

The logo for Opal Biosciences features the word "opal" in a lowercase, white, sans-serif font. A thin horizontal line is positioned above the "o" and below the "l". To the right of "opal", the word "Biosciences" is written in a smaller, white, sans-serif font. The background of the logo area is a gradient from red at the top to blue at the bottom, with a pattern of dark blue hexagons on the right side.

opal

Biosciences

Opal Biosciences Limited | ABN 97 605 631 963

A large, stylized graphic of the year "2023" is centered on the page. The "20" is in a light blue color, while the "23" is in a darker blue. The background is a gradient from blue at the top to a darker blue at the bottom, with a pattern of dark blue hexagons at the bottom. A photograph of a man wearing a white surgical mask is visible in the bottom right corner, partially overlapping the "23" and the "ANNUAL REPORT" text.

2023

2023 ANNUAL REPORT



Who we are

Opal Biosciences Ltd's strategic focus is directed towards growing Australia's vaccine and pharmaceutical manufacturing capability. Our business plan is to develop a profitable innovative development and manufacturing business to fill a growing market need for complex clinical trial (and personalised/precision health) medicines.

Highlights of 2023

- Total proceeds of \$220,749 raised during FY23, with \$133,181 of these proceeds relating to the exercise of options in Opal, with 1,765,746 options exercised at \$0.075 (7.5 cents) each, expiring 20 September 2022, and 3,000 of the options exercised at \$0.25 (25 cents) each, expiring 30 November 2022. In addition, \$87,568 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.
- Submission of final application to the Western Australian Investment Attraction Fund in October 2022 for \$5 million, which was successful. (The funding agreement was signed in July 2023.)
- In June 2023 Opal announced its proposed merger with specialist company, Formulytica Pty Ltd. The objective of the new merged business is to serve the needs of local and overseas groups who need manufacture of research stage products for testing in preclinical and early stage (Phase I/IIa) clinical studies and for some precision medicine treatment development e.g. individually tailored cancer vaccines.
- The \$5 million grant by the Western Australian state government will be used to establish a new specialised pharmaceutical formulation and small-scale manufacturing facility in Perth.
- The grant is subject to key milestones as part of the WA government Financial Assistance Agreement. Financial assistance is to a maximum of 50% of the total proposal cost or a maximum contribution amount of \$5 million AUD, whichever is lower.

Opal's business plan is to develop a profitable innovative development and manufacturing business to fill a growing market need for complex clinical trial (and personalised/precision health) medicines.





Chairman's Letter

Fellow Shareholders,

The 2022-2023 financial year has seen Opal continue its new strategic direction in pharmaceutical manufacturing with the year's highlights being news of our award of the Western Australian (WA) government's Investment Attraction Fund (IAF) \$5 million grant and the signing of our share purchase agreement for the acquisition of Formulytica Pty Ltd (Formulytica).

These two events have the potential to position Opal to become a significant business in the supply chain for pharmaceutical manufacturing in Australia.

Our application for the WA government grant was lodged in October 2022 with Formulytica as an important partner. The grant is for the establishment of a small scale pharmaceutical manufacturing facility in Perth to provide sterile injectables for early stage clinical trials and for precision medicine or personalised medicine use. Whereas Australia has some capability for large batch production of sterile injectables there is a gap in the market for small batch runs. Because of this gap Australian companies needing this service are often forced overseas incurring higher expense and time delays.

Formulytica is recognised internationally for its strengths in formulation development (topical applications and injectables). Following the completion of the merger Formulytica will continue to operate its fee-for-service business under its own internationally recognised brand. It will service local and international clients and in addition continue to gain royalties from its own in-house innovative technologies, some of which have already been outlicensed and commercialised.

In June 2023 we signed a share purchase agreement with Formulytica. Opal together with Formulytica prepared the business plan for the Perth manufacturing facility which was the subject of the grant application lodged by Opal. Therefore Formulytica is key to the success of the Opal endeavour, and the Perth facility will be an extension of their existing pharmaceutical formulation development and manufacturing business taking place in Victoria, and allow them to grow their capabilities in sterile injectable formulation and manufacture. The acquisition transaction will be effective on the completion of a capital raising. Opal will then acquire all the shares of Formulytica to form a wholly-owned subsidiary and any existing debt within Formulytica will be converted to equity.

The capital raising to conclude the acquisition of Formulytica and allow us access to the \$5 million WA project grant was launched and announced on 1 September 2023. The announcement included the Information Memorandum to raise up to \$2.5 million through the issue of 10,000,000 new Shares at \$0.25 (25 cents) per share together with one (1) free attaching Option for every one (1) new Share having an exercise price of \$0.25 (25 cents) and expiring October 2025. The WA IAF grant requires matched funding.

The capital raising will close on the 31 March 2024. An advantage of this extension is that we also expect to receive news by then of the result of the two additional federal government grant applications we lodged during the last year. While both would be highly relevant and desirable to what we plan for Perth, we have not factored any funds from these in our financial forecasts.

BioDiem remains Opal's largest shareholder and continues to support us. BioDiem owns ~55% of Opal Biosciences Ltd and participated in a share placement to Opal in 2021. BioDiem had exercised the options attaching to the shares from that placement which were exercisable by 20 September 2022 and also agreed to take up some of the shortfall of any unexercised options in November 2022. This maintained BioDiem's major shareholder position. A total of \$220,749 was raised during the year. There was also consulting fees revenue of \$60,000 during the year related to advisory services provided by the Company.

Our resources are shared with our parent company so that administration and corporate costs are kept low. The Non-Executive Directors have agreed not to receive any directors' fees to assist the company transition to its new phase.

In closing I would like to thank my fellow board members and our staff and importantly our shareholders for their support during the year. The Formulytica team and our colleague Phil Leslie have also been generous with their time to plan the establishment of the extended business in Perth. I look forward to bringing you more news of this in the coming year.

Yours faithfully,



Kenneth Windle
Chairman



Review of Operations

Opal's strategic focus is to grow Australia's vaccine and pharmaceutical manufacturing capability.

- Opal announced its proposed merger with Formulytica Pty Ltd (Formulytica) in June 2023.
- In July 2023 Opal announced it was awarded a \$5 million grant by the Western Australian (WA) government through its Innovation Attraction Fund (IAF).
- A funding agreement has been signed with the WA government which includes a schedule of payments over a five year period.
- The grant requires Opal to contribute matching funds to access the full government funding over the five year period of the grant.
- On 1 September 2023 Opal launched an Information Memorandum for a \$2.5 million capital raising through the issue of 10,000,000 new Shares at \$0.25 per share together with one free attaching Option for every one new Share having an exercise price of \$0.25 and expiring October 2025.
- The capital raise is open to sophisticated investors only.
- On successful completion of the capital raising the merger with Formulytica will be effective and access to the \$5 million WA IAF grant will commence.

- The closing date of the capital raise is 31 March 2024. Before that time the result of two federal government grant applications is expected
 - Medical Research Future Fund (MRFF) National Critical Research Infrastructure (NCRI) application for \$5 million.
 - In July 2023 in partnership with the University of Western Australia (Professor Archa Fox, Prof Jenette Creaney, Prof Bruce Robinson and Assoc Prof Alex Redwood), Opal and Formulytica submitted an application to the MRFF NCRI grant program requesting \$5 million. This application proposes development of personalised medicines for cancer vaccines in the manufacturing facility to be established in Perth; and
 - CRC-P grant application for \$3 million. This application is also related to the Perth project.

The successful award of either of these grants will contribute to the Perth plans, however neither has been relied on in the company's financial planning.

The IAF grant will assist the merged Opal-Formulytica business establish a pharmaceutical manufacturing facility in Perth for:

- research stage products for testing in preclinical and early stage (Phase I/IIa) clinical studies and
- precision medicine treatments e.g. individually tailored cancer vaccines.

As at 2 August 2023, more than 15% of clinical trials registered on the Australian and New Zealand clinical trial registry (ANZCTR) were Phase I studies using research-stage injectable products¹. The compound annual growth rate (CAGR) of the global market for clinical trials is estimated at 6.9%² driven by the rising number of clinical trials globally and the increasing prevalence of chronic diseases heightening the demand for the development of efficient therapeutics. From 2006 to 2020 the number of early phase studies being conducted in Australia more than tripled, and between 2016 and 2020 the proportion of early phase studies increased from 27% to 40%³.

The personalised medicine market is emerging with the personalised medicine therapeutics segment projected to have the fastest CAGR of an estimated 10.7%⁴.

¹ ANZCTR results as at 2 Aug 2023 showing 256 Phase I studies with 43 using research-stage sterile injectables.

² Fortune Business Insights Report, 31 Mar 2023, *Clinical Trials Market Size, Share and COVID-19 Impact Analysis, By Phase (Phase I, Phase II, Phase III, and Phase IV), By Application (Oncology, CNS disorder, Cardiology, Infectious Disease, Metabolic Disorder, Renal/Nephrology, and Others.) and Regional Forecast, 2023 to 2030*.

³ www.anzctr.org.au/docs/ClinicalTrialsInAustraliaUPDATE2006-2020.pdf

⁴ Grandview Research Report, 2023, *Personalised Medicine Market Size, Shares and Trends Analysis Report by Product, (Personalised Medicine Therapeutics, Personalised Medical Care, Personalised Nutrition and Wellness), by Region, and Segment Forecasts, 2023 to 2030*.

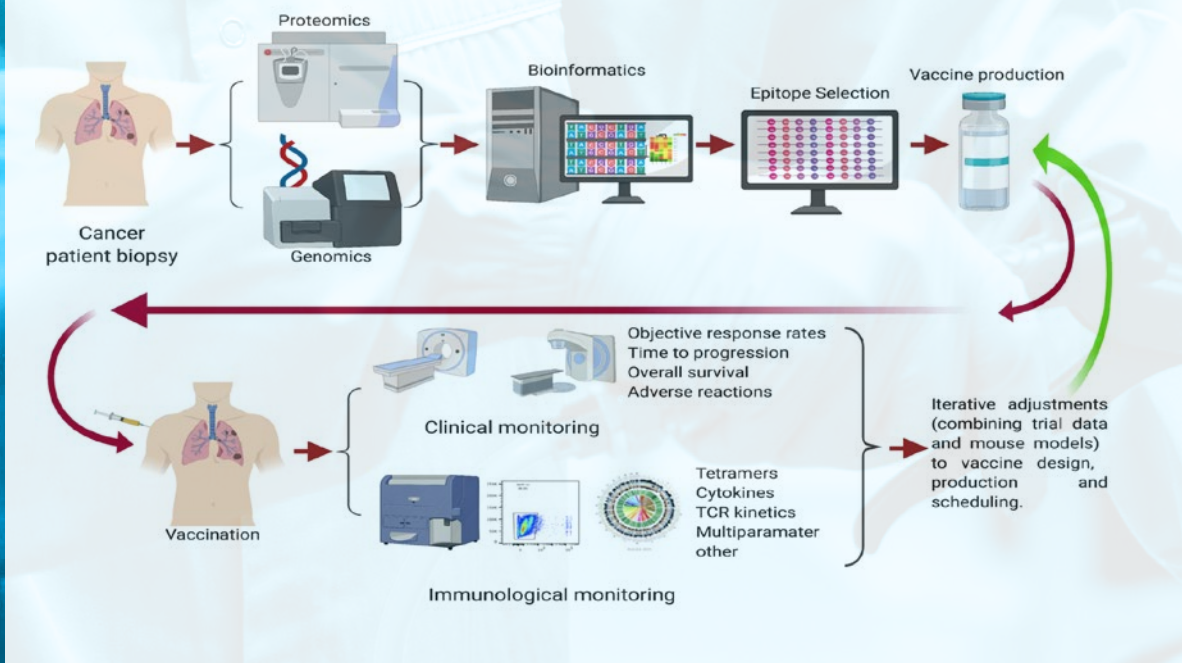
\$5m from the Western Australian Investment Attraction Fund

Grant awarded for establishment of small scale sterile liquid pharmaceutical manufacturing facility in Perth



Personalised Medicine is revolutionizing medicine

Cancer vaccine: Using a patient's own tumour tissue to design a vaccine customised for an individual patient



Post-successful capital raising

In addition to penetration of these growing markets, the Opal-Formulytica business will provide services for preclinical product manufacture, contract formulation development services, analytical method development and validation to augment the existing revenue-generating Melbourne-based business with its strong and internationally recognised capabilities.

Once established, the new Perth-based arm of the Opal- Formulytica business will provide flexible and high-speed turnaround manufacture of sterile injectable products at small scale e.g. personalised products for individual patients and early stage clinical trials. The facility's capability for quick turnaround will allow high throughput of a number of manufacturing campaigns, such as multiple small batches of personalised medicines including vaccines. There is a gap in the Australian market for this contract manufacturing capability.

It is expected that revenue will grow through expansion of the existing Melbourne fee-for-service business (formulation development, analytical chemistry, stability testing for topical, oral, ophthalmic and injectable products) to include small scale sterile injectable products as described. In addition, the novel technology development opportunities will increase and will expand the existing commercialised royalty-producing intellectual property portfolio.

The new capability to be established in Perth will boost assistance to those groups transitioning from research stage to clinical trials and will include both Australian and overseas based clients. In particular start-up companies, university spin-out companies, university groups, medical research institutes and established biotech and pharmaceutical companies will benefit from this expansion. The existing Opal-Formulytica network and client base includes companies and organisations across the full spectrum of pharmaceutical product research, preclinical and clinical development, manufacture and commercialisation. The network includes service providers in regulatory affairs, clinical research, pharmacoeconomics, international marketing and promotion.

Currently in Australia, the capabilities and infrastructure for small scale sterile liquid injectable and vaccine manufacturing and fill/finish are scarce. In some cases, for individual patient scale or very small-scale trials, hospitals are used for manufacturing, requiring upskilling and implementation of quality assurance (QA) systems and quality control (QC) processes. These constraints frequently preclude this approach. Meanwhile, existing contract manufacturers prefer higher volume batch production for profitability due to the cost and complexity of requirements for cGMP manufacture of sterile injectables, even if for investigational use⁵.

Australian researchers and companies commonly rely on overseas manufacturers to produce their clinical trial materials. The consequences are delays, risk and expense: lead times can be uncertain and long, and costs high due to demand, exchange rates and shipping.

Our business plan is to develop a profitable innovative development and manufacturing business to fill a growing market need for complex clinical trial (and personalised/precision health) medicines.

⁵ PICS guide to good manufacturing practise for medicinal products annexes – see Annex 13 <https://www.tga.gov.au/sites/default/files/gmp-guide-annexes.pdf>



Financial Report

Opal Biosciences Limited

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Opal Biosciences Limited
Corporate directory
30 June 2023

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 7222
Principal place of business	Level 4 100 Albert Road South Melbourne VIC 3205 PH: + 61 3 9692 7222
Auditor	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street Melbourne VIC 3000
Website	www.opalbiosciences.com

Opal Biosciences Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on Opal Biosciences Limited ("Opal" or "the Company") for the period ended 30 June 2023.

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
Ms Julie Phillips
Mr Damien Hannes

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 year.

Review of operations

The loss for the Company after providing for income tax amounted to \$179,286 (30 June 2022: \$195,886).

Risks and uncertainties

The Company is subject to risks that are specific to 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 \$136,857, and net assets of \$74,424 as at 30 June 2023 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.

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 therefore 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.

Significant changes in the state of affairs

During the year, Opal raised a total of \$133,181 in proceeds relating to the exercise of 1,768,746 options in Opal, with 1,765,746 of the options exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022, and 3,000 of the options exercisable at \$0.25 (25 cents) each, expiring 30 November 2022. In addition, \$87,568 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

On 21 June 2023 Opal announced its proposed merger with specialist company, Formulytica Pty Ltd ("Formulytica"). Opal and Formulytica have partnered to plan the establishment of a new sterile pharmaceutical development and manufacturing facility to be based in Perth. The new facility will be focused on small scale manufacture of sterile liquid products for clinical trial and personalised medicine treatment. The objective of the new merged business will be to serve the needs of local and overseas groups who need manufacture of research stage products for testing in preclinical and early stage (Phase I/IIa) clinical studies and for some precision medicine treatment developments e.g. individually tailored cancer vaccines.

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

Opal Biosciences Limited
Directors' report
30 June 2023

Matters subsequent to the end of the financial year

On 18 July 2023, the Company announced it has been awarded an Investment Attraction Fund grant of \$5 million by the State Government of Western Australia (WA). The grant is to support establishment of a manufacturing facility in Perth to develop and formulate the materials required for use in clinical trials particularly small batch manufacture of sterile injectables and vaccines. Material for preclinical studies will also be included. In addition, the project will recruit and train new staff in advanced sterile pharmaceutical manufacturing, regulatory and quality standards. The project includes internships and placement opportunities for PhD's and other higher education students to learn about sterile pharmaceutical manufacturing to international industry standards. The grant requires matched funding over the 5 year period of the project.

On 1 September 2023, the Company announced its Information Memorandum to raise up to \$2.5 million through the issue of 10,000,000 new Shares at \$0.25 (25 cents) per share together with one (1) free attaching Option for every one (1) new Share having an exercise price of \$0.25 (25 cents) and expiring October 2025.

No other matter or circumstance has arisen since 30 June 2023 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 a financially efficient manner.

Environmental regulation

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

Information on directors

Name:	Kenneth Windle
Title:	Chairman and Non-Executive Director
Qualifications:	BPharm, DipEc, MPS
Experience and expertise:	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

Opal Biosciences Limited
Directors' report
30 June 2023

Name: Julie Phillips
Title: Managing Director
Qualifications: BPharm, DHP, MSc, MBA
Experience and expertise: 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 CEO and a Director of BioDiem Ltd, the 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

Name: Mr Damien Hannes
Title: Non-Executive Director
Experience and expertise: 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 the Chairman of Biodiem Ltd.

Special responsibilities: None

Company secretary

Melanie Leydin- 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 Managing Director of Vistra Australia Pty Ltd. 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 as a Company Secretary. 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.

Opal Biosciences Limited
Directors' report
30 June 2023

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Attended	Held
Mr Kenneth Windle	9	9
Ms Julie Phillips	9	9
Mr Damien Hannes	9	9

Shares under option

No unissued ordinary shares of the Company under option outstanding at the date of this report.

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

There were 1,768,746 ordinary shares of the Company issued on the exercise of options with a total of \$133,181 received during the year ended 30 June 2023 and up to the date of this report.

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 year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

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

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Auditor

William Buck Audit (Vic) Pty Ltd 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



Mr Henry Kenneth Windle
Chairman

6 November 2023

Auditor's Independence Declaration



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF OPAL BIOSCIENCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck
William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis
A. A. Finnis
Director
Melbourne, 6 November 2023

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Opal Biosciences Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	4	60,000	78,797
Other income	5	-	54,454
Expenses			
Administration expenses		<u>(239,286)</u>	<u>(329,137)</u>
Loss before income tax expense		(179,286)	(195,886)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Opal Biosciences Limited		(179,286)	(195,886)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year attributable to the owners of Opal Biosciences Limited		<u><u>(179,286)</u></u>	<u><u>(195,886)</u></u>

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

Opal Biosciences Limited
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents		136,857	60,942
Trade and other receivables	6	4,001	13,503
Total current assets		<u>140,858</u>	<u>74,445</u>
Total assets		<u>140,858</u>	<u>74,445</u>
Liabilities			
Current liabilities			
Trade and other payables	7	64,933	24,984
Funds received in advance	8	1,501	16,500
Total current liabilities		<u>66,434</u>	<u>41,484</u>
Total liabilities		<u>66,434</u>	<u>41,484</u>
Net assets		<u>74,424</u>	<u>32,961</u>
Equity			
Issued capital	9	2,515,906	2,295,157
Accumulated losses		<u>(2,441,482)</u>	<u>(2,262,196)</u>
Total equity		<u>74,424</u>	<u>32,961</u>

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

Opal Biosciences Limited
Statement of changes in equity
For the year ended 30 June 2023

	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 year	-	(195,886)	(195,886)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(195,886)	(195,886)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 9)	250,000	-	250,000
Exercise of options (note 9)	30,000	-	30,000
Balance at 30 June 2022	<u>2,295,157</u>	<u>(2,262,196)</u>	<u>32,961</u>
	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	2,295,157	(2,262,196)	32,961
Loss after income tax expense for the year	-	(179,286)	(179,286)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(179,286)	(179,286)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 9)	87,568	-	87,568
Exercise of options (note 9)	133,181	-	133,181
Balance at 30 June 2023	<u>2,515,906</u>	<u>(2,441,482)</u>	<u>74,424</u>

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

Opal Biosciences Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Income received		71,000	67,797
Payments to suppliers and employees (inclusive of GST)		(185,835)	(364,165)
R&D tax incentive		-	20,861
		<hr/>	<hr/>
Net cash used in operating activities	18	(114,835)	(275,507)
		<hr/>	<hr/>
Net cash from investing activities		-	-
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from exercise of options	9	118,181	30,000
Proceeds from issue of shares from placement	9	87,568	250,000
Funds received in advance	8	(14,999)	16,500
Refund of funds received for capital raising	8	-	(147,580)
		<hr/>	<hr/>
Net cash from financing activities		190,750	148,920
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		75,915	(126,587)
Cash and cash equivalents at the beginning of the financial year		60,942	187,529
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		<u>136,857</u>	<u>60,942</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Opal Biosciences Limited
Notes to the financial statements
30 June 2023

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 6 November 2023. 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 years 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 \$179,286 (2022: \$195,886 net loss after tax) and had net operating cash outflows of \$114,835 (2022: \$275,507) for the financial year ended 30 June 2023. 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 \$74,424 (Net assets as at 30 June 2022: \$32,961) and this includes cash and cash equivalent assets of \$136,857 (30 June 2022: \$60,942), and the expectation of Company's ongoing ability to secure additional sources of financing successfully. In this regard, the Directors note the following:

- On 18 July 2023, the Opal announced it has been awarded an Investment Attraction Fund grant of \$5 million by the Government of Western Australia (WA). The grant requires matched funding over the 5 year period of the project.
- On 1 September 2023, Opal announced its Information Memorandum to raise up to \$2.5 million through the issue of 10,000,000 new Shares at \$0.25 (25 cents) per share together with one (1) free attaching Option for every one (1) new Share having an exercise price of \$0.25 (25 cents) and expiring October 2025.
- 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 \$60,000.
- During the year ended 30 June 2022, pursuant to an agreement between Opal and its 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.
- During the year, Opal raised a total of \$133,181 in proceeds relating to the exercise of 1,768,746 options in Opal, with 1,765,746 of the options exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022, and 3,000 of the options exercisable at \$0.25 (25 cents) each, expiring 30 November 2022. In addition, \$87,568 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

Note 2. Significant accounting policies (continued)

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

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

These conditions indicate a material uncertainty that may cast significant doubt about the Company'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.

Although it is not certain that these efforts will be successful, management has determined that the activities it will take are sufficient to mitigate the material uncertainty on the entity's ability to continue as a going concern and be able to 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.

There is a material uncertainty that the Consolidated Entity will be able to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Company 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.

Note 2. Significant accounting policies (continued)

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.

Note 2. Significant accounting policies (continued)

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 year 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.

Opal Biosciences Limited
Notes to the financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

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

	2023 \$	2022 \$
Consulting fees	60,000	78,797

The consulting fees for the year ended 30 June 2023 were related to advisory services provided by the Company to a development project in NSW (2022: \$70,000).

Note 5. Other income

	2023 \$	2022 \$
Interest income	-	1
Forgiveness of directors' fee	-	54,453
Other income	-	54,454

During the year ended 30 June 2022, pursuant to an agreement between the company and its 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, and the directors agreed not to receive any directors fees for the year ended 30 June 2023.

Note 6. Trade and other receivables

	2023 \$	2022 \$
<i>Current assets</i>		
Trade receivables	-	11,000
GST receivable	4,001	2,503
	4,001	13,503

Opal Biosciences Limited
Notes to the financial statements
30 June 2023

Note 7. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	25,433	24,984
Other creditors and accruals	39,500	-
	<u>64,933</u>	<u>24,984</u>

Refer to note 11 for further information on financial instruments.

Note 8. Funds received in advance

	2023 \$	2022 \$
<i>Current liabilities</i>		
Funds received in advance	<u>1,501</u>	<u>16,500</u>

The balance as at 30 June 2023 represents residual funds to be refunded to investors subsequent to the year end. The balance as at 30 June 2022 represents the funds received from investors for exercise of options, of which 200,000 shares at \$0.075 each were issued in the financial year 2023.

Note 9. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>26,419,838</u>	<u>23,483,509</u>	<u>2,515,906</u>	<u>2,295,157</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	19,750,177		2,015,157
Shares issued from placement	20 September 2021	3,333,332	\$0.070	250,000
Exercise of options	17 February 2022	333,333	\$0.070	25,000
Exercise of options	8 April 2022	66,667	\$0.070	5,000
Balance	30 June 2022	23,483,509		2,295,157
Exercise of options	21 July 2022	200,000	\$0.075	15,000
Exercise of options	20 September 2022	1,565,746	\$0.075	117,431
Shares issued from placement	15 November 2022	1,167,583	\$0.075	87,568
Exercise of options	30 November 2022	3,000	\$0.250	750
Balance	30 June 2023	<u>26,419,838</u>		<u>2,515,906</u>

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.

Note 9. Issued capital (continued)

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 10. Dividends

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

Note 11. 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.

The Company limits its exposure of credit risk in relation to cash & cash equivalents by utilising only banks with acceptable credit rating.

Opal Biosciences Limited
Notes to the financial statements
30 June 2023

Note 11. Financial instruments (continued)

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

All material remaining financial instrument liabilities at 30 June 2023 and 30 June 2022 mature within twelve months of the date of the report.

Fair value of financial instruments

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

Note 12. Key management personnel disclosures

Directors

The following persons were directors of Opal Biosciences Limited during the financial year:

Mr Kenneth Windle
Ms Julie Phillips
Mr Damien Hannes

Compensation

During the year ended 30 June 2022, pursuant to an agreement between the company and its 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, and the directors agreed not to receive any directors fees for the year ended 30 June 2023.

Note 13. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

	2023	2022
	\$	\$
<i>Audit or review of the financial statements</i> Grant Thornton Audit Pty Ltd (Audit and review fees at 31 December 2021 and 30 June 2022)	25,300	25,200
<i>Audit or review of the financial statements</i> William Buck Audit Pty Ltd (Audit and review fee at 31 December 2022 and 30 June 2023)	16,500	-
	41,800	25,200

Note 14. Contingent liabilities

The Company does not have any contingencies as at 30 June 2023 (2022: nil).

Note 15. Commitments

The Company does not have any commitments as at 30 June 2023 (2022: nil).

Note 16. Related party transactions

Parent entity

BioDiem Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 12.

Note 16. Related party transactions (continued)

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

Since February 2018, the Company entered into a service agreement to pay \$22,786 (per month) as operation and management fee to the parent entity, Biodiem Limited. This was reassessed and updated in September 2020 to \$16,975 (per month).

In February 2018, the Company 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 \$124,728 (2022: \$167,960) was paid to Biodiem Limited for the year ended 30 June 2023.

During the year ended 30 June 2022, pursuant to an agreement between the Company and its 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.

Loans to/from related parties

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

Note 17. Events after the reporting period

On 18 July 2023, the Company announced it has been awarded an Investment Attraction Fund grant of \$5 million by the State Government of Western Australia (WA). The grant is to support establishment of a manufacturing facility in Perth to develop and formulate the materials required for use in clinical trials particularly small batch manufacture of sterile injectables and vaccines. Material for preclinical studies will also be included. In addition, the project will recruit and train new staff in advanced sterile pharmaceutical manufacturing, regulatory and quality standards. The project includes internships and placement opportunities for PhD's and other higher education students to learn about sterile pharmaceutical manufacturing to international industry standards. The grant requires matched funding over the 5 year period of the project.

On 1 September 2023, the Company announced its Information Memorandum to raise up to \$2.5 million through the issue of 10,000,000 new Shares at \$0.25 (25 cents) per share together with one (1) free attaching Option for every one (1) new Share having an exercise price of \$0.25 (25 cents) and expiring October 2025.

No other matter or circumstance has arisen since 30 June 2023 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 18. Reconciliation of loss after income tax to net cash used in operating activities

	2023	2022
	\$	\$
Loss after income tax expense for the year	(179,286)	(195,886)
Adjustments for:		
Forgiveness of directors' fees	-	(54,453)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	9,502	(3,664)
Decrease/(increase) in other current assets	-	20,861
Increase/(decrease) in trade and other payables	54,949	(42,365)
Net cash used in operating activities	<u>(114,835)</u>	<u>(275,507)</u>

Opal Biosciences Limited
Directors' declaration
30 June 2023

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 2023 and of its performance for the financial year 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

6 November 2023

Independent auditor's report

to the members of Opal Biosciences Limited

WilliamBuck

ACCOUNTANTS & ADVISORS

Opal Biosciences Limited Independent auditor's report to members

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 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- i. giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii. 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 auditor independence requirements of 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial report, which indicates that the Company incurred a net loss of \$179,286 for the year ended 30 June 2023 and had net cash outflows used in operations of \$114,835. As stated in Note 2, these events or conditions, 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.

Independent auditor's report

to the members of Opal Biosciences Limited



Other Information

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 2023, but does not include the financial report and the 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* and for 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 ability of the Company 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 has no realistic alternative but to do so.


Auditor's Responsibilities for the Audit of the Financial Report

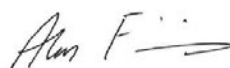
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 these financial statements 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 independent auditor's report.


William Buck
William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136


A. A. Finnis
Director
Melbourne, 6 November 2023

