opal Biosciences Limited's functional and presentation currency. Opal Biosciences Limited is a for profit entity.

Opal Biosciences Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
100 Albert Road
South Melbourne VIC 3205

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 November 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company reported a net loss after tax of \$195,886 (2021: \$478,322 net loss after tax) and had net operating cash outflows of \$275,507 (2021: \$208,812) for the financial year ended 30 June 2022. The net loss after tax is directly attributable to the expenditures incurred in ongoing research and development activities, as well as administration expenditure. Despite the net loss after tax incurred for the period, the directors have prepared the financial statements on the going concern basis.

The going concern basis is considered appropriate based on a combination of the existing net assets of the Company, which amounted to \$32,961 (Net deficiency as at 30 June 2021: \$51,153) and this includes cash and cash equivalent assets of \$60,942 (30 June 2021: \$187,529), and the expectation of Company's ongoing ability to secure additional sources of financing successfully. In this regard, the Directors note the following:

- Directors have the ability to manage discretionary expenditures, which form a significant part of the Company's total expenditure, enabling the company to fund its operating expenditures within its available cash reserves.
- Consulting income received during the year of \$70,000.
- Forgiveness of directors fees paid to current and former directors of Opal of \$54,794 and the agreement of directors of Opal agreed not to receive any directors fees for the year ended 30 June 2022.
- On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

For these reasons, the Directors believe the Company has positive future prospects and are satisfied the going concern basis of preparation of these annual financial statements is appropriate.

The ability of the entity to continue as a going concern will be dependent on the ability of the entity's ability to:

- raise additional capital when required; and/or
- curtail operating expenditure when required.

These conditions indicate a material uncertainty that may cast doubt about the entity's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The annual report has been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Consulting fee

These revenues are earned as a fixed fee on a monthly basis as services rendered under contract over time.

Grant and concession revenue

Unconditional government grants are recognised in profit or loss as other income when the grant becomes receivable. Any other government grant is recognised in the balance sheet initially as deferred income when received and when there is reasonable assurance that the entity will comply with the conditions attaching to it.

Other grants or concessions, including Research & Development Tax concessions, that compensate the entity for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred, and as a receivable over the same period.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Receivables are initially measured at fair value and subsequently measured at amortised cost less allowance for impairment.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Note 4. Revenue

	2022	2021
	\$	\$
Consulting fees	78,797	-

Of the \$78,797 consulting fees during the year ended 30 June 2022, \$70,000 related to advisory services provided by entity to a development project in NSW, the remaining \$8,797 related to miscellaneous services rendered.

Note 5. Other income

	2022	2021
	\$	\$
Research & Development Tax Concession	-	25,287
Interest income	1	-
Forgiveness of directors' fees	54,453	-
Other income	54,453	25,287

Pursuant to an agreement between Opal and its former non-executive directors ("the directors"), the directors agreed to forgive all the fees accrued as at 30 April 2022. The directors did not receive any directors fees from 1 May 2022.

Note 6. Income tax expense

	2022	2021
	\$	\$
Numerical reconciliation of income tax expense and tax at the statutory rate	-	-
Loss before income tax expense	(195,886)	(478,322)
Tax at the statutory tax rate of 25% (2021: 26%)	(48,972)	(124,364)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research & Development tax incentive - not assessable	-	(6,575)
Current period tax losses not recognised	(48,972)	(130,939)
Current period temporary differences not recognised	66,341	134,033
Current period temporary differences not recognised	(17,369)	(3,094)
Income tax expense	-	-

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. Opal has carried forward historical tax losses of \$1,551,962.

Note 7. Cash and cash equivalents

	2022	2021
	\$	\$
<i>Current assets</i>		
Cash at bank	60,942	187,529

Note 8. Trade and other receivables

	2022	2021
	\$	\$
<i>Current assets</i>		
Trade receivables	11,000	-
GST receivable	2,503	9,838
	9,838	9,838

Note 9. Other current assets

	2022	2021
	\$	\$
<i>Current assets</i>		
Accrued revenue - R&D Incentives	-	20,861

Note 10. Trade and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	24,984	30,446
Other creditors and accruals	-	91,355
	24,984	121,801

Refer to note 14 for further information on financial instruments.

Note 11. Funds received in advance

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Funds received in advance	16,500	147,580

As at 30 June 2022, Opal received \$16,500 from option holders for the exercise of options that occurred subsequent to the year end.

As at 30 June 2021, Opal received funds from investors as a part of the Information Memorandum announced by Opal during the period to raise up to \$5 million through the issue of 33,333,333 shares at \$0.15 (15 cents) per share. Subsequent to year end, Opal announced that in light of its progress towards leading the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, it withdrew this capital raising, and returned all monies in full to applicants.

Note 12. Issued capital

	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	23,483,509	19,750,177	2,295,157	2,015,157

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	19,746,177		2,014,157
Exercise of options	22 October 2020	4,000	\$0.250	1,000
Balance	30 June 2021	19,750,177		2,015,157
Shares issued from placement	20 September 2021	3,333,332	\$0.075	250,000
Exercise of options	17 February 2022	333,333	\$0.075	25,000
Exercise of options	8 April 2022	66,667	\$0.075	5,000
Balance	30 June 2022	23,483,509		2,295,157

Ordinary shares

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

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

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 13. Dividends

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

Note 14. Financial instruments

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board. The policies employed to mitigate risk include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. The Board identifies risk and evaluates the effectiveness of its responses.

Market risk

Foreign currency risk

The Company currently undertakes very few transactions denominated in foreign currency and therefore is exposed to little foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk

The Company is not exposed to any significant price risk.

Interest rate risk

The Company is not currently exposed to any significant interest rate risk.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised, as counterparties are recognised financial intermediaries, with acceptable credit ratings determined by recognised credit agencies.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position.

None of the Company's receivables are past their due date.

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

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

2022	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	24,984	-	-	-	24,984
Funds received in advance	-	16,500	-	-	-	16,500
Total non-derivatives		41,484	-	-	-	41,484

2021	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	30,446	-	-	-	30,446
Funds received in advance	-	147,580	-	-	-	147,580
Total non-derivatives		178,026	-	-	-	178,026

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 15. Related party transactions

Parent entity

BioDiem Limited is the parent entity.

Key management personnel

No amounts have been paid to key management personnel (excluding directors) as BioDiem manages these payments through the management fee which the Company pays to BioDiem each month.

Transactions with related parties

The following transactions occurred with related parties:

	2022	2021
	\$	\$
Directors fees	-	54,794

In February 2018, Opal Biosciences Limited entered into a service agreement with Biodiem Limited, being the controlling shareholder of the Company, for management and operational service support. The service fee is subject to annual reassessment. The latest assessment in February 2022 reduced the fee from \$16,975 plus GST to \$10,394 plus GST per month. The total management fee of \$167,960 (2021: \$203,700) was paid to Biodiem Limited for the year ended 30 June 2022.

Forgiveness of directors fees paid to current and former directors of Opal of \$54,794 and the agreement of directors of Opal agreed not to receive any directors fees for the year ended 30 June 2022.

Loans to/from related parties

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

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 16. Events after the reporting period

On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 17. Reconciliation of loss after income tax to net cash used in operating activities

	2022	2021
	\$	\$
Loss after income tax expense for the period	(195,886)	(478,322)
Adjustments for:		
Forgiveness of directors' fees	(54,453)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,664)	(3,168)
Decrease/(increase) in current assets	20,861	199,320
Increase in trade and other payables	(42,365)	73,358
Net cash used in operating activities	(275,507)	(208,812)

Directors' declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

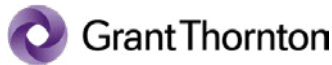


Mr Henry Kenneth Windle
Chairman

24 November 2022

Independent auditor's report

to the members of Opal Biosciences Limited



Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Independent Auditor's Report

To the Members of Opal Biosciences Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Opal Biosciences Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent auditor's report

to the members of Opal Biosciences Limited

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of \$195,886 during the year ended 30 June 2022, and as of that date, the Company's net assets amounted to \$32,961. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance
Melbourne, 24 November 2022

Corporate directory

Directors

Mr Kenneth Windle
Mr Damien Hannes
Ms Julie Phillips

Company secretary

Melanie Leydin

Registered office

Level 4
100 Albert Road
South Melbourne VIC 3205
PH: + 61 3 9692 7240

Principal place of business

Level 4
100 Albert Road
South Melbourne VIC 3205
PH: + 61 3 9692 7240

Auditor

Grant Thornton Audit Pty Ltd
Tower 5, Collins Square
727 Collins Street
Melbourne VIC 3000

Website

www.opalbiosciences.com

