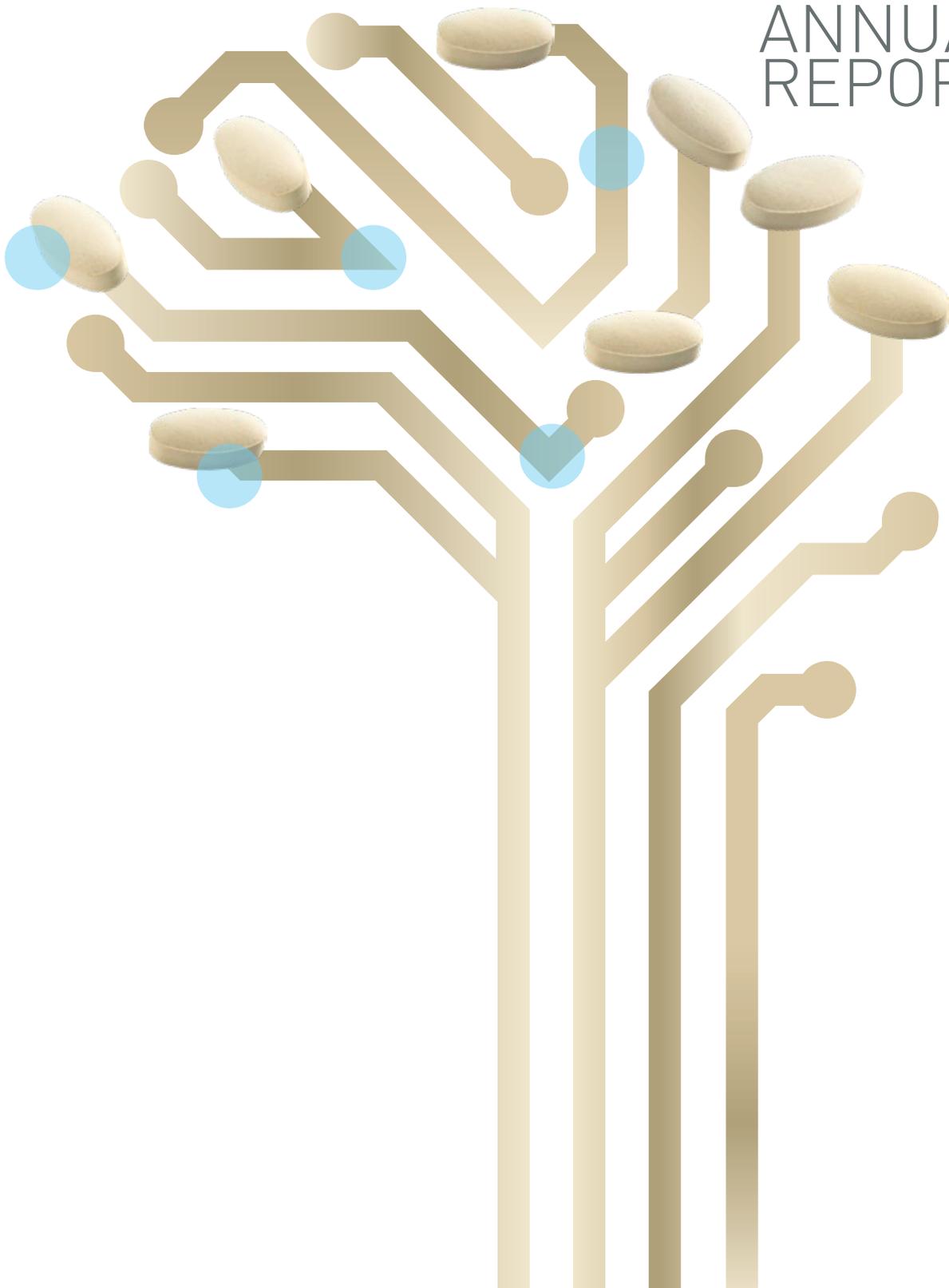


2020
BIONOMICS
ANNUAL
REPORT



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TO IMPROVE THE
LIVES OF PEOPLE
LIVING WITH SERIOUS
CENTRAL NERVOUS
SYSTEM DISORDERS

EXECUTIVE CHAIRMAN'S REPORT

DEAR SHAREHOLDERS

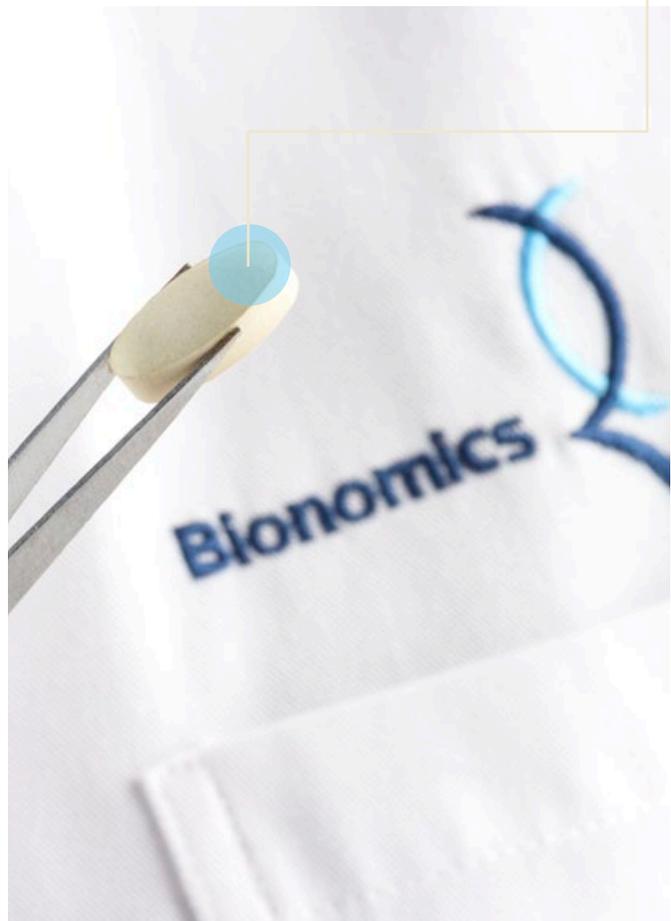


Following a challenging FY2019 year highlighted by a number of clinical setbacks, FY2020 represents a year in which we are well on the path to turning around Bionomics to realise the potential of our lead drug candidate BNC210 which is a novel,

orally-administered, first-in-class, negative allosteric modulator of the $\alpha 7$ nicotinic acetylcholine receptor, in development for anxiety, panic, and post-traumatic stress disorder (PTSD). The clinical setbacks of BNC210 in our previous trial reported in October 2018 in missing the primary endpoint for the treatment of PTSD may be attributed, in part, to limitations in the liquid suspension formulation administered to patients in the trial which failed to reach the target blood levels. In FY2020, we continued development of a novel tablet formulation of BNC210 which overcomes the limitations of the liquid suspension formulation, obtained buy-in from the US Food and Drug Administration (FDA) on the path forward and BNC210 was granted Fast Track designation by the FDA for the treatment of PTSD. In parallel, we implemented the necessary down-sizing and cost cutting measures to transition the Company from a Research and Development organisation to a clinical development focus, sold our subsidiaries in Europe, re-negotiated our outstanding loan and recapitalised the Company through the investment of a strategic investor (Apeiron) in order to set us on the path to build shareholder value in the coming year through continued development of BNC210 and monetisation and licensing of our pre-clinical central nervous system (CNS) assets and legacy clinical oncology assets. Some background, highlights and details of our progress in FY2020 along with our outlook for FY2021 will be provided below.

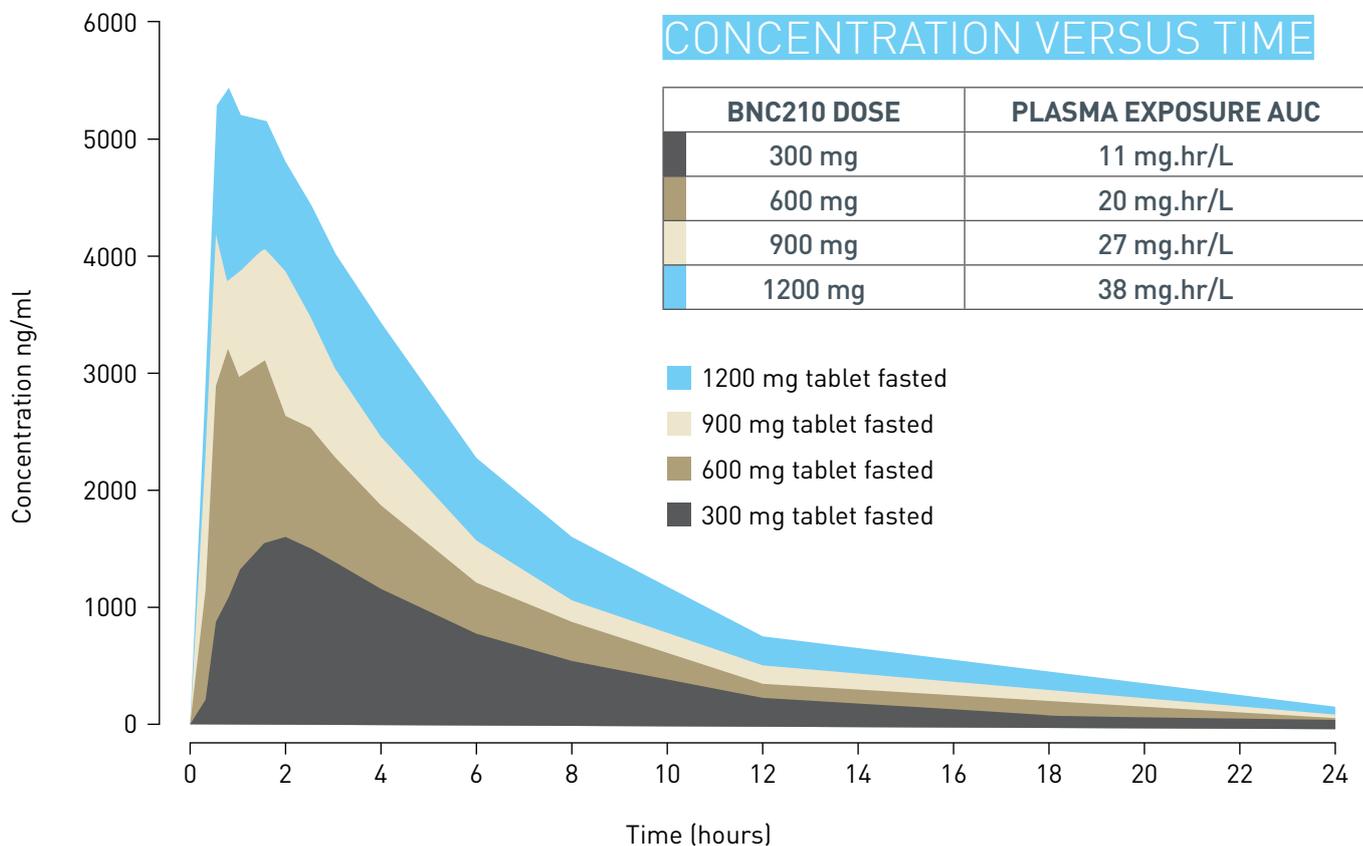
In October 2018, we reported the disappointing result that the Phase 2 trial of BNC210 in 193 PTSD patients across 25 sites in the US and Australia did not meet the primary endpoint of a decrease in PTSD symptoms as measured by the CAPS-5 scale, at 12 weeks. The results of the PTSD trial were based on standard-dose data, but these may have been compromised in an out-patient setting by the fact that the formulation of BNC210 used in the Phase 2 PTSD trial was a liquid suspension formulation of BNC210 that needed to be taken with food, for best possible absorption. Subsequently, Swedish

IF EXPOSURE TO BNC210 IS ADEQUATE, THERE IS THE POTENTIAL FOR SIGNIFICANT PATIENT BENEFIT



drug development research consultancy Pharmetheus conducted further analyses of the data – specifically, an exposure response analysis – to determine the drug levels in the patients' blood, and modelled with the CAPS-5 responses generated, and concluded that if exposure to BNC210 is adequate, there is the potential for significant patient benefit. This changed the market perspective on what had been considered a failed trial!

With the new information we immediately set about remedying the variable absorption of the liquid formulation of BNC210 used in the PTSD trial, and the requirement for the drug to be taken with food. We have developed a novel proprietary tablet formulation



BLOOD LEVELS PREDICTED TO BE NECESSARY TO MEET THE PRIMARY ENDPOINTS IN TREATING PTSD (AUC \rightarrow 25 mg.hr/L) ACHIEVED AT BNC210 TABLET DOSES OF 900 mg AND HIGHER IN FASTED SUBJECTS

of BNC210, which has been evaluated in healthy human volunteers and demonstrated to overcome the reliance on food for optimal absorption, and corrected the issue for future studies. In continuing to build the case for BNC210, we invested in an additional single ascending dose (SAD) pharmacokinetic (PK) study in healthy volunteers and reported in September 2019 that the blood levels of BNC210 predicted to be necessary to meet the primary endpoints for effectiveness in treating PTSD in any further trial, may be achievable using the new solid dose formulation.

In parallel, we sought FDA guidance on the next steps for BNC210 development for the treatment of PTSD. We had a Type C meeting with the FDA in 3QCY2019 at which we updated the agency on the Pharmetheus exposure-response analysis and how the optimal tablet formulation of BNC210 can achieve the blood levels predicted to be necessary to treat PTSD patients. The feedback from the FDA and the results of the SAD study with the new solid dose formulation of BNC210 reported in September 2019 provided support for a second trial of BNC210 in PTSD.

BLOOD LEVELS OF BNC210 PREDICTED TO MEET THE PRIMARY ENDPOINTS IN TREATING PTSD MAY BE ACHIEVABLE USING THE NEW SOLID DOSE FORMULATION

These data enabled us to submit an application to the FDA for Fast Track designation and we were delighted that the FDA granted us Fast Track designation in November 2019 for BNC210 for the treatment of PTSD. In September 2020 we announced that the solid dose formulation has been optimized to increase the amount of BNC210 in each tablet and manufacturing of the optimized tablets is underway in preparation of the start of a multiple dosing PK trial in healthy volunteers scheduled for late December 2020 / early January 2021 to confirm that we can not only reach the predicted blood levels but can maintain these levels following dosing for over a week. We have also triggered manufacturing studies for larger quantities of

BNC210 Active Pharmaceutical Ingredient (API) required for initiating the repeat Phase 2b PTSD trial which is projected to start in late 2QCY2021. We firmly believe that repeating the BNC210 trial for the treatment of PTSD using the new formulation will be the best option available to Bionomics to rebuild shareholder value either through internal development and/or partnering.

While BNC210 has taken most of the spotlight, and management focus, we continue to progress our other therapeutic candidates with external partners which fully fund the cost of clinical development. We have an ongoing collaboration with Merck & Co. (known as MSD outside the United States and Canada) which is progressing clinical development of our partnered therapeutic candidate(s) for the treatment of cognitive dysfunction in Alzheimer's disease and other conditions. Under the 2014 agreement, MSD funds all early-stage and clinical development of any candidate(s) within the collaboration and is responsible for worldwide commercialisation. Bionomics received US\$20 million in upfront payments, US\$10 million upon initiation of Phase 1 clinical trials in February 2017 and is eligible to receive up to US\$506 million for reaching predefined research and clinical development milestones, plus eventual undisclosed royalties on any product sales. In September 2020 we provided an update on the collaboration announcing that the Phase 1 safety clinical trials of the lead molecule in healthy subjects have been completed and that there are ongoing plans for further biomarker studies. A backup molecule that showed an improved potency profile in preclinical animal models versus the current lead molecule is also advancing into Phase 1 clinical trials.

We announced in April 2020 that recruitment was completed for an experimental Phase 2 clinical trial being conducted at 16 clinical centres in Australia of our BNC105 cancer vascular disrupting candidate, in combination with Bristol-Myers Squibb's immunotherapy agent nivolumab, in patients with metastatic colorectal cancer, in an Australasian Gastro-Intestinal Trials Group (AGITG)-sponsored trial, supported by Bristol-Myers Squibb; final results from the trial are projected for early 2023.

In previous years, Bionomics progressed several research programs targeting pain, depression and cognition utilising the established ion channel biology expertise in Adelaide, Australia and working with our fully-owned Contract Research Organisation subsidiaries in France which provided support for animal efficacy

studies (Neurofit) and chemistry (Prestwick). As part of our strategic focus on clinical development of BNC210 and cost-cutting measures, we ceased all research operations in Adelaide in October 2019 following identification of a Nav1.7/1.8 candidate for the treatment of pain and lead molecules for the Kv3.1/3.2 program for the treatment of cognitive deficits, and completed the sale in March 2020 of our French subsidiaries Neurofit SAS and Prestwick Chemical to Domain Therapeutics for the sale price of €1,790,028.97 which represents the final amount of intercompany debt owed by Bionomics to the subsidiaries for the scientific research conducted by them on Bionomics' drug candidates.

BIONOMICS UNDERTOOK A RECAPITALISATION IN JUNE 2020 LED BY A SOPHISTICATED STRATEGIC LIFE SCIENCES INVESTOR

Bionomics has an ongoing process to monetise its legacy oncology programs through the sale and/or out-licensing of both our BNC101 and BNC105 therapeutic candidates, and pre-clinical CNS assets (Nav1.7/1.8 and Kv3.1/3.2 programs) as the company focuses on BNC210 development as part of our prioritisation and cost reduction efforts to extend our cash runway.

In May 2020 we announced that, in relation to the remaining US\$6,818,182 loan facility with Silicon Valley Bank and Oxford Finance LLC, we negotiated with our financiers to amend the loan facility documentation to provide for a deferral of principal repayments for a six-month period until November 2020 and an extension of the final maturity date of the facility by six months to 1 January 2022, to assist managing the Company during COVID-19 and secure our future funding requirements in an orderly manner.

On the financing front, Bionomics undertook a recapitalisation in June 2020 led by a sophisticated strategic life sciences investor – Apeiron Investment Group ("Apeiron"), the family office of entrepreneur and founder Christian Angermayer with a special focus on investments related to the development of novel treatments for various mental health disorders like treatment-resistant depression, anxiety and PTSD, all diseases with a high unmet medical need. Under the Subscription Agreement with Apeiron, Apeiron

EXECUTIVE
CHAIRMAN'S REPORT

will provide and secure further equity capital of approximately A\$20-A\$22 million in total funding across several tranches (the exact amount depending on take up under the pro rata offer to shareholders), to progress BNC210 development for the treatment of PTSD and other anxiety and stress-related disorders.

Apeiron have subscribed to 135,833,000 Shares at an issue price of A\$0.04 per Share, raising A\$5,433,320 in two stages, the First Placement of 81,500,000 shares raising A\$3,260,000 was issued on 30 June 2020 and the Second Placement of 54,333,000 shares raising A\$2,173,000 was issued on 17 September 2020, following approval by shareholders at the general meeting (EGM) held on 26 August 2020. The Company obtained approval from the Foreign Investment Review Board (FIRB) on 23 September and will be able to raise at least A\$15,000,000 within 15 months of the EGM, underwritten by Apeiron at a minimum issue price of A\$0.06 per Share mitigating the going concern issue raised in the statutory financial statements signed on 28 August 2020. Upon satisfaction of Apeiron's underwriting obligations, Apeiron will be granted 150,000,000 Warrants at an exercise price of A\$0.06, exercisable 15 to 36 months after the EGM, such that if all Warrants are issued and exercised Bionomics will receive a further A\$9,000,000.

Under the Subscription Agreement Apeiron may appoint two directors to the Board, subject to retaining minimum shareholding of 10% post the First Placement of shares and a minimum shareholding of 17.5% after the Second Placement, increasing to 20% 17 months after the date of the EGM.

Mr Aaron Weaver is Apeiron's first nominee, appointed to the Board from 6 July 2020. Dr Srinivas Rao is Apeiron's second nominee, appointed to the Board from 1 October 2020. Mr Peter Turner, who has served as an independent director on the Bionomics Board since June 2016, has announced that he will not stand for re-election at the upcoming AGM and has chosen to retire from the Bionomics Board. We thank Mr Turner for his contributions and guidance over the past four years during this critical turnaround period for Bionomics. We have appointed to the Board from 1 October 2020 Melbourne-based Dr Jane Ryan with a strong background and experience at the board and executive level in business development and partnering, capital raising, M&A, corporate governance and ASX and NASDAQ reporting. We look forward to working with the renewed Board to guide the Company in the years to come.

From a cash balance at 30 June 2019 of A\$13.98 million, the cash balance moved to A\$4.6 million at 30 June 2020. Consolidated revenue from continuing operations for the year to 30 June 2020 was A\$0.3 million compared to A\$0.9 million at 30 June 2019. Other income from continuing operations for the year to 30 June 2020 was A\$3.1 million compared to A\$6.7 million at 30 June 2019. Other income primarily relates to Government Research and Development incentives and gain arising on changes in timing of expected revenue projections relating to contingent consideration liability. The operating loss after tax from continuing operations of the Group for the year to 30 June 2020 was A\$5.8 million compared with the prior year after tax loss from continuing operations of A\$10.4 million. During the year the Company completed the sale of its two wholly owned French subsidiaries, which carry out all the Group's contract service business; the loss for the year to 30 June 2020 from this discontinued operation was A\$1.3 million (2019: profit A\$0.05 million). This takes the overall loss for the year to A\$7.1 million (2019: A\$10.4 million)

I wish to finish by acknowledging the collective effort of our strong, experienced board and leadership team, and indeed every person at Bionomics, all of whom have worked with energy and purpose to deliver on our goal of leveraging our proprietary platform technologies to discover and develop a pipeline of best-in-class, novel drug candidates focused on disorders of the central nervous system. We have had the opportunity to turnaround the Company over the past year and remain convinced that our lead drug candidate, BNC210, can ultimately prove to be effective against the problem of PTSD. I look forward to continuing my role as Executive Chairman to guide Bionomics in the coming year to build value for patients, employees and most of all, shareholders through continued development of BNC210 for the treatment of PTSD and other stress and anxiety-related disorders.



Yours faithfully
Errol De Souza
Executive Chairman

BIONOMICS' CNS FOCUSED PIPELINE

| PROGRAM | PRE-IND | PHASE 1 | PHASE 2A | PHASE 2B |
|--|---|---------|----------|----------|
| BNC210 α7 nAChR* Negative Allosteric Modulator (NAM) | PTSD study, 193 pts, results released October 2018 | | | |
| | Agitated Elderly in Hospital Setting, exploratory study, 38 pts, results released June 2019 | | | |
| | GAD study, 24 pts, results released September 2016 | | | |
| | Panic - CCK panic model in 15 healthy volunteers | | | |
| | Nicotine-induced EEG changes in 24 healthy volunteers | | | |
| MERCK & CO. COLLABORATION α7 nAChR* Positive Allosteric Modulator (PAM) | Phase 1 Studies Ongoing | | | |
| PAIN Nav1.7/Nav1.8 Inhibitors | Candidate | | | |
| COGNITION Kv3.1/3.2 Activators | Series Lead | | | |

*nAChR = nicotine acetylcholine receptor

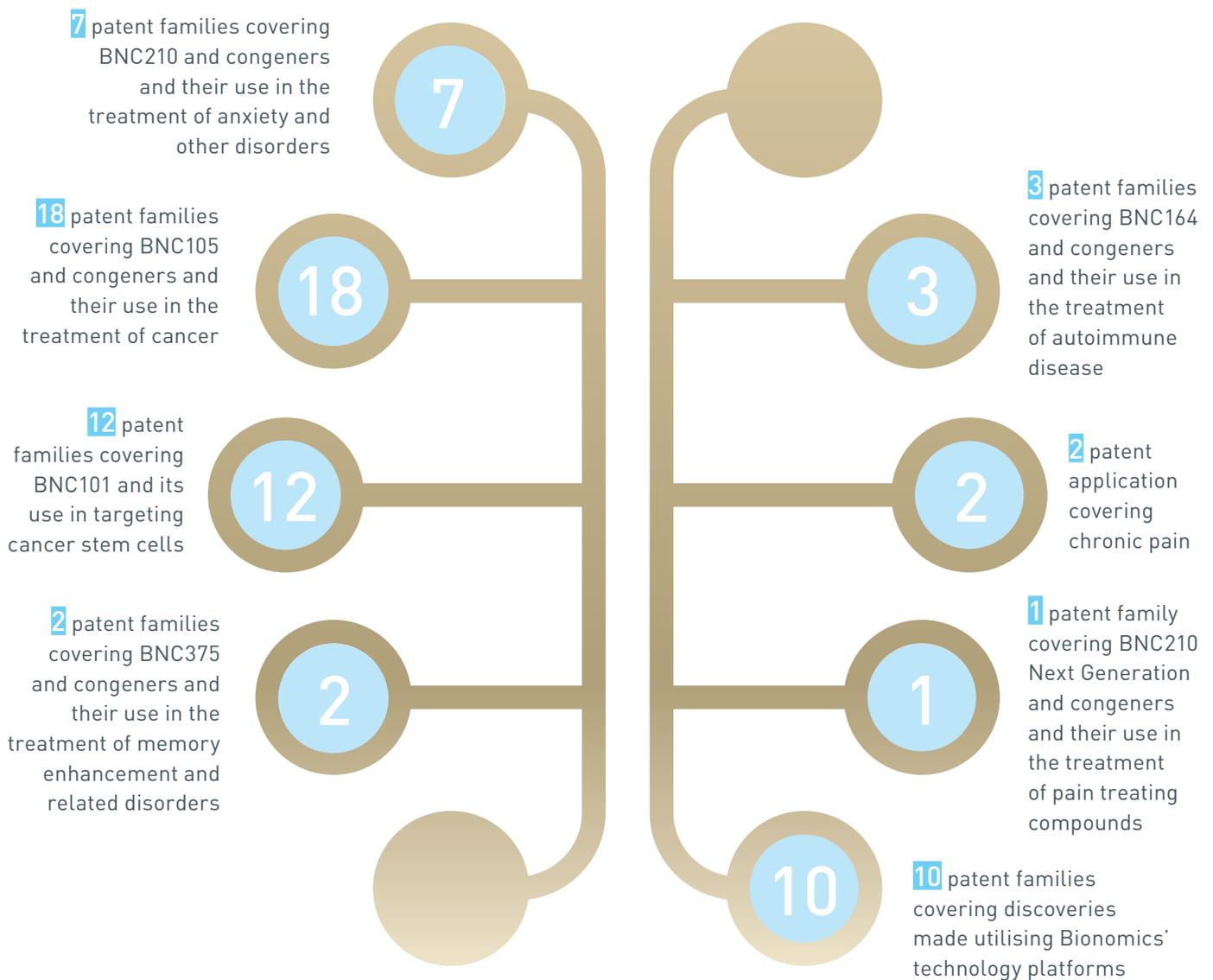
BIONOMICS' ONCOLOGY ASSETS

| | PRECLINICAL | PHASE 1 | PHASE 2 |
|--|--|---------|---------|
| BNC105: A MULTI-MODAL, SMALL MOLECULE TUBULIN POLYMERIZATION INHIBITOR | | | |
| SOLID CANCERS | COLORECTAL: in combination with nivolumab; externally funded; Phase 2 ongoing (AUS) | | |
| BLOOD CANCERS | CHRONIC LYMPHOCYTIC LEUKEMIA: in combination with ibrutinib; externally funded; Phase 1 ongoing (US) | | |
| BNC101: A FIRST-IN-CLASS HUMANIZED MONOCLONAL ANTIBODY TO LGR5, A CANCER STEM CELL RECEPTOR | | | |
| SOLID CANCERS | ANTIBODY DRUG CONJUGATE: preclinical data | | |



INTELLECTUAL PROPERTY PORTFOLIO

WE ARE THE OWNER OF RECORD OF 124 ISSUED PATENTS ACROSS 36 FAMILIES AND 71 PENDING PATENT APPLICATIONS ACROSS 26 FAMILIES FILED IN EUROPE, THE UNITED STATES AND ASIA. THE BIONOMICS PATENT PORTFOLIO INCLUDES:



Through the worldwide Patent Cooperation Treaty (PCT) mechanism, Bionomics and its related companies were granted 13 patents this financial year, 15 PCT patent applications entered the national and regional phases of examination and 4 PCT patent applications were filed.

BOARD OF DIRECTORS



DR ERROL DE SOUZA PhD

EXECUTIVE CHAIRMAN

Dr De Souza is a leader in the development of therapeutics for treatment of central nervous system disorders. He has over 35 years' experience as an executive in the biopharmaceutical industry. He has served as President and CEO of public (Biodel Inc., Synaptic Pharmaceutical Corp), and private (Archemix Corp., Neuropore Therapies Inc) Companies. Dr De Souza founded Neurocrine Biosciences Inc. taking it Public (IPO). Dr De Souza has raised several hundred million dollars in capital in private and public sectors and sold companies (Synaptic sale to Lundbeck). Over his career, he has served as SVP at Aventis, co-founder and EVP of R&D at Neurocrine and Head of CNS at DuPont Merck. Dr De Souza has served on multiple public and Private boards, National Institutes of Health Committees and currently serves as a Board Director of Catalyst Biosciences, Inc and Royalty Pharma plc.



MR DAVID WILSON

NON-EXECUTIVE DIRECTOR

Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years' experience in investment banking in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head of Small Companies Corporate Broking. Mr Wilson was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for c.\$400m as well as a Non-Executive Director of BerGenBio AS.



MR ALAN FISHER BCom, FCA, MAICD

NON-EXECUTIVE DIRECTOR

Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand as Lead Advisory Partner where he headed and grew the Melbourne Corporate Finance Division. Following this tenure, Mr Fisher developed his own corporate advisory business specialising in M&A, business restructuring, strategic advice and capital raisings.



DR JANE RYAN PhD

NON-EXECUTIVE DIRECTOR

Dr Jane Ryan has over 30 years of international experience in the pharmaceutical and biotechnology industries having worked in Australia, US and UK. She has held senior executive roles in management of research and development programs as well as business development and alliance management. Throughout her career, she has led many successful fundraising campaigns and licensing initiatives including the awarding of a \$230m US Government contract. Dr Ryan is currently a non-executive director of Anantara LifeSciences Ltd. Dr Ryan has an interest in public health and the advancement of science and currently chairs the Advisory Board of the itthree Institute, University of Technology Sydney and was previously a Board Member of Veski; Diabetes Victoria, TechInSA, and the Diabetes Vaccine Development Centre.

**MR AARON WEAVER** CFA, LL.M**NON-EXECUTIVE DIRECTOR**

Mr Weaver is a Managing Director at Apeiron Investments focused on the life sciences sector. He also serves as Lead relations activities at ATAI Life Sciences AG, a clinical stage biopharmaceutical company. He is a Chartered Financial Analyst (CFA) and a registered solicitor in the UK. He has held positions as an investment banker at Credit Suisse in London within the Capital Markets Solutions team, and a capital markets solicitor at Allen & Overy LLP, London. He holds a Masters of Law from the Queensland University of Technology and a Bachelor of Business Administration from the University of Queensland.

**MR MITCHELL KAYE** BA, JD**NON-EXECUTIVE DIRECTOR**

Mr Kaye is the Founder and CEO of Sabbatical Ventures, LLC, an investment and advisory firm. He is a senior advisor to High Vista Capital Partners on their multi-manager biotechnology platform and is on the board of Mendel Biotechnology Inc. Joining BVF Partners LP in 2013, he served as its COO until 2019. Mr Kaye was the founding member of Xmark Opportunity Partners, LLC; Brown Simpson Asset Management, LLC; MedClaims Liaison, LLC, and served as its Chief Executive Officer until he joined BVF. He has served on the boards of private and public companies, including the board of the New York Alzheimer's Association. Mr Kaye has a BA from Wesleyan University, and a JD from Northwestern University School of Law.

**DR SRINIVAS RAO** MD, PhD**NON-EXECUTIVE DIRECTOR**

Dr Srinivas Rao is the Chief Scientific Officer at ATAI Life Sciences AG. Dr. Rao has over 19 years of professional experience in the pharmaceutical and biotechnology industries. Prior to ATAI, Dr Rao has held the titles of Chief Scientific, Medical, or Executive Officer at companies ranging from venture backed startups to vertically-integrated, publicly traded pharmaceutical companies. Dr Rao completed an internship in Internal Medicine at Yale-New Haven Hospital. He received his PhD in neurobiology from Yale Graduate School and his MD from Yale School of Medicine. He holds both a Bachelor of Science and Master of Science degree in Electrical Engineering from Yale College and Yale Graduate School, respectively.

**MR PETER TURNER** BSc, MBA, GAICD**NON-EXECUTIVE DIRECTOR**

Mr Turner is a former senior executive with global experience in CSL, a large multinational biopharmaceutical organisation. He has been an Executive Director and COO of CSL and was the founding President of CSL Behring working in Europe and the USA. Mr Turner provided strategic, technical and commercial leadership and was responsible for the integration of large company acquisitions in Europe, the USA and Japan. He has been responsible for significant company re-structuring and turnaround and has overseen thirteen new product launches in the United States and Europe and more in other jurisdictions. During his tenure, overseas sales grew from US\$140 million to \$3.4 billion. Mr Turner is the former Chair of NPS MedicineWise and Ashley Services Group and a former Non-Executive Director of Virtus Health.

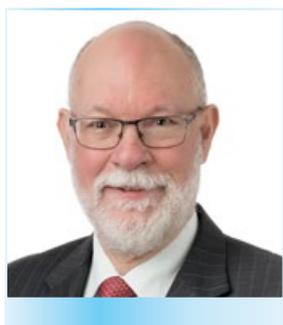
MANAGEMENT



MR JACK MOSCHAKIS BEc, DIPLaw (BAB) NSW, GDip BA, FGIA

LEGAL COUNSEL AND COMPANY SECRETARY

Mr Moschakis joined Bionomics in May 2015 as Legal Counsel & Company Secretary. His primary responsibilities include providing legal and governance support to the Board, commercial and contractual advice, regulatory compliance and risk management. Prior to joining Bionomics, he worked as a legal consultant specialising in mining, energy and infrastructure law, working with Rex Minerals Limited and Epic Energy. He also worked in private practice as a Consultant at Thomson Geer Lawyers. Mr Moschakis holds a Bachelor of Economics (Adelaide), Diploma in Law (BAB) NSW and a Graduate Diploma in Business Administration (Adelaide). He is a Fellow of the Institute of Chartered Secretaries & Governance Institute of Australia, Member of the Law Society of South Australia and the Association of Corporate Counsel.



MR ADRIAN HINTON BEc, FCA

CHIEF FINANCIAL OFFICER (ACTING)

Mr Hinton has had a long career with Deloitte (Adelaide) of over 43 years, retiring 1 July 2018 as Principle in the Audit and Assurance Group. He was responsible for managing the audit services to various Adelaide based public and private companies. His experience has given Mr Hinton a broad-based knowledge of contemporary accounting and audit issues inclusive of experience in working with a wide range of clients in different industries, from listed entities, private corporations to major subsidiaries of multinational listed companies, covering consumer, agriculture, retail, manufacturing, automotive, biopharmaceutical and resources sectors. Mr Hinton also has experience in preparing due diligence reviews, investigative accounting reports and the review of profit forecasts. Mr Hinton's experience is currently benefited by being on the Boards of The Multiple Sclerosis Society of South Australia and Northern Territory, Carers Association of SA Inc, Australia PNG Alliance Group Pty Ltd and the Audit and Risk Committee of the University of South Australia. Mr Hinton also volunteers his time and skill set to aiding community groups both locally and internationally.



MS LIZ DOOLIN MSc

VICE PRESIDENT CLINICAL DEVELOPMENT

Ms Doolin has over 25 years international experience in drug discovery, clinical and life sciences research. She joined Bionomics Limited in 2008 to lead the early clinical development program for BNC210, a small molecule with therapeutic potential for anxiety disorders, and trauma and stressor-related disorders including PTSD. Ms Doolin currently leads Bionomics' clinical programs across central nervous system disorders and oncology, including three novel investigational drugs in Phase 1 and 2 clinical development. In addition to her extensive clinical research experience in Australia, Ms Doolin has a strong immunology and biotechnology research background, as well as biopharmaceutical development and GMP manufacturing experience, gained in New Zealand and the UK.

Your directors present their report on the financial statements of the Group for the year ended 30 June 2020, comprising the parent entity Bionomics Limited (Bionomics) and its subsidiaries. In compliance with the *Corporations Act 2001*, the directors report as follows:

Directors

The following persons were directors of Bionomics during the period and up to the date of this report:

- Dr Errol De Souza, Executive Chairman
- Mr Peter Turner, Non-Executive Director
- Mr David Wilson, Non-Executive Director
- Mr Alan Fisher, Non-Executive Director
- Mr Mitchell Kaye, Non-Executive Director
- Mr Aaron Weaver, Non-Executive Director from 6 July 2020

The above named directors held office during the whole of the financial year and since the end of the financial year except for Mr Aaron Weaver.

Principal Activities

The principal activities of the Company and its controlled entities (the Group) during the period is the discovery and development of novel drug candidates focused on the treatment of central nervous system disorders.

Operating Results

Consolidated revenue from continuing operations for the year ended 30 June 2020 decreased by 72.7% to \$246,946. Other income from continuing operations for the year ended 30 June 2020 decreased by 53.8% to \$3,112,469 and primarily relates to reduced Research and Development (R&D) Tax Incentive. Other gains and losses decreased by 11.8% to \$5,196,897 and primarily relates to a reduction in the gain in fair value of the contingent consideration liability. This compared with revenue from continuing operations of \$906,119, other income from continuing operations of \$6,741,181 and other gains and losses of \$5,889,945 for the year ended 30 June 2019. The operating loss after tax from continuing operations for the year ended 30 June 2020 was \$5,818,975 compared with the prior year after tax loss from continuing operations of \$10,402,821.

During the year the Company completed the sale of its two wholly owned French subsidiaries, which carry out all the Group's contract service business; the loss for the year ended 30 June 2020 from this discontinued operation was \$1,299,313 (2019: profit of \$41,251). This takes the overall Group loss for the year to \$7,118,288 (2019: loss of \$10,361,570)

The cash position at 30 June 2020 was \$4,577,747 with restricted cash of \$436,174 classified as non-current other financial assets (2019: \$13,985,477 cash with restricted cash of \$550,000 and \$384,000 classified as current and non-current other financial assets, respectively).

The financial performance of key operating segments of drug discovery and development and contract services are included in Note 4 to the Financial Statements.

Review of Operations

Bionomics is a global, clinical-stage biopharmaceutical company, leveraging our proprietary platform technologies to discover and develop a deep pipeline of best-in-class, novel drug candidates focused on ion channel mediated disorders of the Central Nervous System (CNS).

Ion Channel Expertise to Drive Growth

Our ionX and MultiCore drug discovery platforms are validated through our partnership with MSD (known as Merck & Co., Inc., Kenilworth NJ, USA in the US and Canada) and both platforms serve as a source of significant competitive advantage in addressing underserved therapeutic areas including anxiety, post-traumatic stress disorder or post-traumatic stress disorder (PTSD), agitation, depression, pain and Alzheimer's disease.

Our Important Relationship with MSD Continues to Make Progress

Bionomics' collaboration with MSD for a therapeutic candidate for the treatment of cognitive dysfunction in Alzheimer's disease and other conditions continues to progress through clinical development.

Under the 2014 agreement, MSD funds all early-stage and clinical development of any candidate within the collaboration and is responsible for worldwide commercialisation. Bionomics previously received US\$20 million in upfront payments, a US\$10 million Phase 1 initiation milestone payment and additional research payments and is eligible to receive up to an additional US\$465 million for MSD reaching predefined milestones, plus eventual undisclosed royalties on any product sales.

Recent Clinical Developments Towards a Second Phase 2 PTSD Trial

BNC210 is a novel, orally-administered, first-in-class, negative allosteric modulator of the $\alpha 7$ nicotinic acetylcholine receptor, in development for the treatment of anxiety, panic, agitation and PTSD with a rapid onset of action and improved safety and tolerability compared to currently marketed products including benzodiazepines, anti-depressants and anti-psychotics, providing a compelling therapeutic profile in areas of significant unmet clinical need.

To date BNC210 has been evaluated in 7 completed clinical trials that investigated efficacy, safety and tolerability, target engagement and proof of biology. BNC210 has demonstrated efficacy in Generalised Anxiety Disorder (GAD) patients and in suppressing CCK-4-induced panic attack symptoms in healthy subjects. BNC210 demonstrated rapid onset of anxiolytic activity following a single administration.

BNC210 is on track to leverage a large opportunity for treatment of PTSD. During the year Bionomics developed a novel solid dose tablet formulation of BNC210 which was shown to achieve the blood levels predicted as necessary to meet the clinical trial primary endpoint for effectiveness for treating PTSD patients. Work is underway to optimise the solid dose tablet formulation in anticipation of initiation of a second Phase 2 trial in PTSD patients.

In recognition of the high unmet medical need in PTSD and potential benefits of BNC210 with a novel mechanism of action in the treatment of this disorder, the U.S. Food and Drug Administration ("FDA") granted BNC210 Fast Track designation. Fast Track designation is a FDA program intended to facilitate and expedite development and review of new drugs to address unmet medical need in the treatment of a serious or life-threatening condition.

If successfully developed BNC210 represents a paradigm shift in the treatment of anxiety disorders including GAD and Panic Disorder, conditions characterised by high levels of co-morbid anxiety such as bipolar disorder and major depressive disorder as well as trauma and stress-related disorders such as PTSD.

Equity Funding Achieved

The feasibility and method of funding a second clinical trial of BNC210 was resolved during the year. The Company entered into a Subscription Agreement with Apeiron Investment Group Ltd (Apeiron), the family office of entrepreneur and founder Christian Angermayer, to recapitalise the Company and to assist in securing further equity capital. Under the Subscription Agreement, Apeiron agrees to subscribe or procure subscriptions of 135,833,000 Shares at an issue price of A\$0.04 per Share to raise A\$5,433,320 in two tranches; the First Placement of 81,500,000 shares which were issued to Apeiron on 30 June 2020 and the Second Placement of 54,333,000 shares will be issued after the Extraordinary General Meeting (EGM) of Shareholders, which was on Wednesday 26 August 2020, approving the Second Placement and the equity raising contemplated by the Subscription Agreement. Apeiron also agrees to underwrite further capital raisings by Bionomics within a fifteen-month-period from the EGM, with the effect that Bionomics will raise at least A\$15,000,000 at a minimum issue price of A\$0.06 per Share (subject to Foreign Investment Review Board approval).

As part of the subscription process with Apeiron, and after completion of the second tranche, an entitlement offer will be launched in favour of eligible shareholders (including eligible retail shareholders) providing the opportunity to purchase pro rata up to 54,333,000 shares at A\$0.04 per Share at the same price as the Apeiron subscriptions across the two tranches.

The Company expects to raise a minimum of A\$20.4 million in aggregate across several tranches (exact amount depending on take up under the entitlement offer and sale price of the future underwritten offering), which will ensure that the Company has significant funds to progress Phase 2 clinical trials for the treatment of PTSD and other anxiety and stress-related disorders.

Upon satisfaction of Apeiron's underwriting obligations, and subject to the Company raising the additional A\$15,000,000, Apeiron will be granted 150,000,000 Warrants. Each Warrant grants Apeiron the right to be issued one further Share in Bionomics at an exercise price of A\$0.06. If all Warrants are issued and exercised, Bionomics will receive a further A\$9,000,000 in the period 15 to 36 months after the EGM.

Under the Subscription Agreement, Apeiron may appoint 2 directors to the Board, subject to retaining minimum shareholding of 10% post the First Placement of shares and a minimum shareholding of 17.5% after the Second Placement, increasing to 20% 17 months after the date of the EGM. Mr Aaron Weaver is Apeiron's first nominee, appointed to the Board on 6 July 2020.

Strong Market Opportunity for BNC210

Market research commissioned by Bionomics and conducted by market research firm Bluestar BioAdvisors indicates that the US market opportunity for BNC210 in PTSD is estimated to be US\$4.7 billion per annum with a more rapid path to market for BNC210 than either GAD or Panic Disorder.

Outlook

Bionomics expects to initiate manufacturing-related activities of BNC210 tablets in Q3 CY 2020 for use in its proposed Phase 1 Pharmacokinetic (PK) trial in healthy volunteers to commence in late Q4 CY2020/early Q1 CY2021. The second BNC210 Phase 2 PTSD trial is expected to commence in late Q2 CY2021.

An experimental Phase 2 clinical trial of Bionomics' cancer drug candidate, BNC105, in combination with Bristol-Myers Squibb's nivolumab (OPDIVO®) completed recruitment of patients with metastatic colorectal cancer. Final results from the trial are projected for early 2023. The trial, MODULATE, is being sponsored by the Australasian Gastro-Intestinal Trials Group (AGITG) and supported by Bristol-Myers Squibb. It is being conducted at 16 clinical oncology sites around Australia.

We continue limited activities to maximise the value of its legacy oncology programs BNC101 and BNC105 through external funding of clinical development and divestment/out-licensing.

Dividends

The directors do not propose to make any recommendation for dividends for the current financial year. There were no dividends declared in respect of the previous financial year.

Significant Changes in the State of Affairs

During the year the Company completed the sale of its two wholly owned French subsidiaries, Neurofit SAS ("Neurofit") and PC SAS ("Prestwick Chemical"), to Domain Therapeutics. The sale price of €1,790,028.97 was the final amount of intercompany debt owed by Bionomics to the subsidiaries for the scientific research conducted by them on Bionomics drug candidates and was assumed by Domain Therapeutics at close. The Company's reduced and consolidated operations in Adelaide and is currently focussed on the clinical development of BNC210 for PTSD.

Subsequent Events

Details about subsequent events are disclosed in Note 38 to the Financial Statements, including the Apeiron investment approved by Shareholders at the General Meeting on 26 August 2020 and the issue of shares and options to KMP.

Likely Developments and Expected Results of Operations

The Group will continue to undertake drug discovery and clinical development and will seek to commercialise the outcomes.

Environmental Regulation

The Group is subject to environmental regulations and other licenses in respect of its facilities in Australia. The Group is subject to regular inspections and audits by responsible State and Federal authorities. The Group was in compliance with all the necessary environmental regulations throughout the year ended 30 June 2020 and no related issues have arisen since the end of the financial year to the date of this report.

INFORMATION ON DIRECTORS**Dr ERROL DE SOUZA** PhD

Executive Chairman from 12 November 2018
Non-Executive Director since 28 February 2008

Experience and Expertise

Dr De Souza is a leader in the development of therapeutics for treatment of central nervous system (CNS) disorders. He has substantial experience as an executive in the biopharmaceutical industry, having founded companies (Neurocrine Biosciences Inc.) and served as President and CEO of several public (Biodel Inc.; Synaptic Pharmaceutical Corp.) and private (Archemix Corp. and Neuropore Therapies Inc.) biotech companies. Dr De Souza has raised several hundred million dollars in capital in private and public sectors and has taken companies public (Neurocrine Biosciences IPO) and sold companies (Synaptic sale to Lundbeck) to provide liquidity and build shareholder value. Over Dr De Souza's career, he has served in a number of high-ranking R&D roles, including SVP and US head of R&D for Aventis (1998-2002), co-founder and EVP of R&D at Neurocrine (1992-1998) and Head of CNS at DuPont Merck (1990-1992).

Dr De Souza has served on multiple editorial boards, National Institutes of Health (NIH) Committees and is currently a Director of several public and private companies and currently serves as a member of the board of directors of Catalyst Biosciences, Inc. (CBIO) and Royalty Pharma plc (RPRX). He has previously served on the board of directors of several public companies including IDEXX Laboratories (IDXX), Neurocrine Biosciences (NBIX), Palatin Technologies (PTN) and Synaptic Pharmaceuticals (SNAP).

Current Directorships (in addition to Bionomics Limited)

Listed companies: Director of Catalyst Biosciences Inc. (NASDAQ: CBIO) and Royalty Pharma plc. (NASDAQ: RPRX)

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Executive Chairman

Interests in Shares and Options at Date of Report

366,698 ordinary shares in Bionomics Limited
12,500,000 unlisted options over ordinary shares in Bionomics Limited

MR PETER TURNER BSc, MBA, GAICD

Non-Executive Director
Director since 16 June 2016

Experience and Expertise

Mr Turner is a former senior executive with global experience in CSL, a large multinational organisation in the biopharmaceutical industry. He has been an Executive Director and COO of CSL and was the founding President of CSL Behring working in Europe and the United States from 2000 to 2011. Mr Turner provided strategic, technical and commercial leadership and was responsible for the integration of large company acquisitions in Europe, the United States and Japan. He has been responsible for significant company re-structuring and turnaround and has overseen thirteen new product launches in the United States and Europe and more in other jurisdictions. During his tenure, overseas sales grew from US\$140 million to \$3.4 billion. Mr Turner is the former Chair of NPS MedicineWise and Ashley Services Group and a former Non-Executive Director of Virtus Health.

Current Directorships (in addition to Bionomics Limited)

None

Former Listed Directorships in Last Three Years

Non-Executive Director: Virtus Health (July 2013 to October 2018)

Special Responsibilities

Chair of Nomination and Remuneration Committee up to 10 June 2020

Member of the Audit and Risk Management Committee

Interests in Shares and Options at Date of Report

200,000 ordinary shares in Bionomics Limited
400,000 unlisted options over ordinary shares in Bionomics Limited

MR DAVID WILSON

Non-Executive Director
Director since 16 June 2016

Experience and Expertise

Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years' experience in investment banking in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head

of Small Companies Corporate Broking. Mr Wilson was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for c.\$400m as well as a Non-Executive Director of BerGenBio AS.

Current Directorships (in addition to Bionomics Limited)

Listed: Nil

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Member of the Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee and Chair from 26 June 2020

Interests in Shares and Options at Date of Report

200,000 ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

MR ALAN FISHER BCom, FCA, MAICD

Non-Executive Director
Director since 1 September 2016

Experience and Expertise

Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand as Lead Advisory Partner where he headed and grew the Melbourne Corporate Finance Division. Following this tenure, Mr Fisher developed his own corporate advisory business specialising in M&A, business restructuring, strategic advice and capital raisings.

Current Directorships (in addition to Bionomics Limited)

Listed: NED and Chair of Centrepoint Alliance Limited and IDT Australia Limited; NED and Chair of the Audit and Risk Committee of Thorney Technologies Limited and Simavita Limited

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Member of the Nomination and Remuneration Committee
Chair of the Audit and Risk Management Committee

Interests in Shares and Options at Date of Report

Nil ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

MR MITCHELL KAYE BA, JD

Non-Executive Director

Director since 23 November 2018

Experience and Expertise

Mr Kaye is the Founder and CEO of Sabbatical Ventures, LLC, an investment and advisory firm focused on investing in innovative digital startups and advising mature financial services businesses. Mr. Kaye serves as a senior advisor to High Vista Capital Partners on their multi-manager biotechnology platform and is on the board of Mendel Biotechnology Inc. Mr Kaye joined BVF Partners LP ("BVF") in 2013 and served as its COO until 2019. He is BVF's nominee to the Bionomics Board. Mr Kaye was the founding member of Xmark Opportunity Partners, LLC, an investment fund exclusively focused on investments in publicly traded life sciences companies and was also a founding member of Brown Simpson Asset Management, LLC, an investment fund that was at the foreground of private placement investing in the public markets. He ran the two funds from 2001-2008 and 1996-2001, respectively. Mr Kaye was the Founder of MedClaims Liaison, LLC, a consumer advocacy business and served as its Chief Executive Officer from its inception in 2010 until he joined BVF. From 2008-2010, Mr Kaye was a Managing Director with Navigant Capital Advisors, a financial and strategic advisory services firm and head of Navigant's Financial Institutions Restructuring Solutions Team. Mr Kaye currently serves on the board of Bionomics. He has served on the boards of several private and public companies, as well as the board of the New York Alzheimer's Association. Mr Kaye received his BA from Wesleyan University, and his JD from Northwestern University School of Law.

Current Directorships (in addition to Bionomics Limited)

Mendel Biotechnology Inc.

Former Listed Directorships in Last Three Years

Aeolus Pharmaceuticals, Inc.

Special Responsibilities

Nil

Interests in Shares and Options at Date of Report

Nil ordinary shares in Bionomics Limited

Nil unlisted options over ordinary shares in Bionomics Limited

MR AARON WEAVER CFA, LLM

Non-Executive Director appointed 6 July 2020

Experience and Expertise

Mr Weaver is a Managing Director at Apeiron Investments focused on the life sciences sector. He also serves as Senior General Counsel and supports fundraising and investor

relations activities at ATAI Life Sciences AG, a clinical stage biopharmaceutical company focused on the development of therapeutics for the treatment of mood disorders, addiction and anxiety. From 2013 - 2017, he was an investment banker at Credit Suisse in London within the Capital Markets Solutions team, advising on capital structuring and issuances for a full spectrum of corporate issuers from pre-revenue companies to public listed companies. He was a capital markets solicitor at Allen & Overy LLP, London from 2007 - 2013. Mr Weaver currently serves on the board of Bionomics as Apeiron's nominee. He holds a Masters of Law from the Queensland University. He is a Chartered Financial Analyst (CFA) and a registered solicitor in the United Kingdom.

Current Directorships (in addition to Bionomics Limited)

Nil

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Nil

Interests in Shares and Options at Date of Report

Nil ordinary shares in Bionomics Limited

Nil unlisted options over ordinary shares in Bionomics Limited

MR JACK MOSCHAKIS BEc, DIPLaw (BAB) NSW, GDip BA, FGIA
Legal Counsel and Company Secretary**Experience and Expertise**

Mr Moschakis joined Bionomics in May 2015 as Legal Counsel & Company Secretary. His primary responsibilities include providing legal and governance support to the Board, commercial and contractual advice, regulatory compliance and risk management. Prior to joining Bionomics, he worked as a legal consultant specialising in mining, energy and infrastructure law, working with Rex Minerals Limited and Epic Energy. He also worked in private practice as a Consultant at Thomson Geer Lawyers.

Mr Moschakis holds a Bachelor of Economics (Adelaide), Diploma in Law (BAB) NSW and a Graduate Diploma in Business Administration (Adelaide). He is a Fellow of the Institute of Chartered Secretaries & Governance Institute of Australia, Member of the Law Society of South Australia and the Association of Corporate Counsel.

MEETINGS OF DIRECTORS

The following table sets out the number of scheduled directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director. The Board met several times in addition to these scheduled meetings.

| | MEETINGS OF DIRECTORS | | MEETINGS OF AUDIT AND RISK MANAGEMENT (ARM) COMMITTEE | | MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE | |
|-------------------|-----------------------|----------|---|----------|---|----------|
| | Held | Attended | Held | Attended | Held | Attended |
| Dr Errol De Souza | 7 | 7 | | | | |
| Mr David Wilson | 7 | 7 | 4 | 4 | 4 | 4 |
| Mr Peter Turner | 7 | 7 | 4 | 4 | 4 | 4 |
| Mr Alan Fisher | 7 | 7 | 4 | 4 | 4 | 4 |
| Mr Mitchell Kaye | 7 | 6 | | | | |

REMUNERATION REPORT

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's Key Management Personnel (KMP) for the financial year ended 30 June 2020. The term 'KMP' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (the Group), directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

1. Key Management Personnel
2. Remuneration Policy
3. Relationship Between the Remuneration Policy and Company Performance
4. Remuneration of Key Management Personnel
5. Key Terms of Service Agreements
6. Key Management Personnel holding in fully paid ordinary shares and share options

1. Key Management Personnel (KMP)

| DIRECTORS | POSITION |
|---|-------------------------------------|
| Dr Errol De Souza | Executive Chairman |
| Mr David Wilson | Non-Executive Director |
| Mr Peter Turner | Non-Executive Director |
| Mr Alan Fisher | Non-Executive Director |
| Mr Mitchell Kaye | Non-Executive Director |
| Mr Aaron Weaver (from 6 July 2020) | Non-Executive Director |
| OTHER KMP | |
| Mr Jack Moschakis | Legal Counsel & Company Secretary |
| Mr Adrian Hinton | Acting Chief Financial Officer |
| Ms Liz Doolin (KMP from 2 January 2020) | Vice President Clinical Development |

Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year.

2. Remuneration Policy

Non-Executive Director Remuneration Policy

The Non-executive directors' fee pool is reviewed from time to time, taking into account comparable remuneration data for the biotechnology sector provided by an independent remuneration consultancy. Non-executive directors' fees are determined within an aggregate directors' fee pool limit that is approved by shareholders. The current aggregate non-executive directors' fee pool limit is \$750,000 per annum and was approved by shareholders at the EGM on 26 August 2020. This amount (or some part of it) is to be divided among the non-executive directors as determined by the Board and reflecting the time and responsibility related to the Board and committees. The Group does not provide for retirement allowances to its non-executive directors.

Fees for the Chairman are \$154,000 per annum and \$77,000 per annum for the other non-executive directors (inclusive of superannuation), with a Committee Chair receiving an additional \$10,000 per annum.

There was no increase in board fees during the financial year. The total fees paid to non-executive directors for the year ended 30 June 2020 was \$451,874.89 compared to the previous aggregate directors' fee pool limit of \$500,000. However, for the quarter ended 30 June 2020 the Directors agreed to a 25% reduction in their director fees. As from 1 July 2020, Director fees have been re-instated to their full amount.

Dr De Souza was paid an additional \$18,000 per month for 10 days per month up to 21 June 2020, for his role as Executive Chairman, under the terms of a Consultancy Agreement between the Company and Dr De Souza. From 22 June 2020, under the terms of a new Consultancy Agreement, Dr De Souza is paid US \$21,000 per month together with other benefits described on page 22 of this Report.

Non-executive directors may receive share options on their initial appointment to the Board or at other such times, as approved by shareholders. Any value that may be attributed to options issued to non-executive directors is not included in the shareholder approved aggregate limit of directors' fees. There were no share options granted to non-executive directors during the year.

Executive Remuneration Policy and Framework

The objective of the Group's executive remuneration policy and framework is to ensure that the Group can attract and retain high calibre executives capable of managing the Group's operations and achieving the Group's strategic objectives and focus these executives on outcomes necessary for success.

The Executives total remuneration package framework comprises:

- Base pay and benefits, including superannuation and other entitlements;
- Performance incentives paid as shares, share options, cash or a combination thereof; and
- Equity awards through participation in the Bionomics employee equity plans.

The combination of these comprises the executive KMP's total remuneration.

The Board reviews and approves the base pay, benefits, incentive payments and equity awards of the Executive Chairman and other executives reporting directly to the Executive Chairman. The Board took advice on the Executive Chairman's remuneration from an independent remuneration consultancy during the year.

Base Pay and Benefits

Executives receive their base pay and benefits structured as a Total Fixed Remuneration (TFR) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. Superannuation (or local equivalent) is included in TFR. There are no guaranteed base pay increases in any executive contract.

Base pay and benefit levels are reviewed annually, and an assessment made against market comparable positions. Factors taken into account in determining remuneration include levels of remuneration in other biotechnology companies, a demonstrated record of performance, internal relativities, and the company's capacity to pay. An executive's base pay and benefit levels may also be reviewed if the position's accountabilities increase in scope and impact.

Performance Incentives

Executive positions have no pre-determined bonus or equity opportunity; however, performance incentives may be awarded at the end of the performance review cycle upon achievement of specific Board approved (i) individual, and (ii) company-related KPIs with a weighting of 50% each.

Following a performance evaluation against these KPIs, the amount of possible incentive payable to each executive is determined by the Board based on the Executive Chairman's recommendation. The Board determines whether the incentive award should be in share options, shares and/or cash.

On 26 June 2020, the Nomination & Remuneration Committee determined that the maximum short-term incentive (STI) potential should be paid, 50% paid in cash and 50% in shares. The number of shares awarded are calculated by multiplying the executive's fixed pay by the incentive award percentage, multiplying this by 50% to determine the value to be paid in shares, and dividing this by the 5-day volume weighted average price (VWAP) of shares prior to the share issue (ratified and approved by the Board on 28 August 2020). The shares were issued on 28 August 2020. Details are following:

| KMP | POSITION | NUMBER OF ORDINARY SHARES | SHARE VALUE (\$) | CASH VALUE (\$) | REMUNERATION % PERFORMANCE RELATED | REMUNERATION % NOT PERFORMANCE RELATED |
|----------------|-------------------------------------|---------------------------|------------------|-----------------|------------------------------------|--|
| Jack Moschakis | Legal Counsel & Company Secretary | 314,246 | 45,000 | 45,000 | 50% | 50% |
| Adrian Hinton | Acting Chief Financial Officer | - | - | - | - | - |
| Liz Doolin | Vice President Clinical Development | 109,986 | 15,750 | 15,750 | 50% | 50% |

The Board continues to review the performance assessment and incentive structure to ensure it remains effective.

Equity Awards

Equity awards for executives and employees are provided by a combination of equity plans that include the:

- Employee Share Plan;
- Employee Share Plan (\$1,000 Plan);
- Employee Share Option Plan; and
- Employee Equity Plan

Participation in these plans is at the Board's discretion and no individual has an ongoing contractual right to participate in a plan or to receive any guaranteed benefits. For key appointments, an initial allocation of equity may be offered as a component of their initial employment agreement. The structure of equity awards is under the active review of the Nomination & Remuneration Committee to ensure it meets good corporate practice for a company of Bionomics' size, nature and company lifecycle.

Employee Share Plan (ESP)

The ESP was approved by shareholders at the November 2014 Annual General Meeting. It may involve the Company providing an interest-free limited recourse loan to eligible employees to purchase shares under this ESP. The Company takes security over the Shares to secure repayment of the loan. The purpose of this ESP is to provide eligible employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. The issue price will be determined by the Board at its sole discretion, with the intention to base it on market value at the time.

No shares were issued to employees under the ESP during this financial year or to the date of this report.

Employee Share Plan (\$1,000 Plan)

All executives and staff, excluding directors, are eligible to participate in the Bionomics Employee Share Plan (\$1,000 Plan). The objective of the \$1,000 Plan is to assist in the

attraction and retention of employees of the Company, and to provide encouragement to become shareholders. An annual allocation of up to \$1,000 of shares may be granted and taxed on a concessional basis. Shares are granted under the \$1,000 Plan for no consideration and are escrowed for 3 years while participants are employed by the Company.

No shares were issued to employees under the \$1,000 Plan during this financial year or to the date of this report.

Employee Share Option Plan (ESOP)

Options may have been granted under the ESOP which was last approved by shareholders at the 2014 Annual General Meeting. This has now been superseded by the Employee Equity Plan (see below). All executives and staff were eligible to participate in the ESOP. The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees of the company. More particularly, the ESOP was utilised to award options for no consideration to executives if they achieve specified KPIs and for shareholder approved non-executive director grants in addition to cash fees. The exercise price is calculated as the volume-weighted average price (VWAP) of the shares in the 7 days preceding the approval to grant the options.

No options were issued under the ESOP during this financial year or to the date of this report.

Employee Equity Plan (EEP)

The EEP replaces the ESOP. The EEP was approved by shareholders at the 2017 Annual General Meeting and was drafted to reflect changes to the income tax legislation governing employee share schemes, governance changes in respect of the type of equity instruments that are granted to employees and directors, the circumstances in which they are granted, and to provide administrative flexibility.

The underlying purpose of the EEP is to align employees' and directors' interests with shareholders' interests by providing them with equity as part of their remuneration arrangements. This will enable the Company to attract and retain top-level employees and directors. The procurement

and retention of first-class executives and employees capable of managing the Company's operations and achieving the Company's strategic objectives is always a difficult task for a relatively small Company, without an earnings history, such as Bionomics. In order to compete with well-established companies, the Board considers that the Company essentially has one of two choices: either offer higher cash remuneration or issue equity under a plan such as the EEP.

The EEP enables the Board to award different types of equity instruments tailored to specific application. These can include Rights to acquire shares contingent on meeting specified performance metrics, Options to acquire shares on payment of an exercise price, Rights and/or Options that are contingent on remaining in employment, among others.

Shares and options were issued under the EEP as disclosed in this Report.

3. Relationship Between the Remuneration Policy and Company Performance

The Company's remuneration policy aligns executive reward with the interests of shareholders. The primary focus is on growth in shareholder value through the achievement of research, development, regulatory and commercial milestones. The performance goals are not necessarily linked to financial performance measures typical of companies operating in other market segments.

Share options, shares and/or cash bonuses are granted to executive KMP based on their level of key performance indicator (KPI) achievement. Achievement of KPIs should result in increases in shareholder value.

Bionomics' approach to its remuneration framework ensures:

- Executives focus on meaningful KPIs;
- The best performers receive higher reward;
- Executives must continue to perform to realise value; and
- Executive reward is aligned with shareholder interests.

KPIs may include (but are not limited to) successful negotiations of commercial contracts, achieving key research, development and regulatory milestones, and ensuring the availability of adequate capital to achieve stated objectives.

There is no direct link between the determination of fixed pay and the Company's financial performance [specifically, revenue and net (loss)/profit included in the table below] or share price.

The calculation of the annual incentive award for executive KMP is by reference to the achievement of specific milestones and targets approved by the Board. Milestones and targets generally relate to:

- Efficiently conducting the Company's development programs;
- Executing Bionomics' partnership strategy, both new and existing;
- Demonstrating the power of Bionomics' discovery capabilities; and
- Maintaining adequate capital reserves.

These KPIs have been established to support the Company achieving its overall objectives. Executive KMP have 50% of their performance incentives tied to the achievement of corporate goals and the remaining 50% is tied to the achievement of individual goals. The Board determined that for this financial year corporate and individual KPI's were fully met.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth from continuing operations for the five years ended 30 June 2020.

| | 2020 \$ | 2019 \$ | 2018 \$ | 2017 \$ | 2016 \$ |
|-----------------------|-------------|--------------|--------------|-------------|--------------|
| Revenue | 246,946 | 906,119 | 200,532 | 13,430,731 | 1,1660,090 |
| Net (Loss) before tax | (6,026,587) | (10,575,594) | (26,953,853) | (6,555,058) | (17,807,645) |
| Net (Loss) after tax | (5,818,975) | (10,402,821) | (25,792,718) | (7,074,634) | (17,075,937) |

| | 2020 CENTS | 2019 CENTS | 2018 CENTS | 2017 CENTS | 2016 CENTS |
|--|---------------|---------------|---------------|---------------|---------------|
| Share price at start of the financial year | 3.0 | 53.0 | 40.0 | 28.0 | 41.5 |
| Share price at end of the financial year | 5.8 | 3.0 | 53.0 | 40.0 | 28.0 |
| Dividends paid | - | - | - | - | - |
| Basic earnings per share | (1.0) | (2.0) | (5.0) | (1.0) | (4.0) |
| Diluted earnings per share | (1.0) | (2.0) | (5.0) | (1.0) | (4.0) |

4. Remuneration of Key Management Personnel

The following tables show details of the remuneration received by the directors and the executive key management personnel of the Group for the current and previous financial years.

Directors and Other Key Management Personnel – 2020

| NAME | SHORT-TERM BENEFITS | | | POST-EMPLOYMENT | LONG-TERM EMPLOYEE BENEFITS | SHARE-BASED PAYMENTS | TOTAL |
|-------------------------------------|-----------------------|--------------------------|-------------------------|-----------------------|-------------------------------------|------------------------------|------------------|
| | SALARY AND FEES \$ | BONUS ¹ \$ | RETENTION PAYMENT \$ | SUPER-ANNUATION \$ | ANNUAL AND LONG SERVICE LEAVE \$ | OPTIONS ^{2,3} \$ | |
| Dr Errol De Souza | 363,276 ⁴ | - | - | - | - | 16,549 | 379,825 |
| Mr David Wilson | 72,600 | - | - | - | - | 15,998 | 88,598 |
| Mr Peter Turner | 74,110 | - | - | 7,040 | - | 15,998 | 97,148 |
| Mr Alan Fisher | 74,486 | - | - | 7,076 | - | 16,549 | 98,111 |
| Mr Mitchell Kaye | 72,188 | - | - | - | - | - | 72,188 |
| Mr Jack Moschakis | 291,949 | 90,000 | 96,000 | 28,880 | 11,862 | 3,424 | 522,115 |
| Mr Adrian Hinton | 265,500 | - | - | - | - | - | 265,500 |
| Ms Liz Doolin (from 2 January 2020) | 95,890 | 31,500 | - | 9,110 | 4,572 | - | 141,072 |
| | 2,375,063 | - | 123,476 | 77,263 | 8,474 | 33,736 | 2,618,013 |

¹ A bonus was granted for performance for the year ended 30 June 2020 to Mr Moschakis and Ms Doolin. Details of the calculation of the bonus, are disclosed in section 2 above. No bonus was payable for the year ended 30 June 2019.

² Share options do not represent cash payments to Directors and other key management personnel. Share options granted may or may not be exercised by Directors and other key management personnel

³ Amortisation cost of share options granted over vesting period. The negative amounts in the year ended 30 June 2019, include an adjustment for share options granted in prior years that were forfeited during the year due not meeting performance conditions.

⁴ Comprises Chairman's fee \$144,375 (2019: \$154,000) and Executive Chairman's consultancy fee of \$218,901 (2019: \$137,670).

Directors and Other Key Management Personnel – 2019

| NAME | SHORT-TERM BENEFITS | | | POST-EMPLOYMENT | LONG-TERM EMPLOYEE BENEFITS | SHARE-BASED PAYMENTS | TOTAL |
|---------------------|-----------------------|-------------|-------------------------|-----------------------|-------------------------------------|----------------------|------------------|
| | SALARY AND FEES \$ | BONUS \$ | RETENTION PAYMENT \$ | SUPER-ANNUATION \$ | ANNUAL AND LONG SERVICE LEAVE \$ | OPTIONS \$ | |
| Dr Errol De Souza | 291,670 | - | - | - | - | 27,289 | 318,959 |
| Dr Deborah Rathjen | 1,144,942 | - | - | 14,433 | - | (81,270) | 1,078,105 |
| Mr David Wilson | 77,000 | - | - | - | - | 26,290 | 103,290 |
| Mr Peter Turner | 79,452 | - | - | 7,547 | - | 26,290 | 113,289 |
| Mr Alan Fisher | 79,452 | - | - | 7,547 | - | 27,289 | 114,288 |
| Mr Mitchell Kaye | 46,538 | - | - | - | - | - | 46,538 |
| Mr Jack Moschakis | 300,041 | - | 89,895 | 26,546 | 8,474 | 23,092 | 448,048 |
| Dr Paul Rolan | 102,000 | - | - | - | - | - | 102,000 |
| Mr Adrian Hinton | 33,000 | - | - | - | - | - | 33,000 |
| Mr Steven Lydeamore | 127,052 | - | - | 9,920 | - | (16,324) | 120,649 |
| Mr Stephen Birrell | 93,916 | - | 33,581 | 11,270 | - | 1,080 | 139,847 |
| | 2,375,063 | - | 123,476 | 77,263 | 8,474 | 33,736 | 2,618,013 |

5. Key Terms of Service Agreements

Remuneration and other terms of employment for the Executive Chairman and the other executive KMP are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below:

Dr Errol De Souza, Executive Chairman

- Term of Consultancy Agreement - 15 November 2018 to 21 June 2020
 - Fixed Remuneration of \$18,000 per month for 10 working days per month
- Term of Consultancy Agreement - 22 June 2020 to 30 June 2021
 - Fixed Remuneration of US \$21,000 per month (plus reimbursement of health care benefits of up to US \$18,000) for the provision of executive services as determined by the Board, plus a STI/bonus potential of 70% of Fixed Remuneration as assessed by the independent Non -Executive directors against agreed financial, strategic and operational targets and the grant of 12 million Options.
 - Termination by either party on one month's notice

Mr Jack Moschakis, Legal Counsel and Company Secretary

- Term of agreement – open, commencing 4 May 2015
- Total remuneration package to be reviewed annually by the Executive Chairman and/or Chief Executive Officer and Managing Director and approved by the Board
- Payment of termination benefit on early termination by the employer without cause equal to six months' salary. In the event of redundancy, purchase or merger of Bionomics by a third party resulting in a material diminution in duties, six months' salary will be paid

Mr Adrian Hinton, Acting Chief Financial Officer

- Term of Consultancy Agreement - 25 March 2019 to 25 March 2021
- Fee of \$1,500 (plus GST) per day
- Termination by either party on one months' notice.
- Part-time Consulting

Ms Liz Doolin, VP Clinical Development

- Term of agreement – open, commencing 15 September 2008
- Total remuneration package to be reviewed annually by the Executive Chairman and/or Chief Executive Officer and Managing Director and approved by the Board
- Termination by either party on one months' notice

Share-based Payments

Share-based payment benefits are provided to employees via the Bionomics EEP and previously under the ESP.

The market value of shares issued to employees for no cash consideration and is recognised as an employee benefits expense with a corresponding increase in equity when the employees become unconditionally entitled to the shares.

The Bionomics EEP was approved by the Board and Shareholders at the 2017 AGM. Employees eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or a director of the Company.

Options granted under the ESOP (prior to approval of the EEP by shareholders at the 2017 AGM) and Options under the EEP are issued for no consideration and depending on their terms, most commonly vest equally over five years, provided a person remains employed subject to good leaver provisions (death, retrenchment or retirement). Equities issued under the EEP vest at the time of grant or upon satisfaction of conditions stipulated by the Board at that time, if any.

The amounts disclosed as remuneration relating to options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Incentive options are issued at the discretion of the Board and vest immediately. There are no subsequent performance conditions attached to incentive options.

The terms and conditions of each grant of options affecting remuneration of directors and other KMP in this or future reporting periods are as follows:

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | FAIR VALUE PER OPTION AT GRANT DATE | VESTING DATE |
|---------------------------------|-------------|----------------|---|--------------|
| Granted in Prior Periods | | | | |
| 20-Jul-15 | 20-Jul-20 | \$0.4341 | \$0.2035 | 20-Jul-15 |
| 30-Dec-15 | 30-Dec-21 | \$0.5102 | \$0.1617 | 30-Dec-16 |
| 30-Dec-15 | 30-Dec-22 | \$0.5102 | \$0.1772 | 30-Dec-17 |
| 30-Dec-15 | 30-Dec-23 | \$0.5102 | \$0.1912 | 30-Dec-18 |
| 30-Dec-15 | 30-Dec-24 | \$0.5102 | \$0.2038 | 30-Dec-19 |
| 30-Dec-15 | 30-Dec-25 | \$0.5102 | \$0.2152 | 30-Dec-20 |
| 28-Nov-16 | 28-Nov-22 | \$0.2613 | \$0.2505 | 28-Nov-17 |
| 28-Nov-16 | 28-Nov-23 | \$0.2613 | \$0.2377 | 28-Nov-18 |
| 28-Nov-16 | 28-Nov-24 | \$0.2613 | \$0.2227 | 28-Nov-19 |
| 28-Nov-16 | 28-Nov-25 | \$0.2613 | \$0.2155 | 28-Nov-20 |
| 28-Nov-16 | 28-Nov-26 | \$0.2613 | \$0.4318 | 28-Nov-21 |
| 28-Nov-16 | 28-Nov-22 | \$0.3130 | \$0.2377 | 28-Nov-17 |
| 28-Nov-16 | 28-Nov-23 | \$0.3130 | \$0.2504 | 28-Nov-18 |
| 28-Nov-16 | 28-Nov-24 | \$0.3130 | \$0.2616 | 28-Nov-19 |
| 28-Nov-16 | 28-Nov-25 | \$0.3130 | \$0.2716 | 28-Nov-20 |
| 28-Nov-16 | 28-Nov-26 | \$0.3130 | \$0.2804 | 28-Nov-21 |
| 28-Nov-16 | 28-Nov-22 | \$0.2613 | \$0.2505 | 28-Nov-17 |
| 28-Nov-16 | 28-Nov-23 | \$0.2613 | \$0.2621 | 28-Nov-18 |
| 28-Nov-16 | 28-Nov-24 | \$0.2613 | \$0.2721 | 28-Nov-19 |
| 28-Nov-16 | 28-Nov-25 | \$0.2613 | \$0.2810 | 28-Nov-20 |
| 28-Nov-16 | 28-Nov-26 | \$0.2613 | \$0.2890 | 28-Nov-21 |
| 28-Nov-16 | 28-Nov-23 | \$0.3130 | \$0.2504 | 28-Nov-18 |
| 28-Nov-16 | 28-Nov-24 | \$0.3130 | \$0.2616 | 28-Nov-19 |
| 28-Nov-16 | 28-Nov-25 | \$0.3130 | \$0.2716 | 28-Nov-20 |
| 28-Nov-16 | 28-Nov-26 | \$0.3130 | \$0.2804 | 28-Nov-21 |
| 28-Nov-16 | 28-Nov-21 | \$0.3743 | \$0.2080 | 28-Nov-16 |
| 5-Sep-17 | 5-Sep-22 | \$0.4400 | \$0.2839 | 5-Sep-17 |

No share options were granted during the year.

On 28 August 2020 the Company issued 15 million share options to subscribe for 15 million shares at \$0.04 per share option expiring on 28 August 2025 to key management personnel (KMP), details of the issue are set out below:

| KMP | NUMBER | VESTING CONDITIONS |
|-------------------|-----------|---|
| Dr Errol De Souza | 6,000,000 | Company's share price reaching \$0.14 per share |
| Dr Errol De Souza | 6,000,000 | Company's share price reaching \$0.24 per share |
| Mr Jack Moschakis | 1,000,000 | Company's share price reaching \$0.14 per share |
| Mr Jack Moschakis | 1,000,000 | Company's share price reaching \$0.24 per share |
| Ms Liz Doolin | 500,000 | Company's share price reaching \$0.14 per share |
| Ms Liz Doolin | 500,000 | Company's share price reaching \$0.24 per share |

Options granted under the EEP or ESOP carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Bionomics.

During the year or since the end of the year no Director or other KMP exercised options that were granted to them as part of their compensation.

6. Key Management Personnel holdings in Bionomics' Equity

Fully Paid Ordinary Shares of Bionomics Limited*

| | BALANCE AT 30 JUNE 2019 NUMBER | GRANTED AS COMPENSATION NUMBER | RECEIVED ON EXERCISE OF OPTIONS NUMBER | NET OTHER CHANGE NUMBER | BALANCE AT 30 JUNE 2020 NUMBER | BALANCE HELD NOMINALLY NUMBER |
|--|--------------------------------------|--------------------------------------|---|-------------------------------|--------------------------------------|--|
| Dr Errol De Souza | 366,698 | - | - | - | 366,698 | - |
| Mr David Wilson | 200,000 | - | - | - | 200,000 | 200,000 |
| Mr Peter Turner | 200,000 | - | - | - | 200,000 | - |
| Mr Alan Fisher | - | - | - | - | - | - |
| Mr Mitchell Kaye | - | - | - | - | - | - |
| Mr Jack Moschakis | 35,518 | - | - | - | 35,518 | - |
| Mr Adrian Hinton | - | - | - | - | - | - |
| Ms Liz Doolin (from 2 January 2020) | - | - | - | 17,643 | 17,643 | - |

*Note: Shares were issued to KMP after the close of the financial year and prior to the date of this report under the provisions of the EEP as set out on page 19 of this Report.

Share Options of Bionomics Limited*

| | BALANCE AT 30 JUNE 2019 NUMBER | GRANTED AS COMPEN- SATION NUMBER | EXERCISED NUMBER | NET OTHER CHANGE NUMBER | BALANCE AT 30 JUNE 2020 NUMBER | BALANCE VESTED AND EXERCISABLE AT 30 JUNE 2020 NUMBER | OPTIONS VESTED DURING YEAR NUMBER |
|--|---|--|---------------------|-------------------------------|---|---|---|
| Dr Errol De Souza | 500,000 | - | - | - | 500,000 | 300,000 | 100,000 |
| Mr David Wilson | 500,000 | - | - | - | 500,000 | 300,000 | 100,000 |
| Mr Peter Turner | 400,000 | - | - | - | 400,000 | 200,000 | 100,000 |
| Mr Alan Fisher | 500,000 | - | - | - | 500,000 | 300,000 | 100,000 |
| Mr Mitchell Kaye | - | - | - | - | - | - | - |
| Mr Jack Moschakis | 291,750 | - | - | - | 291,750 | 241,750 | 50,000 |
| Mr Adrian Hinton | - | - | - | - | - | - | - |
| Ms Liz Doolin (from 2 January 2020) | - | - | - | 40,000 | 40,000 | 40,000 | - |

*Note: Shares options were issued to KMP after the close of the financial year and prior to the date of this report under the provisions of the EEP as set out above on page 23 of this Report.

Details of the value of the employee share option plan and share options are contained in Note 24 to the financial statements.

Other Transactions with Directors and Other Key Management Personnel

Bionomics has strong disciplines to avoid any real or perceived conflict of interest with respect to related party transactions. Prospective related party transactions are reviewed by the board including those directors not

associated with the prospective transaction. Related party directors must have no involvement in the evaluation, negotiation or management of transactions in which they have an interest. Full disclosure is made in the Annual Report. The Company will continue to assess any prospective agreements on an arm's length basis.

There were no related party transactions during the year or up to the date of this report.

OTHER INFORMATION

Shares Under Option

Information relating to shares under option is set out in Note 24 to the financial statements. The total number of shares under option as at 30 June 2020 was 6,364,550 under the Employee Share Option Plan and no shares under option were issued during the financial year under the Employee Equity Plan. Shares under option total 1.01% of common shares outstanding as at 30 June 2020.

On 28 August 2020 the Company issued 15 million share options to KMPs details are disclosed on page 23 of this report.

Since the end of the year and up to the date of this report 123,00 share options lapsed.

Shares Issued on the Exercise of Options

No ordinary shares of Bionomics were issued during the year ended 30 June 2020 on the exercise of options granted under the Bionomics ESOP or EEP.

Warrants

Information relating to shares under option is set out in Note 23 to the financial statements. The total number of warrants as at 30 June 2020 was 345,232. Since 30 June 2020 and up to the date of signing this report no warrants have been exercised, cancelled or lapsed.

Insurance of Officers

During the financial year, the Company paid a premium to insure the Directors and Officers (D&O) of the Company. Under the terms of this policy the premium paid by the Company is not permitted to be disclosed.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the D&O in their capacity as D&O of the Company, and any other payments arising from liabilities incurred by the D&O in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the D&O or the improper use by the D&O of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-Audit Services

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the external auditor's expertise and experience with the Group are important.

Details of the amounts paid to the external auditor for audit and non-audit services provided during the year are set out in Note 29 to the financial statements.

The Board has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for external auditors imposed by the *Corporations Act 2001*.

Auditor's Independence Declaration

The auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

This directors' report is signed in accordance with a resolution of directors made pursuant to Section 298(2) of the *Corporations Act 2001*.



Errol De Souza

Executive Chairman

28 August 2020

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AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

28 August 2020

The Board of Directors
Bionomics Limited
31 Dalglish Street
THEBARTON SA 5031

Dear Board Members

Auditor's Independence Declaration to Bionomics Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Bionomics Limited.

As lead audit partner for the audit of the financial report of Bionomics Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Lee Girolamo
Partner
Chartered Accountant

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FINANCIAL STATEMENTS

This financial statement covers both Bionomics Limited (“Bionomics”) as an individual entity (Note 33) and the Group consisting of Bionomics and its subsidiaries. A description of the nature of the Group’s operations and its principal activities is included throughout the Annual Report and the Directors’ Report. The financial statement is presented in Australian dollars.

Bionomics is a company limited by shares, incorporated and domiciled in Australia. It is listed on the Australian Securities Exchange (ASX) (ASX:BN0) and its registered office is 31 Dalgleish Street, Thebarton, SA 5031.

Through the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website www.bionomics.com.au.

| | | |
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

| | NOTE | 2020 \$ | 2019 Restated Note 36 \$ |
|--|-------|----------------------|-----------------------------------|
| CONTINUING OPERATIONS | | | |
| Revenue | 5 | 246,946 | 906,119 |
| Other income | 5 | 3,112,469 | 6,741,181 |
| Other gains and losses | 5 | 5,196,897 | 5,889,945 |
| EXPENSES | 6 | | |
| Research and development expenses | | (5,827,844) | (12,129,962) |
| Administration expenses | | (4,291,663) | (6,670,078) |
| Occupancy expenses | | (1,180,482) | (1,212,168) |
| Compliance expenses | | (1,436,443) | (1,532,418) |
| Finance expenses | | (1,846,467) | (2,568,213) |
| LOSS BEFORE TAX | | (6,026,587) | (10,575,594) |
| Income tax benefit | 7 | 207,612 | 172,773 |
| LOSS AFTER TAX FROM CONTINUING OPERATIONS | | (5,818,975) | (10,402,821) |
| DISCONTINUED OPERATIONS | | | |
| (Loss)/profit for the year from discontinued operations | 37(d) | (1,299,313) | 41,251 |
| LOSS FOR THE YEAR | | (7,118,288) | (10,361,570) |
| Other Comprehensive Income, Net of Income Tax | | | |
| Items that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations | | 530,915 | 691,587 |
| Total Comprehensive Loss for the Year | | (6,587,373) | (9,669,983) |
| LOSS PER SHARE | | | |
| | | 2020 | 2019 |
| From continuing and discontinuing operations | | | |
| Basic loss per share | 31 | (\$0.01) (1 cent) | (\$0.02) (2 cents) |
| Diluted loss per share | 31 | (\$0.01) (1 cent) | (\$0.02) (2 cents) |
| From continuing operations | | | |
| Basic loss per share | 31 | (\$0.01) (1 cent) | (\$0.02) (2 cents) |
| Diluted loss per share | 31 | (\$0.01) (1 cent) | (\$0.02) (2 cents) |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

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| | NOTE | 2020 \$ | 2019 Restated Note 36 \$ |
|--|------|-------------------|-----------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 8 | 4,577,747 | 13,985,477 |
| Other financial assets | 9 | - | 550,000 |
| Trade and other receivables | 10 | 59,290 | 886,739 |
| Research and development incentives receivable | | 2,919,541 | 7,835,254 |
| Inventories | 11 | - | 664,541 |
| Other assets | 12 | 776,320 | 1,210,203 |
| TOTAL CURRENT ASSETS | | 8,332,898 | 25,132,214 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 14 | 283,956 | 2,507,469 |
| Right-to-use asset – rented property | 15 | 771,029 | - |
| Goodwill | 16 | 12,872,387 | 12,761,430 |
| Other intangible assets | 17 | 11,766,412 | 12,874,177 |
| Other financial assets | 9 | 436,174 | 384,000 |
| TOTAL NON-CURRENT ASSETS | | 26,129,958 | 28,527,076 |
| TOTAL ASSETS | | 34,462,856 | 53,659,290 |

| | | | |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT LIABILITIES | | | |
| Trade and other payables | 18 | 1,930,432 | 4,190,840 |
| Borrowings | 19 | 5,185,136 | 8,451,733 |
| Lease liability – rented property | 20 | 767,711 | - |
| Provisions | 21 | 388,827 | 933,979 |
| Other financial liabilities | 23 | - | - |
| Other liabilities | 22 | - | 225,736 |
| TOTAL CURRENT LIABILITIES | | 8,272,106 | 13,802,288 |
| NON-CURRENT LIABILITIES | | | |
| Other payables | 18 | - | 741,704 |
| Borrowings | 19 | 6,258,993 | 9,846,567 |
| Lease liability – rented property | 20 | 25,437 | - |
| Provisions | 21 | 45,814 | 32,217 |
| Deferred tax liabilities | 7(d) | 2,203,340 | 2,938,417 |
| Contingent consideration | 34 | 4,975,159 | 9,799,033 |
| TOTAL NON-CURRENT LIABILITIES | | 13,508,743 | 23,357,938 |
| TOTAL LIABILITIES | | 21,780,849 | 37,160,226 |

| | | | |
|-------------------|--|-------------------|-------------------|
| NET ASSETS | | 12,682,007 | 16,499,064 |
|-------------------|--|-------------------|-------------------|

| | | | |
|---------------------|----|-------------------|-------------------|
| EQUITY | | | |
| Issued capital | 24 | 148,156,005 | 144,944,233 |
| Reserves | 25 | 13,413,784 | 13,619,537 |
| Accumulated losses | | [148,887,782] | [142,064,706] |
| TOTAL EQUITY | | 12,682,007 | 16,499,064 |

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

**CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

| | ISSUED CAPITAL \$ | FOREIGN CURRENCY TRANSLATION RESERVE \$ | SHARE-BASED PAYMENTS RESERVE \$ | ACCUMULATED LOSSES Restated Note 36 \$ | TOTAL EQUITY Restated Note 36 \$ |
|---|-------------------------|---|--|--|---|
| BALANCE AT 30 JUNE 2018 (AS PREVIOUSLY REPORTED) | 135,211,955 | 5,562,680 | 7,535,817 | (131,352,597) | 16,957,855 |
| Adjustment (Note 36(i)) | - | - | - | (506,622) | (506,622) |
| Balance at 1 July 2018 (restated) | 135,211,955 | 5,562,680 | 7,535,817 | (131,859,219) | 16,451,233 |
| Loss for the period | - | - | - | (10,361,570) | (10,361,570) |
| Exchange differences on translation of foreign operations | - | 691,587 | - | - | 691,587 |
| Total Comprehensive Income | - | 691,587 | - | (10,361,570) | (9,669,983) |
| Recognition of share-based payments | - | - | (14,464) | - | (14,464) |
| Transfer of cancelled options | - | - | (156,083) | 156,083 | - |
| Issue of ordinary shares under a share placement | 9,849,787 | - | - | - | 9,849,787 |
| Issue of ordinary shares under a share purchase plan | 250,000 | - | - | - | 250,000 |
| Issue of ordinary shares to employees | 52,860 | - | - | - | 52,860 |
| Share issue costs | (420,369) | - | - | - | (420,369) |
| BALANCE AT 30 JUNE 2019 | 144,944,233 | 6,254,267 | 7,365,270 | (142,064,706) | 16,499,064 |
| Loss for the period | - | - | - | (7,118,288) | (7,118,288) |
| Exchange differences on translation of foreign operations | - | 530,915 | - | - | 530,915 |
| Total Comprehensive Income | - | 530,915 | - | (7,118,288) | (6,587,373) |
| Recognition of share-based payments | - | - | 55,355 | - | 55,355 |
| Recycled on disposal of subsidiaries | - | (496,811) | - | - | (496,811) |
| Transfer of cancelled options | - | - | (295,212) | 295,212 | - |
| Issue of ordinary shares under a share placement (Note 38) | 3,260,000 | - | - | - | 3,260,000 |
| Share issue costs | (48,228) | - | - | - | (48,228) |
| BALANCE AT 30 JUNE 2020 | 148,156,005 | 6,288,371 | 7,125,413 | (148,887,782) | 12,682,007 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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| | NOTE | 2020 \$ | 2019 \$ |
|--|--------------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Research and development incentives received | | 7,482,764 | 6,568,807 |
| Receipts from customers | | 4,883,858 | 5,067,487 |
| Payments to suppliers and employees | | (14,933,981) | (25,283,546) |
| Interest paid | | (1,335,834) | (1,934,652) |
| Net Cash used by Operating Activities | 30(b) | (3,903,193) | (15,581,904) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 58,369 | 282,649 |
| Payments for other financial assets | | (52,174) | - |
| Proceeds from disposal of other financial assets | | 550,000 | - |
| Payments for purchases of property, plant and equipment | | (7,704) | (98,927) |
| Proceeds from disposals of property, plant and equipment | | 264,370 | 13,930 |
| Net cash out flow from disposal of subsidiaries | 37(c) | (1,007,992) | - |
| Net Cash (used)/generated by Investing Activities | | (195,131) | 197,652 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (7,460,180) | (5,327,426) |
| Payments for transaction costs | | (281,668) | - |
| Principal elements of lease payments | | (826,942) | - |
| Proceeds from share issues | | 3,260,000 | 10,099,787 |
| Share issue costs paid | | (48,228) | (420,369) |
| Net Cash (used)/generated by Financing Activities | | (5,357,018) | 4,351,992 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (9,455,342) | (11,032,260) |
| Cash and cash equivalents at the beginning of the financial year | | 13,985,477 | 24,930,461 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 47,612 | 87,276 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 30(a) | 4,577,747 | 13,985,477 |

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

**NOTES TO THE
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NOTE 1: GENERAL INFORMATION

Bionomics Limited (the Company) is a listed public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

31 Dalgleish Street
Thebarton, South Australia, 5031
Tel: 08 8354 6100

Principal Activities

The principal activities of the Company and its controlled entities (the Group) during the period include the discovery and development of novel drug candidates focused on the treatment of serious central nervous system disorders and cancer by leveraging proprietary platform technologies.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of the Group.

(i) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards (AASB). Compliance with AASB ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Directors on 28 August 2020.

(ii) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are

within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for that asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(iii) Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

For the year ended 30 June 2020 the Group incurred a net loss of \$7,118,288 (30 June 2019: \$10,361,570) and had a net cash outflow from operating activities of \$3,903,193 (30 June 2019: \$15,581,904). At 30 June 2020, the Group has cash reserves of \$4,577,747 (30 June 2019: \$13,985,477).

As disclosed in Note 38, on 26 August 2020 shareholders approved the following transactions:

- Share placement to Apeiron Investments Group Ltd (Apeiron): that will raise \$2.17 million;
- Pro-rata rights issue to shareholders that will raise up to \$2.17 million; and
- Apeiron underwriting a share issue that will raise at least \$15 million.

However, the underwriting of the share issue is subject to Foreign Investment Review Board (FIRB) approval and at the date of this report this approval has not been obtained.

For the Group to fund the planned BNC210 Phase 2 PTSD clinical trial, meet administration costs and continue to pay its debts as and when they fall due and payable, the Group is dependent on obtaining FIRB approval, the successful completion of the above mentioned share issues to Apeiron and/or raising additional funds, which may include:

- Raising capital by one or a combination of the following; a private placement of shares, a further pro-rata issue to shareholders, the exercise of outstanding share options and warrants, and/or a further issue of shares to the public; and
- Sale or partial sale of some of the Group's assets, or licensing of some of the Group's compounds which are currently in the drug development stage.

At the date of signing this report, the Board of Directors believes that the Group will obtain FIRB approval or have reasonable grounds to believe that the Group will be able to

raise additional funds by one or more of the methods outlined above and that it is therefore appropriate to prepare the financial report on the going concern basis.

Should the Group be unable to obtain FIRB approval and/or raise the additional funds as set out above, there is a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

(iv) Application of New and Revised Accounting Standards

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019. The only accounting standard that has had a material impact on the financial statements of the Group is AASB 16 'Leases', and details of the impact are set out below.

AASB 16 "Leases"

The group leases office space in

- Adelaide; and
- Strasbourg (until the contract service business in French was disposed), see note 37

Impact of Application of AASB 16 "Leases"

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. AASB 16 supersedes the lease guidance including AASB 117 "Leases" and the related Interpretations when it became effective for the accounting period beginning on 1 January 2019. The date of initial application of AASB 16 for the Group was 1 July 2019.

The Group has chosen the modified retrospective application of AASB 16 in accordance with AASB 16:C5(b). Consequently, the Group will not restate the comparative information.

Impact of the New Definition of a Lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group has applied the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019.

In preparation for the first-time application of AASB 16, the Company has carried out an implementation project. The project has shown that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Operating Leases

AASB 16 has changed how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet.

On initial application of AASB 16, for all leases (except as noted below), the Group has:

- Recognised "right-of-use assets" (ROU assets) and "lease liabilities" in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognised depreciation of ROU assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under AASB 16 lease incentives (for example rent-free period) are recognised as part of the measurement of the ROU assets and lease liabilities. Previously, lease incentives resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, ROU assets will be tested for impairment in accordance with AASB 136 "Impairment of Assets". This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

As at 30 June 2019, the present value of non-cancellable lease commitments was \$2,993,675, therefore the Group recognised ROU assets with a net book value of \$2,993,675 and corresponding lease liabilities of \$2,993,675 at 1 July 2019.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

| | \$ |
|---|------------------|
| Operating lease commitments disclosed at 30 June 2019 | 3,310,833 |
| Less effect of discounting | (317,158) |
| Leases liability at 1 July 2019 | 2,993,675 |

The following is a reconciliation of the right-of-use assets and lease liabilities at 1 July 2019.

| | \$ |
|--|------------------|
| Office premises in Adelaide | 1,519,600 |
| Office premises in Strasbourg (contract service business in France) | 1,474,075 |
| | 2,993,675 |

The contract service business was disposed of on 3 March 2020 (see note 37). Rolling these balances forward to 30 June 2020, the Group recorded ROU Asset with a net book value of \$771,029, and corresponding lease liability of \$793,148.

The impact on profit or loss as at 30 June 2020 from:

- Continuing operations is a net decrease in occupancy expenses of \$43,251 (rent decrease of \$791,822, offset by an increase in depreciation expense of \$748,571) and an increase in interest expense of \$65,371; and
- Discontinued operation was a net increase in the loss of \$15,278.

Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities. The impact of the changes under AASB 16 resulted in a decrease in the cashflows used by operating activities of \$826,942 and an increase in cashflows used by financing activities of \$826,942.

Critical Judgements Required in the Application of AASB 16

Determination of the lease term is a judgement exercise by management on a recurring basis. In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group's lease agreements contain annual CPI increases. The lease liabilities have been calculated using the current lease payments over the expected term of the lease and when the annual notification of the CPI increase is received, the lease liability will be recalculated resulting in an adjustment to both the lease liability and ROU asset.

Key Sources of Estimation Uncertainty in the Application of AASB 16

The Group determination of the incremental borrowing rates applicable to the lease portfolio is the rate of interest that a lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU assets in a similar environment, by using a country and asset risk adjusted rate depending on the location and nature of the asset. The weighted average incremental borrowing rate applied to the lease liability on 1 July 2019 was 4.52%.

(v) Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and

reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(c) Revenue Recognition

(i) Licence revenues in connection with licensing of the Group's intellectual property (including patents) to collaborators are recognised as a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted. This is because the contracts for the licence of intellectual property are distinct and do not require, nor does the customer reasonably expect, that the Group will undertake further activities that significantly affect the intellectual property to which the collaborator has rights. Although the Group is entitled to sales-based royalties from any eventual sales of goods and services to third parties using the intellectual property transferred, these royalty arrangements do not of themselves indicate that the collaborator would reasonably expect the Group to undertake such activities, and no such activities are undertaken or contracted in practice. Accordingly, the promise to provide rights to the Group's intellectual property is accounted for as a performance obligation satisfied at a point in time.

The following consideration is received in exchange for licences of intellectual property:

- (a) Up-front payments - These are fixed amounts and are recognised at the point in time when the Group transfers the intellectual property to the collaborator.
- (b) Milestone payments - These are variable consideration that depends upon the collaborator reaching certain milestones in relation to the intellectual property licenced. Such amounts are only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration (i.e. the collaborator meeting the conditions to trigger payment) is subsequently resolved.

(c) Sales-based royalties - These are variable consideration amounts promised in exchange for the licence of intellectual property that occur late in the collaborator's development of the intellectual property and are recognised when the sales to third parties occur (as the performance obligation to transfer the intellectual property to the collaborator is already satisfied).

- (ii) For contracted research and development work, the customer controls all the work in progress as the work is being carried out, as the work is called out to the customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms and invoiced amounts are presented as other receivables.

Any amounts received from customers prior to the performance obligations being completed are recorded as unearned income and held on the balance sheet, until the relevant performance obligations have been completed in line with the policies above.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

- (iii) Rental income is recognised on a straight-line basis over the term of the lease.

(d) Government Research and Development Incentives

Government grants, including Research and Development incentives, are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met.

Grants relating to cost reimbursements are recognised as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later).

(e) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(i) Tax Consolidation Legislation

Bionomics and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 31 December 2005.

The head entity, Bionomics, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Bionomics also recognises the current

tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(f) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree

(if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9 or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' respectively, as appropriate, with the corresponding gain or loss being recognised in profit or loss, respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(g) Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

A cash generating unit (CGU) is the smallest identifiable group of assets that generates cash flow that are largely independent of cash flows from other assets or group of assets. The CGU's are defined as a research program that has the potential to be commercialised at some point in the future. Achievement of certain milestones within the research program will determine when a CGU comes into existence.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) 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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(i) Inventories

Consumables are stated at the lower of cost and net realisable value.

(j) Property, Plant and Equipment

Land is stated at cost less any impairment losses if applicable and is not depreciated.

Building, plant and equipment are stated at cost less accumulated depreciation or accumulated impairment losses, where applicable.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the diminishing value or straight-line methods, depending on the type of asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

The depreciation rates for each class of depreciable assets are:

- Buildings 25 years
- Plant and equipment 20 – 40%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(k) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the forgoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and

- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised Cost and Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocation interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired, (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

(ii) Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

(iii) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or a FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets

are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(I) Intangible Assets

(i) Intellectual Property

Acquired intellectual property is recognised as an asset at cost and amortised over its useful life. There is currently no internally generated intellectual property that has been capitalised. Intellectual property with a finite life is amortised on a straight-line basis over that life. Intellectual property with an indefinite useful life is subjected to an annual impairment review. There is currently no intellectual property with an indefinite life.

Current useful life of all existing intellectual property is in the range of 15 to 20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see Note 2(f) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata based on the carrying amount

of each asset in the CGU. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iii) Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(m) Research and Development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised as an expense when it is incurred. Expenditure on development activities are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. At year end there are currently no capitalised development costs.

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(o) Employee Benefits

(i) Short-term and Long-term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(ii) Retirement Benefits Costs

Retirement benefits are contributions made to employee superannuation funds and are charged

as expenses when incurred. These contributions are made to external superannuation funds and are not defined benefits programs. Consequently, there is no exposure to market movements on employee superannuation liabilities or entitlements.

(iii) Share-based Payments

Share-based compensation benefits are provided to employees via the Bionomics Employee Equity Plan (EEP).

The fair value of shares issued to employees for no cash consideration under the EEP is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

The disclosure in the Remuneration Report and Note 24 relates to the former ESOP and the EEP. The Bionomics EEP was approved by the Board and shareholders in 2017. Staff eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or a Director of the Group. Options are granted under the plan for no consideration and vest equally over five years, unless they are bonus options which vest immediately. The amounts disclosed as remuneration relating to options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option and the vesting criteria.

(p) Borrowings (Other Financial Liabilities)

(i) Warrants

Warrants issued by the Group in connection with bank loans or issued capital are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Where the warrants do not meet the definition of equity, they are initially measured at fair value with a corresponding reduction to the associated borrowings if associated with bank loans or as an allocation of proceeds received if associated with a share issue. Subsequent to initial recognition, the liability is fair valued until the warrant is issued, with gains or losses recognised in the profit or loss. See Note 23 for further details.

(ii) Other Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

(iii) *Classification*

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Leases

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g) above.

(s) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are deducted directly from equity.

(t) Earnings/(Loss) per Share

(i) Basic Earnings/(Loss) per Share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after income tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings/(Loss) per Share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to options.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the consolidated statement of financial position.

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

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the Group to make estimates and judgements that can affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. The Group analyses the estimates and judgements and base estimates and judgements on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from the estimates. The significant accounting policies are detailed in Note 2 for the year ended 30 June 2020. Summarised below are the accounting policies of particular importance to the portrayal of the financial position and results of operations and that require the application of significant judgement or estimates by management.

Impairment of Goodwill and Other Intangible Assets

The Group assesses annually, or whenever there is a change in circumstances, whether goodwill or other intangible assets may be impaired. Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash generating units to which goodwill or other intangible assets have been allocated. The value in use calculation is

judgmental in nature and requires the Group to make a number of estimates including the future cash flows expected to arise from the cash generating units based on actual current market deals for drug compounds within the cash generating unit and over a period covering drug discovery, development, approval and marketing as well as, a suitable discount rate in order to calculate present value. The cash flow projections are further weighted based on the observable market comparables probability of realising projected milestone and royalty payments. When the carrying value of the cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and the assets in the cash generating unit are written down to their recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. A detailed valuation was performed as of 30 June 2020 and each computed fair value (based on a value-in-use model) of our cash generating unit was in excess of the carrying amount respectively. As a result of this evaluation, it was determined that no impairment of goodwill or other intangible assets existed at 30 June 2020.

Contingent Consideration

As a result of the acquisition of Eclipse Therapeutic, Inc. (Eclipse) during the year ended 30 June 2013, the Group determines and recognises at each reporting date the fair value of the additional consideration that may be payable to Eclipse security holders due to potential royalty payments based on achieving late-stage development success or partnering outcomes based on Eclipse assets. Such potential earn-out payments are recorded at fair value and include a number of significant estimates including adjusted revenue projections and expenses, probability of such projections and a suitable discount rate to calculate fair value. During the year there has been a change in estimate in the revenue projections to align more closely to other signed contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 4: SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the nature of work processes performed. The Group's reportable segments under AASB 8 are:

- Drug discovery and development is the discovery, development and commercialisation of compounds to match a target product profile; and
- Contract services is the provision of scientific services on a fee for service basis to both external and internal customers.

Information regarding these segments is presented below.

(a) Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable operating segment for the following periods:

| | SEGMENT REVENUE YEAR ENDED | | SEGMENT PROFIT/(LOSS) YEAR ENDED | |
|---|-------------------------------|--------------------|-------------------------------------|---------------------|
| | 30 JUNE 2020 \$ | 30 JUNE 2019 \$ | 30 JUNE 2020 \$ | 30 JUNE 2019 \$ |
| CONTINUING OPERATIONS | | | | |
| Drug discovery and development | 46,662 | 701,486 | (2,835,581) | (4,969,944) |
| Rent income | 200,284 | 204,633 | 200,284 | 204,633 |
| | 246,946 | 906,119 | | |
| Interest income | | | 58,369 | 282,649 |
| Government assistance Covid-19 | | | 108,500 | - |
| Unallocated financing expenses | | | (1,846,467) | (2,568,213) |
| Central administrations | | | (6,908,589) | (9,414,664) |
| Other gains and losses | | | 5,196,897 | 5,889,945 |
| (LOSS) BEFORE INCOME TAX | | | (6,026,587) | (10,575,594) |
| Income tax benefit | | | 207,612 | 172,773 |
| (LOSS) AFTER TAX | | | (5,818,975) | (10,402,821) |
| DISCONTINUED OPERATIONS (SEE NOTE 37) | | | | |
| Contract services | 4,066,054 | 7,099,150 | | |
| Less intercompany revenue included in contract services | (643,470) | (3,976,210) | | |
| | 3,422,584 | 3,122,940 | (428,413) | (22,712) |
| (Loss) on disposal of operations | | | (911,868) | - |
| (Loss) before tax | | | (1,340,281) | (22,712) |
| Income tax benefit | | | 40,968 | 63,963 |
| (LOSS)/PROFIT AFTER TAX | | | (1,299,313) | 41,251 |
| CONSOLIDATED (LOSS) AFTER TAX | | | (7,118,288) | (10,361,570) |

Revenue reported above for Contract services includes intersegment sales. There were no intersegment sales for the other reportable segment.

Segment result represents the result for each segment without allocation of central administration expenses, government assistance Covid-19 and other gains and losses.

NOTE 4: SEGMENT INFORMATION CONT.

(b) Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities as at 30 June by reportable operating segment, excluding intercompany assets and liabilities:

| | 2020 \$ | 2019 \$ |
|---|-------------------|-------------------|
| ASSETS | | |
| Drug discovery and development (continuing operation) | 27,828,866 | 32,748,293 |
| Contract services (discontinued operations) | - | 5,176,320 |
| | 27,828,866 | 37,924,613 |
| Unallocated | 6,633,990 | 15,734,677 |
| TOTAL ASSETS | 34,462,856 | 53,659,290 |
| LIABILITIES | | |
| Drug discovery and development (continuing operation) | 536,797 | 1,336,607 |
| Contract services (discontinued operations) | - | 3,667,546 |
| | 536,797 | 5,004,153 |
| Unallocated | 21,244,052 | 32,156,073 |
| TOTAL LIABILITIES | 21,780,849 | 37,160,226 |
| ADDITIONS TO NON-CURRENT ASSETS | | |
| Drug discovery and development (continuing operation) | - | - |
| Contract services (discontinued operations) | 7,704 | 98,927 |
| | 7,704 | 98,927 |

(c) Other Segment Information

The segment result above has been determined after including the following items:

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| DEPRECIATION AND AMORTISATION | | |
| Drug discovery and development (continuing operation) | 2,163,098 | 1,435,204 |
| Contract services (discontinued operations) | 197,311 | 204,349 |
| | 2,360,409 | 1,639,553 |

(d) Revenue from Major Products and Services

The following is an analysis of the Group's external revenue for the year ended 30 June from its major products and services:

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| Drug discovery and development (continuing operation) | 46,662 | 701,486 |
| Unallocated (rent income) | 200,284 | 204,633 |
| | 246,946 | 906,119 |
| Contract services (discontinued operations) | 3,422,584 | 3,122,940 |
| | 3,669,530 | 4,029,059 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 4: SEGMENT INFORMATION CONT.

(e) Geographical Information

The Group operated in three geographical areas, Australia, France and United States of America. The Group's external revenue and information about its non-current assets for the year ended 30 June by geographical segment are detailed below:

| | REVENUE FROM EXTERNAL CUSTOMERS | | NON-CURRENT ASSETS | |
|----------------------------------|---------------------------------|------------------|--------------------|-------------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Australia | 246,946 | 906,119 | 26,129,958 | 26,457,459 |
| France (discontinued operations) | 3,422,584 | 3,122,940 | - | 2,069,617 |
| USA | - | - | - | - |
| | 3,669,530 | 4,029,059 | 26,129,958 | 28,527,076 |

(f) Information about Major Customers

Included in revenues for the drug discovery and development segment is \$46,662 and \$200,284 from two separate parties (2019: \$654,150 from one party). No other customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

NOTE 5: REVENUE, OTHER INCOME AND OTHER GAIN AND LOSSES

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| REVENUE FROM CONTINUING OPERATIONS | | |
| Licences | 46,662 | 701,486 |
| Rent | 200,284 | 204,633 |
| | 246,946 | 906,119 |
| OTHER INCOME FROM CONTINUING OPERATIONS | | |
| Interest income | 58,369 | 282,649 |
| Government Research and Development Incentives (i) | 2,945,600 | 6,458,532 |
| Government assistance Covid-19 (Cash flow boost) | 50,000 | - |
| Government assistance Covid-19 (Jobkeeper) | 58,500 | - |
| | 3,112,469 | 6,741,181 |

(i) The Government Research and Development Incentives include cash refunds provided by the Australian Government for 43.5% (2019: 43.5%) of eligible research and development expenditures by Australian entities having a tax loss and less than \$20 million in revenue. The grants are calculated at the end of the fiscal year to which they relate, based on the expenses incurred in and included in the fiscal year's Australian income tax return after registration of the research and development activities with the relevant authorities. There are no unfulfilled conditions or other contingencies attaching to the Government Research and Development Incentive.

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| OTHER GAINS AND LOSSES FROM CONTINUING OPERATIONS | | |
| Net gain arising on changes in fair value of contingent consideration (Note 34) | 4,823,874 | 5,883,076 |
| Net gain arising on modification of borrowings measured at amortised costs that were not derecognised (Note 19) | 199,089 | - |
| Gain on disposal of plant and equipment | 173,934 | 6,869 |
| | 5,196,897 | 5,889,945 |

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 6: EXPENSES RELATING TO CONTINUING OPERATIONS

Loss before income tax benefit includes the following specific expenses:

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| FINANCE EXPENSES | | |
| Interest expense on bank and other loans | 1,192,523 | 1,914,148 |
| Interest expense on lease liabilities | 79,938 | - |
| Amortisation of transaction costs (Note19) | 29,649 | - |
| Accrual of final payment (Note 19) | 544,357 | 654,065 |
| | 1,846,467 | 2,568,213 |
| EMPLOYMENT BENEFIT EXPENSES OF: | | |
| Wages and salaries | 3,097,949 | 4,959,959 |
| Superannuation | 213,769 | 299,147 |
| Share-based payments | 55,355 | 38,369 |
| | 3,367,073 | 5,297,475 |
| AMORTISATION OF NON-CURRENT ASSETS | | |
| Plant and equipment | 91,860 | 167,628 |
| Right-of-use assets (rental property) | 748,571 | - |
| Intellectual property | 1,328,244 | 1,267,575 |
| | 2,168,675 | 1,435,203 |
| RENTAL EXPENSE ON OPERATING LEASES | | |
| Minimum lease payments | - | 716,974 |
| UNREALISED FOREIGN CURRENCY LOSS | | |
| | 621,016 | 925,734 |

NOTE 7: INCOME TAXES RELATING TO CONTINUING OPERATIONS

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| (a) Income Tax Recognised in Profit or Loss | | |
| CURRENT TAX | | |
| In respect of the current year | - | - |
| In respect of the prior year | - | - |
| | - | - |
| DEFERRED TAX | | |
| Recognised in current year | (207,612) | (172,773) |
| | (207,612) | (172,773) |
| TOTAL INCOME TAX BENEFIT | | |
| | (207,612) | (172,773) |

| | 2020 \$ | 2019 \$ |
|---|-------------|--------------|
| (b) Reconciliation to Accounting Loss | | |
| Loss from continuing operations | (6,026,587) | (10,575,594) |
| Tax at the Australian tax rate of 30% (2019: 30%) | (1,807,976) | (3,172,678) |
| Tax effect of Non-Deductible / Non-Assessable Amounts | | |
| Exempt income from government assistance | (898,680) | (1,937,560) |
| Entertainment | 1,355 | 2,604 |
| Net gain arising on changes in fair value of contingent consideration | (1,447,162) | (1,764,923) |
| Share-based payments | 16,607 | 11,519 |
| Research and development expenditure | 2,013,477 | 3,556,712 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 7: INCOME TAXES RELATING TO CONTINUING OPERATIONS CONT.

| (b) Reconciliation to Accounting Loss CONT. | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Temporary differences not recorded as an asset | (68,181) | 80,291 |
| Tax losses not recorded | 1,981,695 | 3,047,739 |
| Effect of different tax rates in other jurisdictions | 1,253 | 3,523 |
| | (207,612) | (172,773) |

(c) Net Deferred Tax Liability Recognised

Net deferred tax liability is attributable to the following deferred tax asset/(liability) items:

| | 2020 | 2019 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Intangibles denominated in USD | (2,470,947) | (2,622,608) |
| Tax losses denominated in USD | 267,607 | 216,116 |
| Property, plant & equipment denominated in EUR | - | (516,624) |
| Intangibles denominated in EUR | - | (15,301) |
| | (2,203,340) | (2,938,417) |

(d) Movement in Net Deferred Tax Liability

| | 2020 | 2019 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Opening balance | (2,938,417) | (3,003,389) |
| Recognised in income: | | |
| Continuing operations | 207,612 | 172,890 |
| Discontinuing operations | 40,968 | 63,846 |
| Recognised in equity | (28,465) | (171,764) |
| Derecognised on disposal of subsidiaries (Note 37) | 514,962 | - |
| CLOSING BALANCE | (2,203,340) | (2,938,417) |

(e) Net Deferred Tax Asset Not Recognised

| | 2020 | 2019 |
|--------------------------|-------------------|-------------------|
| | \$ | \$ |
| Revenue tax losses | 24,771,768 | 22,348,314 |
| Net temporary difference | 3,076,454 | 3,144,635 |
| | 27,848,222 | 25,608,333 |

Deferred tax assets have not been recognised in respect to these items as it is not probable at this time that future taxable profits will be available against which the Group can utilise the benefit.

(f) Tax Consolidation

Relevance of Tax Consolidation to the Group

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Bionomics is the head entity in the tax-consolidated group. Tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

| | 2020 \$ | 2019 \$ |
|--------------------------|------------------|-------------------|
| CURRENT | | |
| Cash at bank and on hand | 4,577,747 | 13,590,052 |
| Deposits at call | - | 395,425 |
| | 4,577,747 | 13,985,477 |

The weighted average interest rate on these deposits is 0.5% per annum (2019: 1.5% per annum).

NOTE 9: OTHER FINANCIAL ASSETS

| | 2020 \$ | 2019 \$ |
|--|----------------|----------------|
| Restricted deposits held as security and not available for use | 436,174 | 934,000 |
| Disclosed in the financial statement as: | | |
| Current assets | - | 550,000 |
| Non-current assets | 436,174 | 384,000 |
| | 436,174 | 934,000 |

The Group holds a restricted term deposits of \$52,174 and \$384,000 (2019: \$384,000), with a maturity date of 23 September 2020 and 11 September 2020 respectively (2019: 18 March 2020) as security for a bank guarantee (Note 35 (ii)) that is not available for use. In prior year there was also a restricted term deposit of \$550,000, that had a maturity date of 4 July 2019, for a loan (Note 19 (i)). The effective interest rate on these deposits is 1.35% (2019: 2.19%).

NOTE 10: TRADE AND OTHER RECEIVABLES

| | 2020 \$ | 2019 \$ |
|---|---------------|----------------|
| CURRENT | | |
| Trade receivables | 17,553 | 816,750 |
| Loss allowance | - | (6,318) |
| | 17,553 | 810,432 |
| GST and Value Added Tax (VAT) receivables | 37,639 | 61,178 |
| Other | 4,098 | 15,129 |
| | 59,290 | 886,739 |

The average credit period on sales of services is 60 days. No interest is charged on trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance. Loss allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Group reviews the quality of the customer, and this is reviewed prior to commencing new major work.

| Movement in the Loss Allowance | 2020 \$ | 2019 \$ |
|---|------------|--------------|
| Balance at beginning of the year | 6,318 | - |
| Impairment losses recognised on receivables | - | 6,318 |
| Derecognised on disposal of subsidiaries | (6,318) | - |
| BALANCE AT END OF THE YEAR | - | 6,318 |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Typically, the concentration of credit risk is limited because the customer base is large and unrelated, except as noted above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 11: INVENTORIES

| | 2020 \$ | 2019 \$ |
|----------------|------------|------------|
| CURRENT | | |
| Consumables | - | 664,541 |

NOTE 12: OTHER ASSETS

| | 2020 \$ | 2019 \$ |
|----------------|----------------|------------------|
| CURRENT | | |
| Prepayments | 774,545 | 1,207,523 |
| Accrued income | 1,775 | 2,680 |
| | 776,320 | 1,210,203 |

NOTE 13: SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

| ENTITY | PRINCIPAL ACTIVITY | COUNTRY OF INCORPORATION | PERCENTAGE OWNED (%) | |
|--|--------------------------------|--------------------------|----------------------|------|
| | | | 2020 | 2019 |
| HEAD ENTITY | | | | |
| Bionomics Limited | Research and Development | Australia | | |
| SUBSIDIARIES OF BIONOMICS LIMITED | | | | |
| Neurofit SAS (i) | Contract Research Organisation | France | - | 100 |
| Iliad Chemicals Pty Limited | Asset owner | Australia | 100 | 100 |
| Bionomics Inc. | Research and Development | United States | 100 | 100 |
| PC SAS (i) | Contract Research Organisation | France | - | 100 |

(i) Subsidiary disposed of on 3 March 2020, see Note 37

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

| | FREEHOLD LAND AT COST \$ | BUILDING AT COST \$ | PLANT AND EQUIPMENT AT COST \$ | TOTAL \$ |
|--|-----------------------------------|---------------------------|---|--------------------|
| Cost at 30 June 2018 | 279,843 | 2,097,325 | 4,283,059 | 6,660,227 |
| Additions | - | - | 98,927 | 98,927 |
| Disposals | - | - | (166,392) | (166,392) |
| Effect of foreign currency exchange differences | 6,175 | 46,278 | 16,359 | 68,812 |
| Cost at 30 June 2019 | 286,018 | 2,143,603 | 4,231,953 | 6,661,574 |
| Additions | - | - | 7,704 | 7,704 |
| Disposals | - | - | (2,064,317) | (2,064,317) |
| Derecognised on disposal of subsidiaries (Note 37) | (299,896) | (2,247,615) | (840,524) | (3,388,035) |
| Effect of foreign currency exchange differences | 13,878 | 104,012 | 38,888 | 156,778 |
| Cost at 30 June 2020 | - | - | 1,373,704 | 1,373,704 |
| Accumulated depreciation at 30 June 2018 | - | (468,786) | (3,447,286) | (3,916,072) |
| Depreciation (a) | - | (124,337) | (248,856) | (373,193) |
| Disposals | - | - | 159,331 | 159,331 |
| Effect of foreign currency exchange differences | - | (11,974) | (12,197) | (24,171) |
| Accumulated depreciation at 30 June 2019 | - | (605,097) | (3,549,008) | (4,154,105) |
| Depreciation (a) | - | (77,400) | (127,469) | (204,869) |
| Disposals | - | - | 1,956,328 | 1,956,328 |

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 14: PROPERTY, PLANT AND EQUIPMENT cont.

| | FREEHOLD LAND AT COST \$ | BUILDING AT COST \$ | PLANT AND EQUIPMENT AT COST \$ | TOTAL \$ |
|--|-----------------------------------|---------------------------|---|--------------------|
| Derecognised on disposal of subsidiaries (Note 37) | - | 714,673 | 666,385 | 1,381,058 |
| Effect of foreign currency exchange differences | - | (32,176) | (35,984) | (68,160) |
| Accumulated depreciation at 30 June 2020 | - | - | (1,089,748) | (1,089,748) |
| Net Carrying Amounts at 30 June 2019 | 286,018 | 1,538,506 | 682,945 | 2,507,469 |
| Net Carrying Amounts at 30 June 2020 | - | - | 283,956 | 283,956 |

(a) Depreciation is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as follows:

| | 2020 \$ | 2019 \$ |
|-------------------------|----------------|----------------|
| Continuing operations | 91,860 | 167,628 |
| Discontinued operations | 113,009 | 205,565 |
| | 204,869 | 373,193 |

Non-Current Assets Pledged as Security

Refer to Note 19 for information on non-current assets pledged as security for borrowings by the Group.

NOTE 15: RIGHT-OF-USE ASSETS

| | 2020 \$ | 2019 \$ |
|---|----------------|------------|
| Cost | 1,519,600 | - |
| Accumulated depreciation | (748,571) | - |
| | 771,029 | - |
| Opening balance 1 July | - | - |
| Adoption of new leasing accounting standard (Note 2 (iv)) | 2,993,675 | - |
| Depreciation (a) | (864,646) | - |
| Derecognised on disposal of subsidiaries (Note 37) | (1,424,365) | - |
| Effect of foreign currency exchange differences | 66,365 | - |
| Closing balance 30 June | 771,029 | - |

(a) Amortisation is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as follows:

| | 2020 \$ | 2019 \$ |
|-------------------------|----------------|------------|
| Continuing operations | 748,571 | - |
| Discontinued operations | 116,075 | - |
| | 864,646 | - |

Non-Current Assets Pledged as Security

Refer to Note 20 for information on non-current assets pledged as security for lease liabilities by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 16: GOODWILL

| | \$ |
|--|-------------------|
| Carrying amount at 30 June 2018 | 12,469,535 |
| Additions | - |
| Foreign currency exchange differences | 291,895 |
| Carrying amount at 30 June 2019 | 12,761,430 |
| Additions | - |
| Foreign currency exchange differences | 110,957 |
| Carrying amount at 30 June 2020 | 12,872,387 |

Impairment Tests

There are two cash generating units (CGUs), Drug discovery and development, and Contract services. These are the same as the operating segments identified in Note 4. Management tests annually whether goodwill or indefinite life intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 2(l)(i) and (l)(ii), Note 2(g) respectively. For the purpose of impairment testing all goodwill is allocated to the Drug discovery and development CGU.

Determining whether goodwill or intangibles are impaired requires an estimation of the value in use of the CGUs to which goodwill or indefinite life intangibles have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value over the expected life cycle of the commercialisation of the assets - in line with the average patent life and development cycle of the drug compound. A post-tax discount rate of 15% has been used.

Allocation of Goodwill to Group CGU's

The carrying amount of goodwill was allocated to the following CGU's:

| | 2020 \$ | 2019 \$ |
|--------------------------------|------------|------------|
| Drug discovery and development | 12,872,387 | 12,761,430 |
| Contract services | - | - |

Drug Discovery and Development

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on observable market comparables for drug compounds within the CGU over a period of twenty years covering drug discovery, development, approval and marketing, and a post-tax discount rate of 15% per annum (2019: 15% per annum). The cash flow projections are weighted based on the observable market comparables probability of realising projected milestone and royalty payments.

Management believes that the application of discounted cash flows of observable market comparables for one drug compound is reasonable to be applied to other compounds within the CGU at their respective development phases.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

No growth rates have been included in the forecast. As the full discovery and development lifecycle has been taken into account with the cashflows, no terminal value has been used.

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 17: OTHER INTANGIBLE ASSETS

Intellectual Property

The acquired intellectual property includes the Company's Multicore technology, its BNC101 drug candidate, its BNC105 drug candidate and cancer stem cell technology. Each item is carried at its fair value as at its date of acquisition, less accumulated amortisation charges. There is currently no internally generated intellectual property capitalised.

| | \$ |
|--|---------------------|
| Gross carrying amount at 30 June 2018 | 25,000,316 |
| Additions | - |
| Foreign currency exchange differences | 990,515 |
| Gross carrying amount at 30 June 2019 | 25,990,831 |
| Additions | - |
| Derecognised on disposal of subsidiaries (Note 37) | (2,144,673) |
| Foreign currency exchange differences | 458,986 |
| Gross carrying amount at 30 June 2020 | 24,305,144 |
| Accumulated amortisation amount at 30 June 2018 | (11,452,500) |
| Amortisation (a) | (1,334,969) |
| Foreign currency exchange differences | (329,185) |
| Accumulated amortisation amount at 30 June 2019 | (13,116,654) |
| Amortisation (a) | (1,373,871) |
| Derecognised on disposal of subsidiaries (Note 37) | 2,144,099 |
| Foreign currency exchange differences | (192,306) |
| Accumulated amortisation amount at 30 June 2020 | (12,538,732) |
| Net carrying amount 30 June 2019 | 12,874,177 |
| Net carrying amount 30 June 2020 | 11,766,412 |

(a) Amortisation is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as follows:

| | 2020 \$ | 2019 \$ |
|-------------------------|------------------|------------------|
| Continuing operations | 1,328,244 | 1,265,575 |
| Discontinued operations | 45,627 | 69,394 |
| | 1,373,871 | 1,334,969 |

NOTE 18: TRADE AND OTHER PAYABLES

| | 2020 \$ | 2019 \$ |
|--------------------|------------------|------------------|
| CURRENT | | |
| Trade payables | 1,261,466 | 1,202,705 |
| Accrued expenses | 668,966 | 2,950,969 |
| Other payables | - | 37,166 |
| | 1,930,432 | 4,190,840 |
| NON-CURRENT | | |
| Other payables | - | 741,704 |

The average credit period on purchases of goods is 45 days. No interest is paid on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Other payables related to incentive grants (interest free) received from the French Government for research projects. The amounts were repayable over a five-year period in quarterly instalments commencing two years after receipt of the incentive grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 19: BORROWINGS

| | 2020 \$ | 2019 \$ |
|---|-------------------|-------------------|
| SECURED – AT AMORTISED COST | | |
| Commercial bill (i) | - | 550,000 |
| Equipment mortgage (ii) | 242,024 | 387,837 |
| Bank loan (iii) | 11,202,105 | 17,360,463 |
| | 11,444,129 | 18,298,300 |
| Disclosed in the financial statements as: | | |
| Current liabilities | 5,185,136 | 8,451,733 |
| Non-current liabilities | 6,258,993 | 9,846,567 |
| | 11,444,129 | 18,298,300 |

- (i) The rolling commercial bill line was repaid during the current year and was secured by a restricted deposit of \$550,000, shown in Note 9. The commercial bill had an effective interest rate of 2.96%.
- (ii) The equipment mortgage loans are for equipment (which secure the loans) with interest rates of 5.20% to 5.55% (2019: 5.20% to 5.94%) and have remaining terms of up to 3 years (2019: four years). As at 30 June 2020 the written down value of this equipment is \$251,952 (2019: \$447,212).
- (iii) The bank loan is denominated in US dollars, the principal outstanding is US \$6.8 million (2019: US\$11.4 million) and interest is paid monthly at the rate of 8.25% (2019: 9.75%). During the current year an interest only period was negotiated with the banks, for the period May 2020 to October 2020 and the loan was extended to 1 January 2022. The loan is repayable in equal instalments from 1 November 2020. The loan is secured by all the Group's assets except the term deposits shown in Note 9 and the equipment that is security for the equipment loans shown in (ii) above. The loan further contains customary conditions of borrowing, events of default and covenants, including covenants that restrict the ability to dispose of assets, merge with or acquire other entities, incur indebtedness and make distributions to shareholders. Should an event of default occur, including the occurrence of a material adverse change, the Group could be liable for immediate repayment of all obligations under the loan agreement. There were no breaches of covenants as of 30 June 2020. Also included with the bank loan is the accrual of the final payment and transaction costs still to be amortised, see (a) and (c) below for details.

| | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|
| LOAN MOVEMENT SCHEDULE | | |
| Opening Balance – 1 July | 18,298,300 | 21,939,210 |
| Repayments | (7,460,180) | (5,327,426) |
| Accrual of bank loan final payment (a) | 544,357 | 654,065 |
| Net gain arising on modification of bank loan (due to extension of loan) that was not derecognised (b) | (199,089) | - |
| Transaction costs associated with obtaining interest only period (c) | (281,668) | - |
| Amortisation of costs (c) | 29,649 | - |
| Foreign currency exchange differences | 512,760 | 1,032,451 |
| CLOSING BALANCE – 30 JUNE | 11,444,129 | 18,298,300 |

- (a) In addition to the payment of principal and interest over the term of the bank loan, a final payment is required under the US bank loan, calculated at a percentage of the original principal borrowed. This liability is being accrued (using the effective interest method) over the term of the loan and the amount accrued is US \$ 1,079,030 (2019 US \$843,071).
- (b) As a result of the US bank loan being extended to 1 January 2022 the accrual of the bank loan final payment was remeasured resulting in a reduction in the liability that had been accrued as the modification to the loan did not qualify for derecognition of the loan.
- (c) The transaction costs related to costs incurred in obtaining the six-month interest only period and extension of the bank loan. These costs are being amortised over the remaining term of the bank loan.

Interest Rate Risk

The Group's exposure to interest rates and the effective weighted average interest rate by maturity period is set out in Note 26.

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 20: LEASE LIABILITIES

| | 2020 \$ | 2019 \$ |
|---|----------------|------------|
| SECURED – AT AMORTISED COSTS | | |
| LOAN MOVEMENT SCHEDULE | | |
| Opening Balance – 1 July | - | - |
| Adoption of new leasing accounting standard (Note 2 (iv)) | 2,993,675 | - |
| Repayments | (826,942) | - |
| Derecognised on disposal of subsidiaries (Note 37) | (1,440,322) | - |
| Effect of foreign currency exchange differences | 66,737 | - |
| CLOSING BALANCE – 30 JUNE | 793,148 | - |
| Disclosed in the financial statements as: | | |
| Current liabilities | 767,711 | - |
| Non-current liabilities | 25,437 | - |
| | 793,148 | - |

Lease liabilities relate to building leases and is effectively secured by the building being leased (Note 15). The incremental borrowing rate applied to the lease liability as at 30 June 2020 is 5.50% and the weighted average incremental borrowing rate applied on 1 July 2020 (adoption of new leasing standard) was 4.25%.

Interest Rate Risk

The Group's exposure to interest rates and the effective weighted average interest rate by maturity period is set out in Note 26.

NOTE 21: PROVISIONS

| | 2020 \$ | 2019 \$ |
|--------------------|------------|------------|
| CURRENT | | |
| Employee benefits | 388,827 | 933,979 |
| NON-CURRENT | | |
| Employee benefits | 45,814 | 32,217 |

NOTE 22: OTHER LIABILITIES

| | 2020 \$ | 2019 \$ |
|--------------------------|------------|------------|
| CURRENT | | |
| Unearned services income | - | 225,736 |

NOTE 23: OTHER FINANCIAL LIABILITIES

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| CURRENT | | |
| Warrants | - | - |
| | - | - |
| Balance at beginning of period | - | 137,600 |
| Change in value recognised in profit or loss | - | (137,600) |
| BALANCE AT END OF PERIOD | - | - |

Refer Note 24(e) for details about the fair value of the warrant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 23: OTHER FINANCIAL LIABILITIES CONT.

Warrants

A derivative was recognised in relation to the warrants issued by the Group in connection with the USD bank loan included in Note 19(iii). These warrants are currently exercisable at the discretion of the holder and exchangeable for either 345,232 (2019: 988,843) ordinary shares at a fixed price of \$0.5288 (2019: 345,232 at \$0.5288 and 643,611 at \$0.54) or, if the holder elects to do a cashless exercise where the fair market value of an ordinary share exceeds the exercise price under the warrant, a lower number of shares for partial or nil consideration, with the number of shares to be issued calculated on the basis of a formula which takes into account the 10 day volume weighted movement in the share price of the Company up to the date of exercise of the warrant. The warrants expire during October 2020 and during the year ended 30 June 2020, 643,611 warrants lapsed (2019: nil).

The warrants were initially measured at fair value in accordance with AASB 9. The value of the warrants liability is remeasured at each balance date with any movement in valuations recognised in the profit or loss.

NOTE 24: ISSUED CAPITAL

| | 2020 SHARES | 2019 SHARES |
|---------------------------------------|--------------------|--------------------|
| (a) Issued and Paid-Up Capital | | |
| Ordinary shares – fully paid | 626,185,872 | 544,647,747 |
| Treasury stock | - | 38,125 |
| Total | 626,185,872 | 544,685,872 |

Movements in Ordinary Shares and Treasury Stock (restricted shares issued subject to Employee Share Plan Loan Agreements) respectively, of the Company during the current period were as follows:

| DATE | DETAILS | NUMBER OF SHARES | \$ |
|------------------------|---|---------------------|--------------------|
| ORDINARY SHARES | | | |
| 30 June 2018 | Closing balance | 482,753,311 | 135,211,955 |
| | Share issue - share placement | 60,169,738 | 9,849,787 |
| | Share issue - share purchase plan | 1,612,942 | 250,000 |
| | Share issue - employees | 111,756 | 52,860 |
| | Share issue costs | - | (420,369) |
| 30 June 2019 | Closing balance | 544,647,747 | 144,944,233 |
| | Share issue - share placement | 81,500,000 | 3,260,000 |
| | Transfer from treasury stock | 38,125 | - |
| | Share issue costs | - | (48,228) |
| 30 June 2020 | Closing balance | 626,185,872 | 148,156,005 |
| TREASURY STOCK | | | |
| 30 June 2018 | Closing balance | 38,125 | - |
| | Share issue – Employee Share Plan Loan Agreements | - | - |
| 30 June 2019 | Closing balance | 38,125 | - |
| | Share issue – Employee Share Plan Loan Agreements | (38,125) | - |
| 30 June 2020 | Closing balance | - | - |
| | Total Issued Capital | 626,185,872 | 148,156,005 |

NOTE 24: ISSUED CAPITAL CONT.

(b) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

(c) Share Options

When exercised, each option is convertible into one ordinary share. The exercise price is based on the weighted average price at which the Company's shares traded on the ASX during the seven trading days immediately before the options are issued.

(i) The Bionomics Employee Share Option Plan and Employee Equity Plan

The terms and conditions of the Bionomics Employee Share Option Plan and Employee Equity Plan are summarised in Note 2(o)(iii). The following options listed are outstanding as at 30 June 2020:

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER | FAIR VALUE AT GRANT DATE |
|------------|-------------|----------------|---------|--------------------------|
| 12-Jul-10 | 12-Jul-20 | \$0.3176 | 10,000 | \$0.1998 |
| 12-Dec-11 | 12-Dec-20 | \$0.5156 | 100,000 | \$0.3886 |
| | 12-Dec-21 | \$0.5156 | 100,000 | \$0.4025 |
| 26-Mar-12 | 26-Mar-21 | \$0.5026 | 5,000 | \$0.3355 |
| | 26-Mar-22 | \$0.5026 | 5,000 | \$0.3484 |
| 12-Jun-12 | 12-Jun-21 | \$0.3356 | 8,000 | \$0.1889 |
| | 12-Jun-22 | \$0.3356 | 8,000 | \$0.1975 |
| 11-Dec-12 | 11-Dec-20 | \$0.3176 | 100,000 | \$0.1976 |
| | 11-Dec-21 | \$0.3176 | 100,000 | \$0.2070 |
| | 11-Dec-22 | \$0.3176 | 100,000 | \$0.2155 |
| 18-Dec-12 | 18-Dec-20 | \$0.3176 | 5,000 | \$0.2345 |
| | 18-Dec-21 | \$0.3176 | 5,000 | \$0.2445 |
| | 18-Dec-22 | \$0.3176 | 5,000 | \$0.2535 |
| 1-May-13 | 1-May-21 | \$0.3745 | 64,000 | \$0.2481 |
| | 1-May-22 | \$0.3745 | 64,000 | \$0.2595 |
| | 1-May-23 | \$0.3745 | 64,000 | \$0.2697 |
| 10-Oct-13 | 10-Oct-20 | \$0.6014 | 15,000 | \$0.4805 |
| | 10-Oct-21 | \$0.6014 | 15,000 | \$0.5030 |
| | 10-Oct-22 | \$0.6014 | 15,000 | \$0.5233 |
| | 10-Oct-23 | \$0.6014 | 15,000 | \$0.5415 |
| 17-Dec-13 | 11-Dec-20 | \$0.7224 | 100,000 | \$0.3866 |
| | 17-Dec-20 | \$0.6875 | 4,000 | \$0.3943 |
| | 11-Dec-21 | \$0.7224 | 100,000 | \$0.4105 |
| | 17-Dec-21 | \$0.6875 | 4,000 | \$0.4177 |
| | 11-Dec-22 | \$0.7224 | 100,000 | \$0.4318 |
| | 17-Dec-22 | \$0.6875 | 4,000 | \$0.4385 |
| | 17-Dec-23 | \$0.6875 | 4,000 | \$0.4573 |
| 27-Apr-15 | 27-Apr-21 | \$0.5029 | 4,000 | \$0.2146 |
| | 27-Apr-22 | \$0.5029 | 4,000 | \$0.2315 |
| | 27-Apr-23 | \$0.5029 | 4,000 | \$0.2466 |
| | 27-Apr-24 | \$0.5029 | 4,000 | \$0.2601 |
| | 27-Apr-25 | \$0.5029 | 4,000 | \$0.2722 |
| 25-May-15 | 25-May-21 | \$0.4246 | 260,600 | \$0.2352 |
| | 25-May-22 | \$0.4246 | 260,600 | \$0.2512 |
| | 25-May-23 | \$0.4246 | 260,600 | \$0.2654 |
| | 25-May-24 | \$0.4246 | 260,600 | \$0.2780 |
| | 25-May-25 | \$0.4246 | 260,600 | \$0.2893 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 24: ISSUED CAPITAL CONT.

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER | FAIR VALUE AT GRANT DATE |
|------------|-------------|----------------|------------------|--------------------------|
| 20-Jul-15 | 20-Jul-20 | \$0.4341 | 113,000 | \$0.2035 |
| | 20-Jul-21 | \$0.4341 | 15,000 | \$0.2213 |
| | 20-Jul-22 | \$0.4341 | 15,000 | \$0.2371 |
| | 20-Jul-23 | \$0.4341 | 15,000 | \$0.2513 |
| | 20-Jul-24 | \$0.4341 | 15,000 | \$0.2640 |
| | 20-Jul-25 | \$0.4341 | 15,000 | \$0.2756 |
| 9-Oct-15 | 9-Oct-21 | \$0.4575 | 5,000 | \$0.3036 |
| | 9-Oct-22 | \$0.4575 | 5,000 | \$0.3216 |
| | 9-Oct-23 | \$0.4575 | 5,000 | \$0.3376 |
| | 9-Oct-24 | \$0.4575 | 5,000 | \$0.3521 |
| | 9-Oct-25 | \$0.4575 | 5,000 | \$0.3653 |
| 28-Oct-15 | 28-Oct-20 | \$0.4211 | 85,500 | \$0.2852 |
| 24-Dec-15 | 24-Dec-21 | \$0.5389 | 100,000 | \$0.1502 |
| | 24-Dec-22 | \$0.5389 | 100,000 | \$0.1658 |
| | 24-Dec-23 | \$0.5389 | 100,000 | \$0.1798 |
| | 24-Dec-24 | \$0.5389 | 100,000 | \$0.1925 |
| | 24-Dec-25 | \$0.5389 | 100,000 | \$0.2039 |
| 30-Dec-15 | 30-Dec-21 | \$0.5102 | 50,000 | \$0.1617 |
| | 30-Dec-22 | \$0.5102 | 50,000 | \$0.1772 |
| | 30-Dec-23 | \$0.5102 | 50,000 | \$0.1912 |
| | 30-Dec-24 | \$0.5102 | 50,000 | \$0.2038 |
| | 30-Dec-25 | \$0.5102 | 50,000 | \$0.2152 |
| 6-May-16 | 6-May-22 | \$0.3200 | 50,000 | \$0.1841 |
| | 6-May-23 | \$0.3200 | 50,000 | \$0.1961 |
| | 6-May-24 | \$0.3200 | 50,000 | \$0.2068 |
| | 6-May-25 | \$0.3200 | 50,000 | \$0.2164 |
| | 6-May-26 | \$0.3200 | 50,000 | \$0.2251 |
| 4-Nov-16 | 4-Nov-23 | \$0.2591 | 4,000 | \$0.2448 |
| | 4-Nov-24 | \$0.2591 | 4,000 | \$0.2546 |
| | 4-Nov-25 | \$0.2591 | 4,000 | \$0.2633 |
| | 4-Nov-26 | \$0.2591 | 4,000 | \$0.2710 |
| 28-Nov-16 | 28-Nov-21 | \$0.3743 | 260,000 | \$0.2080 |
| | 28-Nov-22 | \$0.2613 | 200,000 | \$0.2505 |
| | 28-Nov-22 | \$0.3130 | 105,000 | \$0.2377 |
| | 28-Nov-23 | \$0.2613 | 200,000 | \$0.2621 |
| | 28-Nov-23 | \$0.3130 | 200,000 | \$0.2504 |
| | 28-Nov-23 | \$0.3820 | 5,000 | \$0.2370 |
| | 28-Nov-24 | \$0.2613 | 200,000 | \$0.2721 |
| | 28-Nov-24 | \$0.3130 | 200,000 | \$0.2616 |
| | 28-Nov-24 | \$0.3820 | 5,000 | \$0.2495 |
| | 28-Nov-25 | \$0.2613 | 200,000 | \$0.2810 |
| | 28-Nov-25 | \$0.3130 | 200,000 | \$0.2716 |
| | 28-Nov-25 | \$0.3820 | 5,000 | \$0.2605 |
| | 28-Nov-26 | \$0.2613 | 200,000 | \$0.2890 |
| | 28-Nov-26 | \$0.3130 | 200,000 | \$0.2804 |
| | 28-Nov-26 | \$0.3820 | 5,000 | \$0.2703 |
| 5-Sep-17 | 5-Sep-23 | \$0.4400 | 10,000 | \$0.3062 |
| | 5-Sep-24 | \$0.4400 | 10,000 | \$0.3236 |
| | 5-Sep-25 | \$0.4400 | 10,000 | \$0.3388 |
| | 5-Sep-26 | \$0.4400 | 10,000 | \$0.3520 |
| | 5-Sep-27 | \$0.4400 | 10,000 | \$0.3636 |
| | 5-Sep-22 | \$0.4400 | 373,050 | \$0.2839 |
| | | | 6,364,550 | |

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 24: ISSUED CAPITAL CONT.

| | 2020 | | 2019 | |
|--|-------------------|---------------------------------|-------------------|---------------------------------|
| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
| Opening balance at beginning of financial year | 7,686,550 | \$0.41 | 10,312,920 | \$0.46 |
| Granted during the financial year | - | - | - | - |
| Forfeited during the financial year | (582,500) | \$0.44 | (2,058,000) | \$0.64 |
| Exercised during the financial year | - | - | - | - |
| Expired during the financial year | (739,500) | \$0.45 | (568,370) | \$0.42 |
| CLOSING BALANCE AT 30 JUNE | 6,364,550 | \$0.40 | 7,686,550 | \$0.41 |

| | 2020 NUMBER | 2019 NUMBER |
|--|------------------|------------------|
| Unlisted Options Vested and Exercisable at the Reporting Date | 5,296,550 | 6,480,550 |

(ii) Weighted Averages

The weighted average remaining contractual life of any unlisted share options outstanding at the end of the year is 3.08 years (2019: 3.76 years).

(e) Warrants

The weighted average remaining contractual life of the unlisted warrants outstanding at the end of the year is 0.5 years (2019: 1.5 years)

Warrants Recorded in Equity

Details of outstanding warrants as at 30 June 2020 are as follows:

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER | FAIR VALUE AT GRANT DATE |
|------------|-------------|----------------|------------|--------------------------|
| Dec-15 | Dec-20 | \$0.5938 | 24,124,484 | \$0.1370 |
| Dec-16 | Dec-20 | \$0.5938 | 16,082,988 | \$0.1370 |

Warrants Recorded in Other Financial Liabilities (Note 23)

The assessed fair value at 30 June 2020 of warrants granted is \$nil (2019: \$nil). The share price as at 30 June 2020 was \$0.058 (2019: \$0.03). The expected average price volatility of the Company's shares was 97.55% (2019: 82.29%). Expected dividend yield was 0% (2019: 0%) and the average risk-free interest rate as at 30 June 2020 was 0.88% (2019: 0.98%).

NOTE 25: RESERVES

| | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|
| Foreign Currency Translation Reserve (a) | 6,288,371 | 6,254,267 |
| Share-based Payments Reserve (b) | 7,125,413 | 7,365,270 |
| TOTAL RESERVES | 13,413,784 | 13,619,537 |

(a) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(b). The reserve is recognised in profit or loss when the investment is disposed of.

(b) Share-based Payments Reserve

The share-based payments reserve is used to recognise the fair value of options and warrants issued over the vesting period. Further information about share-based payments is set out in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 26: FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2019. The capital structure of the Group consists of debt, which includes borrowings (Note 19), lease liabilities (Note 20) cash and cash equivalents (Note 8) and equity attributable to equity holders of the parent, comprising issued capital (Note 24), reserves (Note 25) and retained earnings.

The Group has global operations, primarily conducted through subsidiary companies established in the markets in which the Group trades. None of the Group's entities is subject to externally imposed capital requirements.

The Group's policy is to fund the research and development activities and operations through the issue of equity and the commercialisation of Intellectual Property assets. Project specific borrowings are utilised where appropriate and also minor borrowings for operational assets, as required.

| (b) Categories of Financial Instruments | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Receivables | 2,978,831 | 8,722,732 |
| Other financial assets | 436,174 | 934,000 |
| Cash and cash equivalents | 4,577,747 | 13,985,477 |
| | 7,992,752 | 23,642,209 |
| FINANCIAL LIABILITIES | | |
| Amortised cost | 14,167,709 | 23,456,680 |
| Contingent consideration at fair value | 4,975,159 | 9,799,033 |
| | 19,142,868 | 33,255,613 |
| RECONCILIATION TO TOTAL ASSETS | | |
| Financial assets (as above) | 7,992,752 | 23,642,209 |
| Non-financial assets | 26,470,104 | 30,017,081 |
| | 34,462,856 | 53,659,290 |
| RECONCILIATION TO TOTAL LIABILITIES | | |
| Financial liabilities (as above) | 19,142,868 | 33,255,613 |
| Non-financial liabilities | 2,637,981 | 3,904,613 |
| | 21,780,849 | 37,160,226 |

(c) Financial Risk Management Objectives

The Board, through the Audit and Risk Management (ARM) Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, Group policies are designed to ensure significant strategic, operational, legal, reputational and financial risks are identified, assessed, and effectively monitored and managed in a manner sufficient for a company of Bionomics' size and stage of development to enable achievement of the Group's business strategy and objectives.

The Group's risk management policies are managed by the key management personnel and are reviewed by the ARM Committee according to a timetable of assessment and review proposed by that committee and approved by the Board.

(d) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (e) below) and interest rates (see (f) below).

The Group uses derivative financial instruments to manage its exposure to foreign currency risk, if and when appropriate.

Unless approved by the Executive Chairman and/or Chief Executive Officer and Managing Director and ARM Committee, interest rate derivatives are not entered into.

NOTE 26: FINANCIAL INSTRUMENTS CONT.

The Group measures market risk exposures using sensitivity analysis. There has been no material change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

There were no derivative financial instruments outstanding as at 30 June 2020 (2019: nil).

(e) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed in accordance with established policies. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting date are as follows:

| | LIABILITIES | | ASSETS | |
|-----|-------------|------------|------------|------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| USD | 13,873,987 | 20,023,593 | 17,770,668 | 19,024,001 |
| EUR | - | 3,202,851 | - | 5,925,651 |
| GBP | - | 157,307 | - | - |

Foreign Currency Sensitivity Analysis

The Group is now mainly exposed to US dollars.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity with the balances being the opposite.

| | EUR IMPACT | | USD IMPACT | | GBP IMPACT | |
|----------------|------------|--------------------------|-----------------------------|------------------------------|----------------------|--------------------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Profit or loss | - | (385) ⁽ⁱ⁾ | (1,526,468) ⁽ⁱⁱ⁾ | (2,323,597) ⁽ⁱⁱⁱ⁾ | (385) ⁽ⁱ⁾ | (25,833) ^(iv) |
| Equity | - | 400,371 ⁽ⁱⁱⁱ⁾ | 2,051,127 ^(v) | 2,183,893 ^(v) | - | - |

(i) This is mainly attributable to the exposure outstanding on EUR payables in the Group at the end of the reporting period.

(ii) This is mainly attributable to the exposure to outstanding USD net assets at the end of the reporting period.

(iii) This is as a result of the changes in fair value of the net investment in subsidiaries denominated in Euros, reflected in the foreign currency translation reserve.

(iv) This is mainly attributable to the exposure outstanding on GBP payables in the Group at the end of the reporting period.

(v) This is as a result of the changes in fair value of the net investment in subsidiaries denominated in USD, reflected in the foreign currency translation reserve.

The Group's sensitivity to foreign currency has decreased during the current year mainly due to the mix of net assets held in non-Australian dollar denominated currencies, in particular, the USD net borrowings valued through the profit or loss.

The sensitivity analysis may not represent the quantum of foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. Requirements change during the financial year depending on research and development activities being undertaken and contract research service financial performance.

NOTE 26: FINANCIAL INSTRUMENTS CONT.**Forward Foreign Exchange Contracts**

It is the policy of the Group to enter into forward foreign currency contracts to cover specific foreign currency payments and receipts when appropriate (such as when there is a legal commitment to pay or receive foreign currency or the Executive Chairman and/or Chief Executive Officer and Managing Director has a high degree of confidence (>90%) that a foreign currency exposure will arise).

Under the Group's Treasury Policy, the Chief Financial Officer (CFO) will manage the foreign exchange transaction risk adopting the following guidelines:

- Generally, hedge foreign exchange exposure identified above by entering into a forward currency contract.
- The duration of any forward currency contract(s) will approximate the period in which the net currency exposure arises.
- Recognising the uncertainty that exists in projecting forward foreign currency flows, a maximum net foreign currency exposure position may be held at any point in time.

Due to the long-term nature of the net investment in the USD denominated wholly owned subsidiaries, the investments will not be hedged into Australian dollars, with the result that the Australia dollar value of the investments will fluctuate with the market rate through the foreign currency translation reserve.

There were no forward foreign currency contracts outstanding as at 30 June 2020 (2019: nil).

(f) Interest Rate Risk Management

The Group is exposed to interest rate risk, only in relation to the cash and cash equivalent balance, as entities in the Group invest funds in both fixed and variable interest rates with various maturities. The Group does not use interest rate swap contracts or forward interest rate contracts.

Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had been 50 basis points higher / (lower) and all other variables were held constant, the Group's:

- Loss for the year ended 30 June 2020 would increase / (decrease) by \$49,409 (2019: increase / (decrease) by \$83,557). This is mainly attributable to the Group's exposure to interest rates on its variable rate deposits.

The Group's sensitivity to interest rates has decreased during the current year mainly due to the reduction in interest rates.

(g) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

(h) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board, which has approved an appropriate liquidity risk management framework for management of the Group's short, medium and long term funding. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

(i) Liquidity and Interest Rate Risk

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. To the extent that interest flows are at a variable rate, the undiscounted amount is derived from interest rate applicable at the end of the reporting period. The tables include both interest and principal cash flows.

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 26: FINANCIAL INSTRUMENTS CONT.

| 2020 | WEIGHTED AVERAGE EFFECTIVE INTEREST RATE % | LESS THAN 1 MONTH \$ | 1 – 3 MONTHS \$ | 3 – 12 MONTHS \$ | 1 TO 5 YEARS \$ | 5 + YEARS \$ | TOTAL \$ |
|------------------------------------|---|-------------------------------|-----------------------|------------------------|-----------------------|--------------------|-------------------|
| Non-interest bearing | - | 1,930,432 | - | - | - | - | 1,930,432 |
| Variable interest rate instruments | 10.78 | 67,938 | 140,405 | 5,760,396 | 6,882,030 | - | 12,850,769 |
| Fixed interest rate instruments | 5.44 | 74,612 | 157,824 | 662,911 | 183,193 | - | 1,078,540 |
| | | 2,072,982 | 298,229 | 6,423,307 | 7,065,223 | - | 15,859,741 |

| 2019 | | | | | | | |
|------------------------------------|-------|------------------|------------------|------------------|-------------------|---------------|-------------------|
| Non-interest bearing | - | 4,153,674 | - | 37,166 | 660,262 | 81,442 | 4,932,544 |
| Variable interest rate instruments | 12.28 | 1,331,250 | 2,320,360 | 5,831,439 | 10,375,663 | - | 19,858,712 |
| Fixed interest rate instruments | 5.24 | 19,830 | 57,068 | 83,497 | 260,833 | - | 421,228 |
| | | 5,504,754 | 2,377,428 | 5,952,102 | 11,296,758 | 81,442 | 25,212,484 |

(j) Fair Value of Financial Instruments

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The value of other financial assets and liabilities approximate their fair value. The following table gives information about how the fair values of these financial assets and liabilities are determined.

| FINANCIAL LIABILITIES | FAIR VALUE AS AT | | FAIR VALUE HIERARCHY | VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS | RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE |
|--|------------------|-----------------|----------------------|----------------------|--|---|
| | 30 JUNE 2020 \$ | 30 JUNE 2019 \$ | | | | |
| Contingent consideration in a business combination (Note 34) | 4,975,159 | 9,799,033 | Level 3 | Discounted cash flow | Discount rate of 25% (pre-tax) and probability adjusted revenue projections. | The higher the discount rate, the lower the value. The higher the possible revenue the higher the value. |
| Warrants (Note 23) | - | - | Level 2 | Black Scholes model | N/A | N/A |

The significant inputs used for Level 3 are disclosed above and the inputs used for Level 2 are disclosed in Note 24(e).

| RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS | 2020 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION | 2019 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION |
|---|---|---|
| Opening Balance | 9,790,033 | 15,682,109 |
| Total (gain) or loss | | |
| - in profit or loss | (4,814,874) | (5,883,076) |
| Closing Balance | 4,975,159 | 9,799,033 |

The carrying value of all other financial assets and liabilities approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 27: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Short-term employee benefits | 1,527,499 | 2,498,539 |
| Post-employment benefits | 52,106 | 77,263 |
| Other long-term benefits | 16,434 | 8,475 |
| Share-based payments | 68,518 | 33,736 |
| TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION | 1,664,557 | 2,618,013 |

NOTE 28: COMMITMENTS FOR EXPENDITURE

(a) Operating Leases

Operating leases in 2019, related to business premises with lease terms of between two and ten years. The building premise leases have options of +2 and +5+5 year terms respectively.

| Non-Cancellable Operating Lease Commitments | 2020 \$ | 2019 \$ |
|--|------------|------------------|
| Within one year | - | 991,960 |
| Later than one year but not greater than five | - | 1,818,484 |
| Later than five years | - | 500,389 |
| MINIMUM LEASE PAYMENTS | - | 3,310,833 |

(b) Rental Agreements

The Group sub-lets areas of its facility under agreements that are renewed annually. Rent received from these agreements is treated according to the accounting policy outlined in Note 2(c).

| Future Rental Income Receivable | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| Within one year | 203,887 | 200,284 |
| Later than one year but not greater than five | - | - |
| | 203,887 | 200,284 |

NOTE 29: REMUNERATION OF AUDITORS

Deloitte and related network firms (a)

| | 2020 \$ | 2019 \$ |
|--|----------------|----------------|
| AUDIT OR REVIEW OF FINANCIAL REPORTS | | |
| Group | 110,000 | 128,000 |
| French subsidiaries | 74,972 | 46,376 |
| OTHER ASSURANCE SERVICES | | |
| Agreed upon procedures in relation to French subsidiaries cash statement and debt statement as at 28 February 2020 | 27,109 | - |
| | 212,081 | 174,376 |

(a) The auditor of Bionomics Limited is Deloitte Touche Tohmatsu.

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 30: CASH FLOW INFORMATION

(a) Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

| | 2020 \$ | 2019 \$ |
|------------------------------------|------------|------------|
| Cash and cash equivalents (Note 8) | 4,577,747 | 13,985,477 |

(b) Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

| | 2020 \$ | 2019 \$ |
|---|--------------------|---------------------|
| (Loss) for the year | (7,118,288) | (10,361,570) |
| Items in loss | | |
| Depreciation and amortisation | 2,443,386 | 1,708,162 |
| Share-based payments | 55,355 | 38,396 |
| Gain on asset disposals | (173,934) | (6,869) |
| Contingent consideration – change in fair value | (4,823,874) | (5,883,076) |
| Amortisation of transaction costs | 29,649 | - |
| Accrual of final borrowing payment | 544,357 | 692,455 |
| Net gain arising on modification of borrowings measured at amortised costs that were not derecognised | (199,089) | - |
| Net unrealised foreign exchange differences | 558,645 | 785,277 |
| Loss on disposal of French operations | 802,502 | - |
| Interest received | (58,369) | (282,649) |
| Change in warrant value | - | (137,600) |
| Changes in Operating Assets and Liabilities | | |
| Increase in receivables | (202,257) | (147,310) |
| Decrease in research and development incentive receivable | 4,145,659 | 509,614 |
| Decrease/(Increase) in other assets | 348,768 | (230,581) |
| Increase in inventory | (28,291) | (152,316) |
| Decrease in provisions | (85,407) | (593,867) |
| (Decrease)/Increase in other liabilities | (20,876) | 134,440 |
| Increase/(Decrease) in payables | 127,451 | (1,415,674) |
| Decrease in deferred tax liability | (248,580) | (238,736) |
| NET CASH OUTFLOWS FROM OPERATING ACTIVITIES | (3,903,193) | (15,581,904) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 31: LOSS PER SHARE

| | 2020 | 2019 |
|---|----------------------|-----------------------|
| FROM CONTINUING AND DISCONTINUING OPERATIONS | | |
| Basic Loss per share | (\$0.01) (1 cent) | (\$0.02) (2 cents) |
| Diluted Loss per share | (\$0.01) (1 cent) | (\$0.02) (2 cents) |
| FROM CONTINUING OPERATIONS | | |
| Basic Loss per share | (\$0.01) (1 cent) | (\$0.02) (2 cents) |
| Diluted Loss per share | (\$0.01) (1 cent) | (\$0.02) (2 cents) |

The basic and diluted Loss per share amounts have been calculated using the 'Loss after income tax' figure in the consolidated statement of profit or and other comprehensive income.

| | 2020 \$ | 2019 \$ |
|--|-------------|--------------|
| LOSS PER SHARE (BASIC AND DILUTED): | | |
| Loss after tax for the year from continuing and discontinuing operations | (7,118,288) | (10,361,570) |
| Loss after tax for the year from continuing operations | (5,818,975) | (10,402,821) |

| | 2020 NUMBER | 2019 NUMBER |
|---|--------------------|--------------------|
| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES - BASIC | | |
| Weighted average number of ordinary shares used in calculating basic loss per share: | 544,871,870 | 521,301,018 |
| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES - DILUTED | | |
| Weighted average number of ordinary shares used in calculating basic loss per share: | 544,871,870 | 521,301,018 |
| Shares deemed to be issued for no consideration in respect of employee options | 6,364,550 | 7,686,550 |
| Potential ordinary shares which are anti-dilutive and excluded | (6,364,550) | (7,686,550) |
| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN THE CALCULATION OF DILUTED LOSS PER SHARE | 544,871,870 | 521,301,018 |

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share.

| | 2020 NUMBER | 2019 NUMBER |
|------------------|----------------|----------------|
| Employee options | 6,364,550 | 7,686,550 |

The warrants issued by the Company (see Note 23) have been excluded from the weighted average number of ordinary shares.

NOTE 32: RELATED PARTY TRANSACTIONS

(a) Parent Entity

The immediate parent and ultimate controlling party of the Group is Bionomics Limited. Interests in subsidiaries are set out in Note 13.

(b) Key Management Personnel

Disclosures relating to compensation of key management personnel are set out in Note 27 and the Directors' Report.

(c) Loans to Directors and Other Key Management Personnel

There were no loans to any Directors of the Company or other key management personnel of the Group during the financial year ended 30 June 2020 (2019: \$0).

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 33: PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information for the year ended 30 June shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

| FINANCIAL POSITION | 2020 \$ | 2019 \$ |
|---------------------|-------------------|-------------------|
| ASSETS | | |
| Current assets | 9,476,586 | 19,695,527 |
| Non-current assets | 22,330,434 | 21,872,534 |
| TOTAL ASSETS | 31,807,020 | 41,568,061 |

| | | |
|--------------------------|-------------------|-------------------|
| LIABILITIES | | |
| Current liabilities | 8,270,605 | 10,847,707 |
| Non-current liabilities | 11,305,403 | 19,413,137 |
| TOTAL LIABILITIES | 19,576,008 | 30,260,844 |
| NET ASSETS | 12,231,012 | 11,307,217 |

| | | |
|---------------------|-------------------|-------------------|
| EQUITY | | |
| Issued capital | 148,156,006 | 144,944,233 |
| Reserves | 7,125,413 | 7,365,270 |
| Accumulated losses | (143,050,407) | (141,002,286) |
| TOTAL EQUITY | 12,231,012 | 11,307,217 |

| | | |
|-----------------------------------|--------------------|---------------------|
| FINANCIAL PERFORMANCE | | |
| (Loss) for the year | (2,343,333) | (10,019,876) |
| Other comprehensive income | - | - |
| TOTAL COMPREHENSIVE (LOSS) | (2,343,333) | (10,019,876) |

(a) Property, Plant and Equipment Commitments

There are no contractual commitments for the acquisition of property, plant or equipment as at 30 June 2020 (2019: nil).

(b) Contingent Liabilities and Guarantees

The contingent liabilities and guarantees of the parent are the same as disclosed in Note 35.

NOTE 34: CONTINGENT CONSIDERATION

During the year ended 30 June 2013, the Company acquired Eclipse Therapeutics, Inc. (Eclipse) into the wholly owned subsidiary Bionomics, Inc.

Part of the consideration are potential cash earn-outs to Eclipse security holders based on achieving late stage development success or partnering outcomes of the Eclipse asset that was acquired. This liability is recorded at fair value, see Note 26 (j), for information about the calculation of the fair value. Due to the movement in the US dollar and changes in the projected inputs, being the timing, quantum and probabilities of cash outflows at 30 June 2020 the liability has decreased by \$4,823,874 (2019: \$5,883,076). This liability will only be settled when the Group receives income from achieving late stage development success or partnering outcomes of the asset acquired.

| | 2020 \$ | 2019 \$ |
|------------------------|------------------|-------------------|
| OPENING BALANCE | 9,799,033 | 15,682,109 |
| Change in fair value | (4,823,874) | (5,883,076) |
| CLOSING BALANCE | 4,975,159 | 9,799,033 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 35: CONTINGENT LIABILITIES

- (i) In January 2012, the Company entered into a research and license agreement with Ironwood Pharmaceuticals, Inc., or Ironwood, pursuant to which Ironwood was granted worldwide development and commercialisation rights for BNC210. In November 2014, the parties mutually agreed to terminate this license agreement, reverting all rights to BNC210 back to the Company. The sole obligation to Ironwood is to pay Ironwood low single digit royalties on the net sales of BNC210, if commercialised. It is not practicable to estimate the future payments of any such royalties that may arise due to the stage of development of BNC210.
- (ii) The Group has provided a restricted cash deposit of \$436,174 (2019: \$384,000) as security for an unconditional irrevocable bank guarantee as a rent guarantee of \$435,640 (2019: \$384,000) to the landlord of the Company's leased office premises.
- (iii) The Group has entered into employment agreements with several key employees and has a contingent liability of \$360,000 (2019: \$319,980) in relation to these agreements, where the employee is terminated by the Company without cause.

NOTE 36: RESTATEMENT OF COMPARATIVE INFORMATION

- (i) Following an amendment to the US bank loan facility as set out in Note 19 (iii), management became aware that the final payment as required by the loan facility agreement had not been accounted for appropriately, resulting in an understatement of the liability of \$1,199,077 at 30 June 2019, an understatement of the loss for the year ended 30 June 2019 of \$692,455 and an understatement of accumulated losses of \$506,622 at 1 July 2018.
- (ii) Following a review of the presentation of the change in fair value of contingent consideration (Note 34) management identified that this change should have been presented as a separate item in the consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2019. This has resulted in a change in the classification as shown in the table below. This reclassification has no impact on the overall loss for the period ended 30 June 2019, or on the overall contingent consideration balance at 30 June 2019.

Prior year comparatives in the financial statements have been restated to reflect these adjustments and are summarised in the table below by line item:

Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract)

| | AS AT 30 JUNE 2019 | | | |
|--|---------------------------------|--|---|---------------------|
| | AS PREVIOUSLY REPORTED \$ | IMPACT OF CHANGE IN RECLASSIFICATION \$ | IMPACT OF FINAL PAYMENT RESTATEMENT \$ | RESTATED \$ |
| CONTINUING OPERATIONS | | | | |
| Other gains and losses | 6,869 | 5,883,076 | - | 5,889,945 |
| EXPENSES | | | | |
| Research and development expenses | (4,960,047) | (7,169,915) | - | (12,129,962) |
| Administration expenses | (7,468,374) | 836,686 | (38,390) | (6,670,078) |
| Finance expenses | (2,364,301) | 450,153 | (654,065) | (2,568,213) |
| LOSS BEFORE TAX | (9,883,139) | - | (692,455) | (10,575,594) |
| LOSS FROM CONTINUING OPERATIONS | (9,710,366) | - | (692,455) | (10,402,821) |
| LOSS FOR THE PERIOD | (9,669,115) | - | (692,455) | (10,361,570) |
| TOTAL COMPREHENSIVE LOSS | (8,977,528) | - | (692,455) | (9,669,983) |

There is no change to basic and diluted earnings per share as a result of the restatement.

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 36: RESTATEMENT OF COMPARATIVE INFORMATION CONT.

Consolidated Statement of Financial Position (extract)

| | AS AT 30 JUNE 2019 | | |
|--------------------------------------|---------------------------------|---|-------------------|
| | AS PREVIOUSLY REPORTED \$ | IMPACT OF FINAL PAYMENT RESTATEMENT \$ | RESTATED \$ |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 8,647,490 | 1,199,077 | 9,846,567 |
| TOTAL NON-CURRENT LIABILITIES | 22,158,861 | 1,199,077 | 23,357,938 |
| TOTAL LIABILITIES | 35,961,149 | 1,199,077 | 37,160,226 |
| NET ASSETS | 17,698,141 | (1,199,077) | 16,499,064 |
| EQUITY | | | |
| Accumulated losses | (140,865,629) | (1,199,077) | (142,064,706) |
| TOTAL EQUITY | 17,698,141 | (1,199,077) | 16,499,064 |

NOTE 37: DISCONTINUED OPERATIONS

On 3 March 2020, the Company sold its two wholly owned French subsidiaries, Neurofit SAS and PC SAS, which carried out all the Group's contract service business. The sale price of Euro 1,790,029 is the amount of intercompany debt owed by the Company to the subsidiaries for scientific research conducted by them on the Company's drug candidates and this debt was assumed by the purchaser upon acquisition of the two companies. Costs incurred by the Company in relation to this transaction were \$207,143. The disposal of the contract service operations is consistent with the Group's long-term policy to focus its activities on the clinical trial of BNC210 for the treatment of PTSD.

(a) Analysis Assets and Liabilities Over Which Control Was Lost

| | YEAR ENDED 30 JUNE 2020 \$ |
|--|----------------------------------|
| CURRENT ASSETS | |
| Cash and cash equivalents | 800,849 |
| Trade and other receivables | 1,047,259 |
| Research and development incentives receivable | 770,054 |
| Inventories | 692,832 |
| Other assets | 85,115 |
| NON-CURRENT ASSETS | |
| Property, plant and equipment | 2,006,977 |
| Right-to-use asset – rented property | 1,424,365 |
| Other intangible assets | 574 |
| CURRENT LIABILITIES | |
| Trade and other payables | (2,312,900) |
| Lease liability – rented property | (161,723) |
| Provisions | (446,148) |
| Other Liabilities | (204,860) |
| NON-CURRENT LIABILITIES | |
| Other payables | (816,663) |
| Lease liability – rented property | (1,278,599) |
| Deferred tax liabilities | (514,962) |
| NET ASSETS DISPOSED OF | 1,092,170 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 37: DISCONTINUED OPERATIONS CONT.

(b) Loss on Disposal of Subsidiary

| | 2020 \$ |
|--|--------------------|
| Net assets disposed of | (1,092,170) |
| Costs relating to the disposal incurred by the Company | (207,143) |
| LOSS ON DISPOSAL | (1,299,313) |

(c) Net Cash Outflow on Disposal of Subsidiaries

| | 2020 \$ |
|--|--------------------|
| Cash and cash equivalent balances disposed of | (800,849) |
| Costs relating to the disposal incurred by the Company | (207,143) |
| NET CASH OUTFLOW | (1,007,992) |

(d) Analysis of (Loss)/Profit for the Year from Discontinued Operations

The combined results of the discontinued operation (contract service business) included in the loss for the year ended 30 June are set out below. The comparative loss from discontinued operations have been re-presented to include this operation classified as discontinued in the current half-year.

| | 2020 \$ | 2019 \$ |
|---|--------------------|------------------|
| Revenue | 3,422,584 | 3,122,940 |
| Other income | 391,505 | 871,766 |
| | 3,814,089 | 3,994,706 |
| Expenses | (4,242,502) | (4,017,301) |
| Loss before income tax benefit | (428,413) | (22,595) |
| Income tax benefit | 40,968 | 63,846 |
| | (387,445) | 41,251 |
| Loss on disposal of operations including a cumulative gain of \$496,811 recycled from foreign currency translation reserve to profit and loss | (911,868) | - |
| Attributable income tax expenses | - | - |
| | (911,868) | - |
| (LOSS)/PROFIT FROM DISCONTINUED OPERATIONS | (1,299,313) | 41,251 |

(e) Analysis of Cash Flows from Discontinued Operations

The cash flows from discontinued operations for the year ended 30 June are set out below:

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| CASH FLOWS FOR THE YEAR FROM DISCONTINUED OPERATIONS | | |
| Inflows from operating activities | 470,767 | 525,377 |
| Outflows from investing activities | (7,704) | (98,927) |
| Outflows from financing activities | (100,489) | - |
| NET CASH FLOW | 362,574 | 426,450 |

NOTE 38: EVENTS OCCURRING AFTER REPORTING DATE

On 2 June 2020 the Company and Apeiron Investment Group Ltd (Apeiron) entered into an agreement whereby:

- Apeiron agreed to subscribe for 81.5 million Bionomics shares at \$0.04 per share. The shares were issued on 30 June 2020 and \$3.26 million was received before 30 June 2020.
- Subject to shareholders approval, which was obtained at a general meeting of shareholders' held on 26 August 2020
 - Apeiron agreed to subscribe for a further 54.3 million Bionomics shares, also at \$0.04 per share (or \$2.17 million in total). As at the date of this report the funds and shares are still to be received and issued, respectively.
 - After completion of the above issue of shares to Apeiron the Company will offer a further 54.3 million shares to existing shareholders on a pro-rata basis at \$0.04 per share (or \$2.17 million in total). As at the date of this report the Company is preparing this Rights issue documentation to send to shareholders.
 - Within 15 months from 26 August 2020, the Company is to offer up to 250 million shares to one or more offers (one of which must include a pro-rata or share purchase plan offer to existing shareholders) at no less than \$0.06 per share to raise at least \$15 million. Apeiron will underwrite this issue (subject to FIRB approval). As at the date of this report approval from FIRB has not been received.
 - As consideration for underwriting the above share issue, Apeiron will be issued 150 million warrants to subscribe for shares at \$0.06 per share at any time within 36 months of 26 August 2020. The warrants vest on the issue of the above 250 million shares. As at the date of this report the warrants have not been issued.

On 28 August 2020 the Company issued 15 million share options to subscribe for 15 million shares at \$0.04 per share expiring on 28 August 2025 to key management personnel, (KMP), details of the issue are set out below:

| KMP | NUMBER | VESTING CONDITIONS |
|-------------------|-----------|---|
| Dr Errol De Souza | 6,000,000 | Company's share price reaching \$0.14 per share |
| Dr Errol De Souza | 6,000,000 | Company's share price reaching \$0.24 per share |
| Mr Jack Moschakis | 1,000,000 | Company's share price reaching \$0.14 per share |
| Mr Jack Moschakis | 1,000,000 | Company's share price reaching \$0.24 per share |
| Ms Liz Doolin | 500,000 | Company's share price reaching \$0.14 per share |
| Ms Liz Doolin | 500,000 | Company's share price reaching \$0.24 per share |

On 28 August 2020 the Company issued 424,232 shares to KMP for no consideration; number of shares issued are set out below:

| KMP | NUMBER OF SHARES |
|-------------------|------------------|
| Mr Jack Moschakis | 314,246 |
| Ms Liz Doolin | 109,986 |

There are no other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the results of the operations of the Group

NOTE 39: IMPACT OF COVID-19

The Board and management have considered the impact of Covid-19 on the consolidated entity's operations and financial performance and have noted that this has not had a significant impact to date and Bionomics' business has been resilient. The consolidated entity's main financial impact from Covid-19 has been an increase in other income of \$108,500 in relation to receipt of government assistance through the cash flow boost and job keeper payments.

In preparing the consolidated financial report, management has considered the impact of Covid-19 on the various balances in the financial report, including the carrying values of assets, as well as balances and accounting estimates for which cash flow forecasts are required to be prepared, such as the impairment assessment of goodwill and other intangible assets. Management determined that there was no significant impact of Covid-19 on these balances and accounting estimates.

**DIRECTORS'
DECLARATION****The Directors declare that:**

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards issued by the International Financial Reporting Standards, as stated in Note 2 to the financial statements;
- c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors



Errol De Souza
Executive Chairman

Dated this 28th Day of August 2020



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Australia

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Independent Auditor's Report to the members of Bionomics Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bionomics Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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(iii) in the financial report, which indicates that the Group incurred a net loss after tax of \$7,118,288 and had a net cash outflow from operating activities of \$3,903,193 during the year ended 30 June 2020.

As stated in Note 2(iii), these conditions, along with other matters as set forth in Note 2(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Our procedures in relation to going concern included, but were not limited to:

- Inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- Challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern; and
- Assessing the adequacy of the disclosure related to going concern in Note 2(iii).

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|--|--|
| <p><i>Carrying value of goodwill, intangible assets and contingent consideration</i></p> <p>Refer to notes 16, 17 and 34.</p> <p>At 30 June 2020, the Group has goodwill of \$12,872,387, other intangible assets of \$11,766,412 and a contingent consideration liability of \$4,975,159. Management uses significant judgements and estimates in determining the recoverable amounts of the assets and the fair value of the contingent consideration (which is dependent upon the recoverable amount of the assets).</p> <p>The key assumptions adopted by management in determining the recoverable amounts of the assets and the fair value of the contingent consideration include:</p> <ul style="list-style-type: none"> • the forecast probabilities of achieving the various phases in the lifecycle of the development of the drug compounds; and • the likelihood of the Group being able to identify partnership opportunities with Pharma companies to further develop their compounds under licencing agreements and the value of anticipated milestones under those agreements. | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the key controls associated with the preparation of the models used to assess the recoverable amount of the assets and valuation of the contingent consideration; • agreeing forecast expenditure to Board approved budgets; • assessing the forecast probabilities of achieving projected milestones at the various phases in the lifecycle of drug compounds against industry data; • in conjunction with our valuation specialists, independently calculating a discount rate range to check that the discount rate used by management is reasonable; • obtaining an understanding of how the Group structures and prices its licencing agreements and benchmarks against other industry participants; • evaluating management's assessment of the current timing of the phases of each of the drug compounds in line with market announcements made by the Group; • assessing the historical accuracy of forecasting by management; • in addition, where current contractual arrangements exist: <ul style="list-style-type: none"> ○ assessing the key assumptions for the value of milestones and royalty payments at the various phases against current contractual arrangements; and ○ performing sensitivity analysis on the key assumptions; and ○ assessing the appropriateness of the disclosures included in notes 16, 17 and 34 to the financial statements. |

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Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Letter, CEO and Managing Director's Report, Intellectual Property Portfolio, Board of Directors, Management, Shareholder Information and Company Particulars which are expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and accordingly we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's Letter, CEO and Managing Director's Report, Intellectual Property Portfolio, Board of Directors, Management, Shareholder Information and Company Particulars, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

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 Group 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 Group 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 24 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Bionomics Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Lee Girolamo
Partner
Chartered Accountants
Adelaide, 28 August 2020

CORPORATE GOVERNANCE STATEMENT AND SHAREHOLDER INFORMATION

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement for the 2019/2020 financial year is located on the Company's website under the "About" tab then "Corporate Governance" or by copying the following to a web browser <http://www.bionomics.com.au/about/corporate-governance>

SHAREHOLDER INFORMATION

All shareholder information provided is current as at 22 September 2019.

Substantial Shareholders

Substantial holders in the Company are set out below:

| ORDINARY SHARES | NUMBER HELD |
|--|-------------|
| BVF Partners L.P, BVFINC. and Mark N. Lampert | 108,537,206 |
| Apeiron Investment Group Ltd & Christian Berthold Angermayer | 81,500,000 |

Equity Securities

There are 5,849 holders of ordinary shares in Bionomics.

The number of shareholdings held in less than marketable parcels is 1,375.

Voting Rights

There is one class of quoted equity securities issued by the Company, ordinary, with voting rights attached to the ordinary shares. One share equates to one vote.

Distribution of Holders of Equity Securities

| CATEGORY (SIZE OF HOLDING) | NUMBER OF SECURITY HOLDERS | | WARRANTS |
|----------------------------|----------------------------|------------------|----------|
| | ORDINARY SHARES | UNLISTED OPTIONS | |
| 1 - 1,000 | 507 | 0 | |
| 1,001 - 5,000 | 1,686 | 2 | |
| 5,001 - 10,000 | 979 | 6 | |
| 10,001 - 100,000 | 2164 | 43 | |
| 100,001 - and over | 513 | 16 | 5 |
| | 5849 | 67 | 5 |

SHAREHOLDER INFORMATION CONT.

Twenty largest holders of each class of quoted equity securities

The names of the 20 largest holders of each class of quoted equity securities are listed below:

| NAME | | ORDINARY SHARES | |
|------|---|--------------------|-----------------------------|
| | | NUMBER HELD | PERCENTAGE OF ISSUED SHARES |
| 1 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 191,950,563 | 29.14 |
| 2 | BNP PARIBAS NOMS PTY LTD (DRP) | 32,518,000 | 4.94 |
| 3 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 26,394,444 | 4.01 |
| 4 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA | 23,029,362 | 3.50 |
| 5 | BELL POTTER NOMINEES LTD (BB NOMINEES A/C) | 20,006,750 | 3.04 |
| 6 | MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 17,822,237 | 2.71 |
| 7 | BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD)DRP A/C) | 14,446,053 | 2.19 |
| 8 | CS FOURTH NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 11 A/C) | 14,227,615 | 2.16 |
| 9 | NATIONAL NOMINEES LIMITED | 11,085,686 | 1.68 |
| 10 | MR JASON HOWARD DAVID CANN | 8,499,353 | 1.29 |
| 11 | BNP PARIBAS NOMINEES PTY LTD (BNPP NYB CLEARING ACC DRP) | 6,529,048 | 0.99 |
| 12 | L&M GROUP LIMITED | 6,426,293 | 0.98 |
| 13 | CITICORP NOMINEES PTY LIMITED | 5,419,647 | 0.82 |
| 14 | CHARMED5 PTY LTD | 4,000,000 | 0.61 |
| 15 | J P MORGAN NOMINEES AUSTRALIA PTY LTD | 4,000,000 | 0.61 |
| 16 | PROVENDORE PTY LTD (THE WILKS SUPER FUND A/C) | 4,000,000 | 0.61 |
| 17 | VOYAGE SUPER FUND PTY LTD (VOYAGE SUPER FUND A/C) | 3,920,000 | 0.60 |
| 18 | MR MARK RICHARD POTTER + MRS REBECCA AMY POTTER (MARK & REBECCA POTTER A/C) | 3,500,000 | 0.53 |
| 19 | WELAS PTY LTD (THE WALES FAMILY SUPER A/C) | 3,455,357 | 0.52 |
| 20 | PEROTH PTY LTD | 3,200,000 | 0.49 |
| | | 404,430,408 | 61.39 |

| UNQUOTED EQUITY SECURITIES | NUMBER ON ISSUE | NUMBER OF HOLDERS |
|---|-----------------|-------------------|
| Options issued pursuant to Bionomics Limited Employee Share Option Plan | 6,241,550 | 64 |
| Options issued pursuant to Bionomics Limited Employee Equity Plan | 15,000,000 | 3 |
| Warrants exchangeable into Bionomics Limited ordinary shares | 40,552,704 | 5 |

Bionomics, a listed public Company, is domiciled and incorporated in Australia.

Bionomics shares are listed on the Australian Securities Exchange under the code BNO.

REGISTERED AND ADMINISTRATIVE OFFICE

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AUDITORS

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11 Waymouth Street
Adelaide SA Australia 5000

PATENT ATTORNEYS

Davies Collison Cave
1 Nicholson Street
Melbourne VIC Australia 3000

Bionomics' primary listing is on the Australia Securities Exchange (ASX).

DIRECTORS

| | |
|-------------------|------------------------|
| Dr Errol De Souza | Executive Chairman |
| Mr Peter Turner | Non-Executive Director |
| Mr David Wilson | Non-Executive Director |
| Mr Alan Fisher | Non-Executive Director |
| Mr Mitchell Kaye | Non-Executive Director |
| Mr Aaron Weaver | Non-Executive Director |
| Dr Jane Ryan | Non-Executive Director |
| Dr Srinivas Rao | Non-Executive Director |

SENIOR MANAGEMENT

| | |
|-------------------|-------------------------------------|
| Mr Jack Moschakis | Legal Counsel & Company Secretary |
| Mr Adrian Hinton | Chief Financial Officer (Acting) |
| Ms Liz Doolin | Vice President Clinical Development |

Bionomics ordinary shares trade on the OTCQB under the ticker code "BNOEF".

Investors can find current financial disclosure and real-time Level 2 quotes for Bionomics on www.octmarkets.com

For more information, please visit www.otcmarkets.com



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