# GRANDBRIDGE LIMITED

ABN 64 089 311 026

# Annual Financial Report 2021

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### Company Information

**Directors**
David Breeze – Executive Chairman
Charles Maling – Non-Executive Director
Maureen Peterson – Non-Executive Director

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**Australian Business Number**
64 089 311 026

**Investments**

***Advent Energy Ltd ("Advent"), GBA 11.0%***

Advent Energy Ltd ("Advent") is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia. Advent's assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory.

*PEP11 Oil and Gas Permit*

Advent, through wholly owned subsidiary Asset Energy Pty Ltd "(Asset"), holds 85% of Petroleum Exploration Permit PEP11 – an exploration permit prospective for natural gas located in the Offshore Sydney Basin.

PEP11 is a significant offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (Tcf) gas charged Permo-Triassic reservoirs. Mapped prospects and leads within the Offshore Sydney Basin are generally located less than 50km from the Sydney-Wollongong-Newcastle greater metropolitan area and gas pipeline network.

The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market. The total P50 Prospective Resource calculated for the PEP11 prospect inventory is 5.9 Tcf with a net 5 Tcf to Advent (85%WI). The two largest prospects in the inventory are Fish and Baleen.

Advent has previously interpreted significant seismically indicated gas features in PEP11. Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data (reprocessed in 2010). The seismic features include apparent Hydrocarbon Related Diagenetic Zones (HRDZ), Amplitude Versus Offset (AVO) anomalies and potential flat spots.

In addition, a geochemical report has provided support for a potential exploration well in PEP11. The report reviewed the hydrocarbon analysis performed on sediment samples obtained in PEP11 during 2010. The 2010 geochemical investigation utilised a proprietary commercial hydrocarbon adsorption and laboratory analysis technique to assess the levels of naturally occurring hydrocarbons in the seabed sediment samples.

The report supports that the Baleen prospect appears best for hydrocarbon influence relative to background samples. In addition, the report found that the Baleen prospect appears to hold a higher probability of success than other prospects.

Importantly, "a recent review of more than 850 wildcat wells – all drilled after geochemical surveys – finds that 79% of wells drilled in positive anomalies resulted in commercial oil and gas discoveries." (Surface geochemical exploration for oil and gas: New life for an old technology, D. Schumacher, 2000, *The Leading Edge*).

Advent has demonstrated considerable gas generation and migration within PEP11, with the mapped prospects and leads highly prospective for the discovery of gas.

Advent has conducted a focused seismic campaign around a key drilling prospect in PEP11 at Baleen, in the offshore Sydney Basin. The high resolution 2D seismic survey covering approximately 200-line km was performed to assist in the drilling of the Baleen target approximately 30 km south east of Newcastle, New South Wales. A drilling target on the Baleen prospect at a depth of 2150 metres subsea has been identified in a review of previous seismic data. Intersecting 2D lines suggest an extrapolated 6000 acre (24.3 km2) seismic amplitude anomaly area at that drilling target. The report on this drilling target noted previous 2D seismic data showed that the Permian aged section of the Bowen Basin has producing conventional gas fields at a similar time and depth to PEP11 at the Triassic/Permian age boundary.

Advent's prior presentation 'Strategic Summary: Tactics to Success ' confirmed the strategy of "Complete current 2D seismic commitment to deliver shallow hazard survey work …to deliver 'drill ready' gas prospect ....for early drilling ,capturing near-term rig availability off Australia's coast."

The high resolution 2D seismic data over the Baleen prospect designed to evaluate (amongst other things) shallow geohazard indications including shallow gas accumulations that can affect future potential drilling operations. It is a drilling prerequisite that a site survey is made prior to drilling at the Baleen location. On 31 December 2018 MEC Resources Limited (ASX: MMR) announced that there were "no 'seismically defined shallow gas hazards "at the proposed well location on the Baleen Prospect.

*Onshore Bonaparte Basin*

Advent, through wholly owned subsidiary Onshore Energy Pty Ltd ("Onshore"), holds 100% of RL 1 in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is a highly prospective petroliferous basin, with significant reserves of oil and gas. Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

In the Northern Territory, Advent holds Retention Licence RL1 (166 square kilometres in area), which covers the Weaber Gas Field, originally discovered in 1985. Advent has previously advised that the 2C Contingent Resources for the Weaber Gas Field in RL1 are 11.5 billion cubic feet (Bcf) of natural gas following an independent audit by RISC. Significant upside 3C Contingent Resources of 45.8 Bcf have also been assessed by RISC.

The current rapid development of the Kununurra region in northern Western Australia, including the Ord River Irrigation Area phase 2, the township of Kununurra, and numerous regional resource projects provides an exceptional opportunity for Advent to potentially develop its nearby gas resources. Market studies have identified a current market demand of up to 30.8 TJ per day of power generation capacity across the Kimberley region that could potentially be supplied by Advent Energy's conventional gas project RL1.

The prospectivity of the Bonaparte Basin is evident from the known oil and gas fields in both the offshore and onshore portions of the basin. Advent has identified significant shale areas in RL1.

*Significant Changes in State Of Affairs*

Advent has submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW. The PEP11 Joint Venture has reviewed the work program and now proposes to proceed with the drilling of a well at Baleen (to be called Seablue-1) subject to approvals from NOPTA and other regulatory authorities, and financing, and has made an application to NOPTA to change the current Permit conditions. The current permit expiry date is in February 2021. The permit remains in place during this review period. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program. NOPTA has confirmed that this application is now in the final decision phase.

On 5 February 2021 BPH Energy Limited (ASX: BPH) advised that investee Advent has on behalf of the PEP11 joint venture submitted to the National Offshore Petroleum Titles Administrator (NOPTA) a further application to suspend and extend the PEP11 permit offshore NSW. The application has been made under the COVID-19 -Work Bid Exploration Permits announcement released by the Federal Government on 20 April 2020. In that release the Government recognised the that the COVID-19 pandemic was having a significant impact on the offshore petroleum sector and that additional flexibility would be required to assist titleholders to manage the COVID -19 crisis. The Joint Authority confirmed in that release that it regarded the COVID-19 pandemic as a force majeure event. The application for a 24 month suspension of the Permit Year 4 work program commitments, with a corresponding 24 month extension of the permit term and was accepted for processing by NOPTA on 4 Feb 2021. BPH does not foresee this application interfering with the NOPTA application to extend the permit terms for PEP11.

The PEP11 permit is in good standing as Advent's 100% owned subsidiary, Asset Energy Pty Ltd (as the operator), continues preparations to drill the Baleen Gas Prospect including booking a semisubmersible drill rig for the program with the call for tender.

On 8 March 2021 BPH advised that it had appointed a Drilling Manager to facilitate the Preliminary Well Services Agreement with Add Energy relating to the preparation for drilling of the Baleen well to undertake a phased approach to provide technical support in the following areas: -

• Review of current well design documentation
• Develop a suitable well design and cost estimates
• Develop drilling schedule and define a ready to drill tentative window

The scope of work to be conducted included review of existing data and latest geological prognoses for the well, documentation of the subsurface well design envelope and compilation of a preliminary well design, project costs and schedule to complete the Seablue–1 Exploration well. The report received from Add Energy documents the Basis of Well Design (BOWD) and rationale for design of the well, the well cost compilation and the project schedule. The report addresses the revised drill target on the Baleen prospect initially announced with total depth of 2150 metres on seismic data line B4-18. Advent now intends, subject to approvals and funding, to undertake deeper drilling to also undertake evaluation of the Offshore Sydney Basin for carbon sequestration (storage). This has resulted in a revised specification of a well to target early Permian sandstones for both hydrocarbon and carbon sequestration potential with a revised total depth being set at 3150 metres.

Advent is proposing with its Joint Venture partner Bounty to use the drilling program at Baleen to investigate the potential for CCS - Carbon Capture and Storage (geo-sequestration of CO2 emissions) in PEP11. CCS can capture CO2 fossil fuel emissions. Both the International Energy agency and the Intergovernmental Panel on Climate change believe that CCS can play an important role in helping to meet global emission reduction targets. CCS is part of a suit of solutions with the potential to mitigate greenhouse gas emissions and help address climate change. The Sydney Basin is a major contributor to Australia’s greenhouse gas emissions and contributes up to 34% of the total national emissions. Independent Government published research has indicated at least 2 TCF (Trillion Cubic Ft) of CO2 storage may be feasible in the offshore Sydney Basin.

Advent is a strong supporter of plans for Net Zero by 2050 and sees the company playing a direct role in achieving that target, especially in New South Wales. It aims to do this in two ways. First, by finding gas closest to Australia’s biggest domestic energy market, gas which can be used to provide reliable back-up for increased uptake of renewable energy in NSW. Second, through its plans to explore for opportunities in offshore NSW for CCS, a key clean energy technology. The significance of the carbon storage objective in addition to gas has been highlighted by the report from The Australian Financial Review (7 April 2021) “Carbon prices tipped to surge” which references dramatic action in Europe’s carbon markets with “carbon prices almost doubling in the last four months from Euro 23 (A$35) a tonne in November 2020 to Euro 41 (A$62) in March 2021 as more ambitious (carbon) markets aligned with net zero emissions goals to drive prices higher.”

Advent has signed a Preliminary Well Services Agreement (Agreement) with Add Energy (https://addenergy.no). Under the Agreement Add Energy will initiate a review of rig availability and engagement terms for the Baleen well program. Add Energy will also develop a scope of supply for regulatory and environmental compliance and review the drilling campaign schedule including a review of the program for geosequestration drilling research as part of the Baleen drill project. Add Energy provides drilling and well engineering specialized consultancy services and solutions to the energy industry on a global scale, including well design and environmental services. Add Energy is headquartered in Stavanger, Norway and operates in every region of the world from 15 locations including Europe, the Middle East, the Americas and Australia.

Add Energy will deliver phased approach services to Advent Energy for the preparation and drilling of the Baleen Well PEP11. In the first stage of the phased approach, Add Energy will provide technical support in the following areas:

• Review of current well design documentation.
• Develop a suitable well design and cost estimates.
• Develop drilling schedule and define a ready to drill tentative window.

The initial report received from Add Energy documents the Basis of Well Design (BOWD) and rationale for design of the well, the well cost compilation and the project schedule. The report addresses the revised drill target on the Baleen prospect initially announced with total depth of 2,150 metres on seismic data line B4-18. As advised Advent now intends, subject to approvals and funding, to undertake deeper drilling to also undertake evaluation of the Offshore Sydney Basin for carbon sequestration (storage). This has resulted in a revised specification of a well to target early Permian sandstones for both hydrocarbon and carbon sequestration potential with a revised total depth being set at 3,150 m.

On 26 February 2021 BPH advised that Advent had confirmed the engagement with Add Energy for the Xodus Group to undertake a preliminary environmental screening assessment of the proposed Seablue-1 well in preparation for drilling of the Baleen well in offshore licence PEP11. Xodus Group are a leading global energy environmental consultancy with a strong track record in the Australian offshore sector where they are subject matter experts in environmental impact assessment and regulatory approvals. The report was facilitated by the pre-existing environmental information from the prior technical work in the licence including the Environmental Plan which was accepted by the authorities for a 2D Seismic survey which was commissioned by Advent and carried out in 2018. The report has confirmed the program required to undertake an environmental impact assessment to support the required approvals for the Seablue-1 well. The aims of the preliminary environmental impact assessment were to:

1. Produce a detailed summary of required technical inputs.
2. Produce a detailed summary of required environmental inputs.
3. Outline a proposed approach for stakeholder consultation; and
4. Identify key controls potentially required to manage the activity

Advent subsequently appointed Xodus under a lump sum contract to prepare the Environmental Plan for first submission to NOPSEMA. Xodus's appointment was based on their high quality of engagement, willingness to provide a staged lump sum proposal, and recent experience by their Principal Consultant in working for NOPSEMA.

Advent announced the appointment of Professor Peter Cook as an advisor on geosequestration for its project in the Offshore Sydney Basin. Professor Peter Cook is an eminent Australian and international earth scientist. He is a leader in the development and application of carbon capture and storage (CCS) technologies and has published more than 30 papers and articles on greenhouse gas technologies, including the books "Clean Energy Climate and Carbon" and "Geologically Storing Carbon", and was an IPCC Co-ordinating Lead Author. He first drew attention to Australia's CCS opportunity more than 20 years ago, then going on to establish national CCS programs and research facilities through the Petroleum CRC and the Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC). In 2011, the University of Melbourne established the Peter Cook Centre for CCS Research.

Advent has appointed Mr Andrew Hogan as Contracts Manager for its PEP11 Baleen well project in the Offshore Sydney Basin. Mr Hogan holds geoscience degrees from Trinity College Dublin and National University of Ireland, Galway and comes with over 30 years of Operational and Commercial experience in the upstream sector of the Energy industry. Prior to relocating to Perth in 2009 he spent 18 years based in Aberdeen working in the UK sector of the North Sea. He is well known in the Drilling and Completion community across Australia and New Zealand, having spent 24 years with one of the major oilfield Service Companies and 5 years with a major global offshore Drilling Contractor and will bring his experience to bear to assist and advise the board of Advent Energy in the procurement of key equipment and services for the safe and efficient drilling of the Baleen well in PEP11.

Advent's 100% owned subsidiary, Asset Energy Pty Ltd, has issued a Call for Tender for the provision of subsea wellhead equipment, materials and associated services for the Baleen drilling program. This equipment provides the 'foundation' for the Seablue-1 well and is the first stage of well construction. This is an important step in the preparation and planning for the Seablue--1 well ensures that Asset will be ready to commence drilling after relevant approvals have been received. When the well has reached total depth and been fully evaluated, the well will be plugged and abandoned in line with pre-drill planning as an exploration well, and the well head and associated equipment well be removed from the seabed.

A Call for Tender for the provision of drilling rig services the Seablue-1 exploration well has also been issued. The tender has been issued to multiple drilling contractors who have semi-submersible drilling units in the region. The Seablue-1 well is planned to be drilled in 125m of water approximately 26 km offshore and approximately 30 km SSE of the City of Newcastle. The drilling of the well is subject to regulatory approvals and is expected to take around 40 days to reach total depth. The Seablue-1 well has two objectives: (i) a gas target and (ii) evaluation for Carbon Capture Storage, subject to funding.

Advent's 100% subsidiary, Onshore Energy Pty Ltd, made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore has lodged an appeal against this decision with the State Administrative Tribunal (SAT). The appeal process is ongoing.

On 30 December 2020 Advent lodged an Offer Information Statement with ASIC for a non-renounceable entitlement issue of two (2) Shares for every three (3) shares held at an issue price of $0.05 (5 cents) per Share to raise up to $6,525,108. The Offer is partially underwritten by related party Grandbridge Securities Pty Ltd (ABN 84 087 432 353) (AFSL 517246) and sub-underwritten up to $2,271,450. Grandbridge Securities Pty Ltd is also Lead Manager to the Offer.

During the year Advent issued 3,464,997 shares at $0.05 for $173,250 cash.

***BPH Energy Limited ("BPH"), Grandbridge 5.7%***

*Capital raisings*

During the year BPH issued 161,289,728 shares under a 2 for 5 Entitlement Issue at an issue price of $0.015 per share, of which $1,927,292 was received in cash and $482,054 satisfied by debt set-off. The Entitlement Issue included one free attaching option for each share issued, resulting in the issue of 80,644,864 free listed options with an exercise price of $0.05 per share and an expiry date of 29 July 2022.

In July 2020 and December 2020 BPH raised $691,812 cash from the issue of 46,120,833 placement shares at $0.015 per share. The placements included one free attaching option for each share issued, resulting in the issue of 23,060,417 free listed options with an exercise price of $0.05 per share and an expiry date of 29 July 2022. Another 2,000,000 listed options with same terms were issued to the Lead Manager of one of the placements.

On 3 February 2021 BPH announced a significant share placement of 69,230,769 fully paid ordinary shares at an issue price of $0.13 per share to sophisticated and professional investors to raise $9 million. $7 million of the placement was managed by Everblu Capital (Lead Manager) who received a fee of 6% of the funds raised together with 6 million share options with an exercise price of $0.26 per share and an expiry date of 8 February 2023. A further $1.5 million was placed by 62 Capital who received a fee of 6% of the funds raised together with 1,285,714 share options with an exercise price of $0.26 per share and an expiry date of 8 February 2023. An amount of $500,000 was placed by Grandbridge Securities Pty Ltd who received a fee of 6% of the funds raised. An additional 500 shares were issued at $0.13 per share under a compliance Prospectus. The funds proposed to be invested by BPH will be used by Advent to progress well planning, engineering and environmental approvals for drilling at the Baleen drill target in the PEP11 offshore permit in NSW. It is planned that approximately $5.75 million of the capital raised will be used for this purpose. In addition, BPH expects to use $0.5 million of the proceeds to increase its shareholding in Cortical Dynamics Limited (Cortical) from 16% to 18% to enable it to further develop its Brain Anesthesia Response Monitor (BARM).

In addition 5,600,000 unlisted share options with an exercise price of $0.02 per share have been exercised for cash proceeds of $112,000, together with 9,440,741 listed share options with an exercise price of $0.05 per share for cash proceeds of $472,037. In addition 200,000 unlisted options with an exercise price of $0.20 per share expired unexercised.

***Cortical Dynamics Ltd ("Cortical"), GBA 5.7%***

Cortical is an Australian based medical device technology company that has developed an industry disruptive brain function monitor independently described as "a paradigm busting technology from an Australian based device house that really gives a significant advantage in this space". Its competitive advantage has been recognised by leading world experts in anesthesia. Cortical has received both TGA approval and the CE mark and has now commenced its sales campaign.

The core product, the Brain Anaesthesia Response Monitor (BARM), was developed to better detect the effect of anaesthetic agents on brain activity, aiding anaesthetists in keeping patients optimally anaesthetised. The product is focused on integrated distribution with the leading global brands in operation theatre monitoring equipment.

The approach used is fundamentally different from all other devices currently available in the market in that its underlying algorithm produces EEG indexes which are directly related to the physiological state of the patient's brain. Such monitoring is gaining significant use during surgery, however even with the use of EEG monitors, it is not uncommon for there to be a critical imbalance between the patient's anaesthetic requirements and the anaesthetic drugs administered. While a number of EEG monitors are commercially available, one that is reliably able to quantify the patient's anaesthetic state is still desperately needed.

To date, all of the existing EEG based depth of anaesthesia ("D o A") monitors operate in the context of a number of well documented limitations: (i) inability to monitor the analgesic effects; and (ii) reliably measure certain hypnotic agents.

The above limitations highlight the inadequacies in current EEG based depth of anaesthesia monitors, particularly given surgical anaesthesia requires both hypnotic and analgesic agents (and muscle relaxants).

The global brain monitoring market is poised to grow to reach $1.6 billion by 2020. Around 312 million major surgical procedures requiring anaesthesia are undertaken every year worldwide *(WHO 2012.)* The pain monitoring market is valued at over $8.6 billion per annum by 2022. (www.grandviewresearch.com/industry-analysis/pain-management-devices-market- April 2016).

Initial marketing will focus on Total Intravenous Anaesthesia (TIVA), a method of inducing and maintaining general anaesthesia without the use of any inhalation agent. This is becoming more widely accepted, particularly in Europe. Approximately 29 million major general surgery general anaesthesias are conducted in the European Union each year, of which 55% (circa 16 million) are balanced anaesthesia (using a combination of intravenous agents such as propofol and volatile gases) and 20% are total intravenous anaesthesia using propofol. This creates a market opportunity of between $83m to $229m to Cortical in the European Union alone.

"The use of EEG-based depth of anaesthesia monitors has been recommended in patients receiving total intravenous anaesthesia because it is cost effective and because it is not possible to measure end-tidal anaesthetic concentration in this group" (source: nice.org.uk).

Cortical's technology has a versatility that goes beyond depth of anaesthesia and may be applied to other EEG based markets, such as neuro-diagnostic, drug discovery, drug evaluation and the emerging Brain computer Interface (BCI) market.

There are considerable opportunities offered by subsequent expansion of the company's core technology through developing the product to carry out additional functions including neuro-diagnostics of changes in brain and memory functions to provide early warning of degenerative diseases, pain response and tranquiliser monitoring for trauma patients in intensive care units.

While the current array of bedside monitoring and imaging systems in the critical care environment has led to dramatic reductions in mortality, they do not as yet involve the continuous monitoring of brain function. This is widely acknowledged to be a major problem, as the care and management of the critically ill patient is ultimately all about the brain.

The continuous monitoring of a patients' brain state is not only necessary to diagnose and manage acute deteriorations in brain function that may have long lasting effects, but also to aid in the optimal administration of sedation and analgesia. Sedation and analgesia in the critically ill patient play a pivotal role in their care and is necessary to minimize patient distress and agitation, being essential to facilitate the utility of a wide variety of life support equipment and procedures, the most important of which is mechanical ventilation.

Study after study has shown that too deep sedation increases the time on mechanical ventilation, which leads to increases in mortality, the incidence of complications and treatment costs. Given these acknowledged advantages to brain function monitoring in the ICU why then is continuous monitoring of brain function not currently available?

There are two main reasons for this:

1. Firstly, the size and the complexity of configuration of most approaches to monitoring brain function are simply not capable of being adapted for use in the busy and crowded ICU environment.
2. Secondly, in those monitoring approaches that could be potentially deployed at the bedside, they depend on physiologically uncertain principles of operation that are not relevant, or meaningfully interpretable, in the context of the critically ill patient.

Cortical aims to address both these limitations by the further development and trialling of the novel bedside and remotely deployable Australian manufactured and designed, electroencephalographically based (EEG-based), BARM system. The BARM is configured to efficiently image and display complex information related to the clinically relevant state of the brain.

The BARM is not only expected to address the shortcomings of these EEG-based DoA approaches, and thus realise their documented promise, but to extend the functionality of bedside EEG monitoring to the objective monitoring of pain, a measure also vital to the management of the sedated mechanically ventilated critically ill patient.

In Australia between 2015 and 2016 there were approximately 149,000 admissions to ICU of which 48,000 required continuous ventilatory support (CVS) and thus required sedation, pain relief and who would have potentially benefited from an instrumental approach to imaging brain activity. Given that the average patient time on CVS was 96 hours in Australia, this equates to potentially 4.5 million hours of instrumental monitoring and approximately a quantity of 188,000 of 24-hour single patient-use sensors to image brain activity. In the USA, based on 1.5 million ICU patients (30% CVS) requiring CVS, and given that the first episode of an average patient time on CVS is 96 hours, this equates to 144 million hours of instrumental monitoring and approximately 6 million of 24-hour single patient use sensors to image brain activity. For the European Union (EU), based on similar statistics to USA, there would be an estimated 5 million single patient use sensors, used per annum. Total market opportunity per annum of the US, Western Europe and Australian markets only, would be approximately 11.188 million 24-hour single-use patient sensors per annum, which with an average cost of $AU20 per single patient use sensor, would represent a total revenue stream conservatively estimated to be of the order of $AU223.8 million per annum.

The BARM system is protected by five patent families in multiple jurisdictions worldwide consisting of 22 granted patents. Cortical will continue to drive the development of the BAR monitor, maintain its intellectual property and concentrate on obtaining regulatory approval for the BAR monitor.

Cortical has now commenced preparations for a sales program of the device in Europe, Australia, New Zealand and further development is also underway in Korea and Singapore. A USA based distributorship is expected to follow once Cortical attains the FDA certification.

Cortical's Brain Anesthesia Response Monitor ('BARM") has now been used in further successful trials at Strathfield Private Hospital in Sydney. Strathfield is part of the Ramsay private hospital group.

Cortical announced a number of developments during the period which included:-

- Cortical confirmed the appointment of Jamie Stanistreet to the Cortical Dynamics Advisory Committee. From 2001-2018 Jamie was the Managing Director and Vice President of Medtronic Aust/NZ. Medtronic is currently ranked as the world's largest medical device company. Under his tenure Medtronic revenue grew 10-fold, and he managed over 950 employees. Medtronic's focus on Medical devices includes Cardiology, Spine, Surgery, Brain Modulation, ENT, Pain, Stroke & Diabetes. He was a member of the APAC Leadership Team. Jamie also served as Vice Chairman with the Medical Technology Association of Australia for several years. Jamie has over 40 years' experience in the Medical Device industry and is an accountant by trade. He was finalist in the CEO Magazine Executive of the year award 2014 - 2015 and won the Medical Technology Association of Australia inaugural Outstanding Achievement Award 2013. Jamie's experience, connections and knowledge will be invaluable to the commercial development of Cortical Dynamics.

- Cortical announced that its "Project Analgesia Investigation" BARM has been accepted by the Medical Device Partnering Program (MDPP) of Flinders University. Led by Professor Karen Reynolds. The MDPP has a strong track record of research excellence and commercialisation experience. The MDPP leverages the capacity of their research organisation, the Medical Device Research Institute (MDRI), and facilitates partnerships across industry and government connecting the MedTech ecosystem and turning ideas into proven concepts. It is supported by the Marshall Liberal Government through the Department for Innovation and Skills, and nationally through MTPConnect's $32 million Researcher Exchange and Development within Industry (REDI) initiative made possible by the Medical Research Future Fund. The Ideas Incubator provides successful applicants with 250 hours of research and development assistance, as well as 30 hours market intelligence, furthering products in medical device development pipeline. At the end of the project, all results, data, prototypes and any generated intellectual property are released unencumbered to the applicant with future steps required to commercialise the device. The focus of the collaboration will be further investigation of the Cortical Input component (CI or pain) of the BARM technology.

- Cortical has also entered into a nonexclusive Licence and Co-operation Agreement with Philips Healthcare North America Corp ("Philips"), which will enable Cortical to interface its Brain Anaesthesia Response Monitor ("BARM") into the Philips IntelliVue and Patient Information Center (PIC iX) Monitoring Systems using the IntelliBridge integration product line.

- Cortical has begun the FDA 510K filing process for BARM in the USA assisted by its strategic investor Intuitive X ("IX"). The Food and Drug Administration ("FDA") is the federal agency of the United States Department of Health and Human Services which regulates the sale of medical device products (including diagnostic tests) in the U.S. and monitors the safety of all regulated medical products. FDA approval is a necessary precursor for sales of BARM to commence in the USA. Cortical already has achieved both CE (Europe) and TGA (Australian) registration.

- Cortical has developed an extensive patent portfolio encapsulating the BARM, providing critical patent protection across a number of key brain monitoring markets. Cortical's competitive advantage is underpinned by a strong patent position covered by five patent families and 22 granted patents. Currently, Cortical has patents awarded in Australia, New Zealand, Japan, the People's Republic of China, Europe and the United States. During the year Cortical announced the issuance of European Patent Number 2088924 "Neurodiagnostic Monitoring and display System" in Belgium, France, Germany and United Kingdom. The patent application for "Apparatus and process for measuring brain activity "has been given International (PCT) Patent Application No. PCT/AU2020/050535.

- The BARM next generation medical brain monitor was exhibited at the 2020 Spring Development seminar and Council of the Korean Association of Anaesthesia. Cortical's Korean distributor, Globaluck, presented the BARM at this conference at the BEXCO Convention Hall in Busan South Korea on July 24th to 25th. During the year Cortical secured approval by the South Korean regulator, The Korean Ministry for Food and Drug Safety (KMFDS), to sell its BARM in the South Korean Market. The BARM and Cortical Dynamics met the stringent KMFDS requirements both for the BARM technology and for medical device manufacturers, including the requirements related to the Quality Management System (QMS). In particular, the QMS established by the manufacturer should comply with the national requirements based on the international standard ISO 13485. South Korea's medical device market ranks as the ninth largest in the world at an estimated US$6.8 billion 2019, showing continuous grow with 8.1% annual increase. Cortical will now work with its South Korean distributor, Global Luck, to introduce BARM to the Korean market. This approval by KMFDS complements the existing CE and TGA approvals already in place.

- Cortical has entered into a non-exclusive Licence and Co-operation Agreement with Philips Healthcare North America Corp ("Philips"), which will enable Cortical to interface its Brain Anaesthesia Response Monitor ("BARM") into the Philips IntelliVue and Patient Information Center (PIC iX) Monitoring Systems using the IntelliBridge integration product line.

The directors of Grandbridge Limited ("Grandbridge" or "the Company") present their report on the company and its controlled entities ("consolidated entity") for the financial year ended 30 June 2021.

**Directors**

The names of directors in office at any time during or since the end of the year are:

D L Breeze
C Maling
M Peterson

**Company Secretary**

Mr David Breeze was appointed Company Secretary on 23 November 2016. He has over twenty years' experience in the management of listed entities.

**Principal Activities**

The principal activity of the consolidated entity during the financial year was the development of the company's investments in investees BPH Energy Limited, Cortical Dynamics Limited ("Cortical") and Advent Energy Ltd ("Advent").

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

**Operating Results**

The consolidated entity has reported a net profit after tax for the year ended 30 June 2021 of $249,421 (2020: profit of $452,893), which is stated after (i) doubtful debts write-back of $Nil (2020: $311,693), (ii) a fair value gain of $124,350 (2020: gain of $321,668) on the Company's investments, and (iii) consulting and legal expenses of $90,188 (2020: $137,155).

The consolidated entity has a working capital deficit of $708,658 at 30 June 2021 (2020: deficit of $982,048).

**Dividends**

The directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period (2020: $Nil).

**Review of Operations**

A review of operations is set out on pages 1 to 8 and forms part of this Directors' Report.

**Financial Position**

The net assets of the consolidated entity have increased by $249,421 to $1,434,597 at 30 June 2021 as explained in the "Operating Results" section above.

On 23 July 2020 the consolidated entity sold 14,000,000 shares in BPH Energy Limited to a director, Mr David Breeze, at the market price of 1.7 cents per share.

**Non-audit Services**

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2021 (2020: $Nil).

**Future Developments**

The consolidated entity will continue to develop and expand the business of investing in private enterprises and listed equity markets. The Company proposes to seek a listing on the NSX (National Stock Exchange).

**Information on Directors**

***D L Breeze (appointed 24 December 1999)***

*Managing Director, Executive Chairman and Company Secretary – Age 67*
Shares held – 10,023,502
Unlisted Options held – nil

David Breeze is a Corporate Finance Specialist with extensive experience in the stock broking industry and capital markets. He has been a corporate consultant to Daiwa Securities; and held executive and director positions in the stock broking industry. David has a Bachelor of Economics and a Masters of Business Administration, and is a Fellow of the Financial Services Institute of Australasia, and a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of $250M. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology.

In the past three years David has also held the following listed company directorships:

BPH Energy Limited (from February 2001 to present)
MEC Resources Limited (from April 2005 to present)[1]

1. On 22 October 2020 the board of MEC Resources Limited ("MEC") announced that Mr Breeze had been ratified as a continuing director appointment of MEC and confirmed his appointment as Managing Director. In doing so the current board of MEC acknowledged and made special mention of "the circumstances on and around 23 November 2016 at which time the record shows that Mr Breeze was removed in contravention to the Corporations Act from the ASIC register by the MEC directors at the time noting that he had neither resigned from the MEC board nor was removed at a meeting of shareholders. The MEC Board is aware that under the Corporations Act a public company can only remove a director from office by passing a resolution of its shareholders, that is that a director of a public company cannot be removed by other directors. The MEC Board understanding has been confirmed by legal counsel."

David is also a director of unlisted Cortical Dynamics Limited, Molecular Discovery Systems Limited, Diagnostic Array Systems Limited, and Advent Energy Limited and its subsidiaries.

***C Maling (appointed 26 November 2016)***

*Non-Executive Director – Age 67*
Shares held – 12,250
Unlisted Options held – 250,000

Charles Maling was formerly the Communications Officer for the Office of the Western Australian State Government Environmental Protection Authority with a responsibility for advising the Chairman of the EPA on media issues. He has a Bachelor of Sociology and Anthropology with a Media minor. Charles worked with the Western Australian State Government Department of the Environment for 14 years and further 8 years for the EPA. His administrative roles included environmental research (including a major study on Perth Metropolitan coastal waters and Western Australian estuaries) environmental regulation and enforcement and media management.

In the past three years Charles has held the following listed company directorships:

BPH Energy Limited (October 2017 to present)

Charles is also a director of unlisted Molecular Discovery Systems Limited.

***M Peterson (appointed 26 November 2016)***

*Non-Executive Director – Age 65*
Shares held – 3,000
Unlisted Options held – 750,000

Maureen Peterson is a finance manager. She worked with Westpac Bank for 14 years in administrative and supervisory roles in the computer centre. For the last 20 years she has worked in finance roles in credit management including with Sealanes, Volvo Australia, Activ Foundation, Royal Perth Hospital, Marketforce Advertising and Brownes Dairy.

In the past three years Maureen has not held any listed company directorships.

**Meetings of Directors**

There were no board meetings during the year. The board consults by phone on operational matters.

**Indemnifying Officers or Auditors**

During or since the end of the financial year the company has not given an indemnity or entered an agreement to indemnify, The Company has not indemnified the auditor of the company.

**Subsequent Events**

There are no other matters other than set out elsewhere in this financial report that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

**Environmental Issues**

The consolidated entity's operations are not subject to significant environmental regulation under Commonwealth and State law.

**Significant Changes in State Of Affairs**

There were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

**Options**

At the date of this report, the unissued ordinary shares of Grandbridge Limited under option are as follows:

| Grant Date | Date of Expiry | Exercise Price | Number Under Option | Fair Value at Grant Date | Vesting Date |
|---|---|---|---|---|---|
| 30/11/2017 | 30/11/2022 | $0.05 | 500,000 | $0.004 | 30/11/2017 |
| 30/11/2019 | 30/11/2024 | $0.04 | 500,000 | $0.001 | 30/11/2019 |

During the current and prior years no ordinary shares of the Company were issued on the exercise of options. No options or shares have been issued since year end. No amounts are unpaid on any of the ordinary shares. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2021 is set out on page 13.

This directors' report is signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.

David Breeze

Director
28th September 2021

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Grandbridge Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**
**28 September 2021**

**L Di Giallonardo**
**Partner**

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# Statement of Profit or Loss and Other Comprehensive Income
## for the year ended 30 June 2021
## Grandbridge Limited and its controlled entities

| | Note | Consolidated 2021 $ | 2020 $ |
|---|---|---|---|
| Revenue from ordinary activities | 2 | 362,666 | 454,720 |
| Interest income | | 241 | 480 |
| Other income | 2 | 271,166 | 78,761 |
| Fair value gain | | 124,350 | 321,668 |
| Administration expenses | | (212,137) | (235,203) |
| Doubtful debts write-back | 9(b) | - | 311,693 |
| Consulting and legal expenses | | (90,188) | (137,155) |
| Depreciation | | (22,629) | (23,276) |
| Finance expense | | (6,532) | (2,736) |
| Employee expenses | 3 | (117,551) | (159,921) |
| Share of associates loss net of impairment | 11 | (47,141) | (139,280) |
| Insurance expenses | | (1,296) | (1,309) |
| Share based expense | 18 | - | (586) |
| Occupancy expenses | | (3,964) | (7,890) |
| Other expenses from ordinary activities | | (7,564) | (7,073) |
| Profit before income tax | | 249,421 | 452,893 |
| Income tax expense | 4 | - | - |
| Profit from continuing operations | | 249,421 | 452,893 |
| *Other comprehensive income* | | | |
| Other comprehensive income (net of tax) | | - | - |
| Profit attributable to members of the parent entity | | 249,421 | 452,893 |
| Total comprehensive profit attributable to members of the Company | | 249,421 | 452,893 |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Statement of Financial Position
### as at 30 June 2021
### Grandbridge Limited and its controlled entities

| | Note | Consolidated 2021 $ | 2020 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 7 | 9,243 | 10,566 |
| Trade and other receivables | 8 | 82,544 | 50,468 |
| Financial assets | 9 | 349,686 | 463,336 |
| Other current assets | | - | 1,017 |
| **Total Current Assets** | | 441,473 | 525,387 |
| **Non-Current Assets** | | | |
| Right of use asset | 10 | 5,156 | 25,490 |
| Financial assets | 9 | 1,271,025 | 1,271,025 |
| Investments in associates | 11 | 906,418 | 953,559 |
| Property, plant & equipment | 12 | 652 | 2,947 |
| **Total Non-Current Assets** | | 2,183,251 | 2,253,021 |
| **Total Assets** | | 2,624,724 | 2,778,408 |
| **Current Liabilities** | | | |
| Trade and other payables | 13 | 1,005,152 | 1,399,757 |
| Lease liabilities | 14 | 5,421 | 19,039 |
| Borrowings | | 43,354 | - |
| Provisions | 16 | 96,204 | 88,639 |
| **Total Current Liabilities** | | 1,150,131 | 1,507,435 |
| **Non-Current Liabilities** | | | |
| Lease liabilities | 14 | - | 7,022 |
| Borrowings | 15 | - | 40,865 |
| Provisions | 16 | 39,996 | 37,910 |
| **Total Non-Current Liabilities** | | 39,996 | 85,797 |
| **Total Liabilities** | | 1,190,127 | 1,593,232 |
| **Net Assets** | | 1,434,597 | 1,185,176 |
| **Equity** | | | |
| Issued capital | 17 | 3,609,420 | 3,609,420 |
| Reserves | 18 | 326,300 | 326,300 |
| Accumulated losses | | (2,501,523) | (2,750,544) |
| **Total Equity** | | 1,434,597 | 1,185,176 |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Statement of Changes in Equity
## for the year ended 30 June 2021
## Grandbridge Limited and its controlled entities

| | Issued Capital $ | Accumulated losses $ | Option Reserve $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2019** | 3,609,420 | (3,203,437) | 325,714 | 731,697 |
| Net profit for the year | - | 452,893 | - | 452,893 |
| Other comprehensive income net of income tax | - | - | - | - |
| Total comprehensive income for the year | - | 452,893 | - | 452,893 |
| Share based expense | - | - | 586 | 586 |
| **Balance at 30 June 2020** | 3,609,420 | (2,750,544) | 326,300 | 1,185,176 |
| Net profit for the year | - | 249,421 | - | 249,421 |
| Other comprehensive income net of income tax | - | - | - | - |
| Total comprehensive income for the year | - | 249,421 | - | 249,421 |
| Share based expense | - | - | - | - |
| **Balance at 30 June 2021** | 3,609,420 | (2,501,523) | 326,300 | 1,434,597 |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Statement of Cash Flows
## for the year ended 30 June 2021
## Grandbridge Limited and its controlled entities

| | Note | Consolidated 2021 $ | 2020 $ |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Receipts from customers | | 362,018 | 311,946 |
| Payments to suppliers and employees | | (396,732) | (417,361) |
| Receipt of Jobkeeper subsidies | | 55,800 | 12,000 |
| Interest income | | 241 | 480 |
| Interest paid | | (2,010) | (2,178) |
| **Net cash provided by / (used in) operating activities** | 20(a) | 19,317 | (95,113) |
| ***Cash flows from investing activities*** | | | |
| Repayment of loan by related entity | | - | 79,000 |
| Loan to related entity | | - | (1,240) |
| **Net cash from investing activities** | | - | 77,760 |
| ***Cash flows from financing activities*** | | | |
| Loan from related party | | - | 40,000 |
| Repayment of lease liabilities | | (20,640) | (19,821) |
| **Net cash (used in) / from investing activities** | 20(b) | (20,640) | 20,179 |
| Net (decrease) / increase in cash and cash equivalents | | (1,323) | 2,826 |
| Cash and cash equivalents at the beginning of the financial year | | 10,566 | 7,740 |
| **Cash and cash equivalents at the end of the financial year** | | 9,243 | 10,566 |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

## 1. Statement of Significant Accounting Policies

### Corporate Information

The financial report includes the consolidated financial statements and the notes of Grandbridge Limited and its controlled entities ('consolidated entity' or 'group'). Grandbridge Limited is a company incorporated and domiciled in Australia. The financial report was authorised for issue on 28th September 2021 by the board of directors.

### Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, and the Corporations Act 2001. Grandbridge Ltd is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

### Compliance with IFRS

The consolidated financial statements of Grandbridge also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Financial Position and Going Concern

The consolidated entity has reported a net profit after tax for the year ended 30 June 2021 of $249,421 (2020: profit of $452,893), which is stated after (i) doubtful debts write-back of $Nil (2020: $311,693), (ii) a fair value gain of $124,350 (2020: gain of $321,668) on the Company's investments, and (iii) consulting and legal expenses of $90,188 (2020: $137,155).

The consolidated entity has a working capital deficit of $708,658 at 30 June 2021 (2020: deficit of $982,048).

The net assets of the consolidated entity have increased by $249,421 to $1,434,597 at 30 June 2021 as explained in the paragraph above.

Included in trade creditors and payables are balances totalling $739,710 (2020: $847,706) payable to current directors. The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources until such time that the consolidated entity has sufficient cash resources.

The Company owed Mr Breeze $43,354 in respect of a loan (including accrued interest) as at 30 June 2021. He has confirmed that this loan will not be called upon if the Company's directors are of the opinion that such an action would compromise the Company's financial solvency.

The consolidated entity has investments in listed entities totalling $331,882 (2020: $429,264) (Note 10(c)) which are classified as current assets in the statement of financial position. These assets are considered to be liquid and if required, a portion of these investments can be sold to obtain cash reserves for the consolidated entity.

1. **Statement of Significant Accounting Policies (continued)**

**Financial Position and Going Concern (continued)**

The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash flows for a period of at least 12 months from the date of this report. Based on the cash flow forecasts, directors' voluntarily suspending cash payments for their fees and the value of the listed investments, the directors are satisfied that the going concern basis of preparation is appropriate.

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

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, borrowings or sale of investments, should the need arise, there exists a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

**Accounting Policies**

**(a) Principles of Consolidation**

*(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

## 1. Statement of Significant Accounting Policies (continued)

### (a) Principles of Consolidation (continued)

*(ii) Associates*

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds from 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

*(iii) Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

(iv) *Changes in ownership interests*

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

**1. Statement of Significant Accounting Policies (continued)**

**(b) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the profit and loss except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly outside profit and loss.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Grandbridge Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Grandbridge Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office on 30 June 2006 that it had formed an income tax consolidated group to apply from 30 June 2006. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

**1. Statement of Significant Accounting Policies (continued)**

**(c) Property, Plant & Equipment**

Each class of property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

*Plant and equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss income during the financial period in which they are incurred.

*Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Computers | 33 % |
| Office Furniture | 15 % |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## 1. Statement of Significant Accounting Policies (continued)

### (d) Financial Instruments

*Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

• amortised cost
• fair value through profit or loss (FVTPL)
• equity instruments at fair value through other comprehensive income (FVOCI)
• debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

*Subsequent measurement of financial assets*

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

**1. Statement of Significant Accounting Policies (continued)**

**(d) Financial Instruments (continued)**

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as ‘available-for-sale’ under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

(iv) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

• they are held under a business model whose objective it is to “hold to collect” the associated cash flows and sell financial assets; and

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

*Impairment of financial assets*

AASB 9’s impairment requirements use more forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Level 1’) and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Level 2’).

• ‘Level 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

## 1. Statement of Significant Accounting Policies (continued)

### (d) Financial Instruments (continued)

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*Trade and other receivables and contract assets*

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

*Classification and measurement of financial liabilities*

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

### (e) Impairment of Assets

The group reviews non-financial assets, other than deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to statement of financial position. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits using the government bond rate.

Past service costs are recognised immediately in profit or loss.

**1. Statement of Significant Accounting Policies (continued)**

**(g) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(h) Leases**

*Lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

*Right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**(i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(j) Revenue**

Interest revenue is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue from the rendering of a service is recognised upon the delivery of the service to clients.

All revenue is stated net of the amount of goods and services tax (GST).

**1. Statement of Significant Accounting Policies (continued)**

**(k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(m) Share based payments**

Share based compensation benefits are provided to employees via the company's Employee Option plan. The fair value of options granted under the Company's Employee Option Plan is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

**(n) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(o) Earnings per share**

Basic earnings per share (EPS) is calculated as net profit/loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**1. Statement of Significant Accounting Policies (continued)**

**(p) Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

*Impairment*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Included in the assets of the consolidated entity are loans receivable of $17,804 (2020: $34,072).

*Investment in Advent*

Advent has been treated as an associate from 6 August 2019 despite the Company having a shareholding of less than 20%, refer to Note 11.

*Investment in Molecular Discovery Systems*

The investment in Molecular Discovery Systems Limited is carried at fair value, refer to Note 9.

*Investment in Cortical*

The investment in Cortical is carried at fair value, refer to Note 9.

**(q) Application of New and Revised Accounting Standards**

*Standards and Interpretations in issue not yet adopted*

The Directors have reviewed new accounting standards and interpretations that have been published that are not mandatory for 30 June 2021 reporting periods. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is likely to company accounting policies.

*Standards and Interpretations applicable to 30 June 2021*

In the 12 month period ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

## 2. Revenue and Other Income

| | Consolidated 2021 $ | 2020 $ |
|---|---|---|
| *Revenue* | | |
| Management fees and administration recharges | 362,666 | 354,249 |
| Contract termination fees | - | 99,996 |
| Other | - | 475 |
| | 362,666 | 454,720 |
| *Other income* | | |
| Accrued former director's fees forgiven in legal settlement | 248,582 | - |
| Gain on extinguishment of loan | - | 68,231 |
| Other | 22,584 | 10,530 |
| | 271,166 | 78,761 |

## 3. Expenses Included in the Profit for the Year

| | 2021 $ | 2020 $ |
|---|---|---|
| *Employee expenses* | | |
| Salary | 152,100 | 146,977 |
| Superannuation | 11,600 | 11,113 |
| Other payroll expenses | 9,651 | 13,831 |
| Jobkeeper subsidy | (55,800) | (12,000) |
| | 117,551 | 159,921 |

## 4. Income Tax Expense

| | 2021 $ | 2020 $ |
|---|---|---|
| a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| Accounting profit before tax | 249,421 | 452,893 |
| Prima facie tax expense on profit from ordinary activities before income tax at 26% (2020: 27.5%) | 64,849 | 124,545 |
| Non-deductible expenses | 12,257 | 38,463 |
| Unrealised fair value gain | (32,331) | (88,459) |
| Utilisation of tax losses | (44,775) | (74,549) |
| Income tax expense recognised | - | - |
| c) Unused tax losses for which no deferred tax asset has been recognised | 1,740,306 | 1,687,074 |
| Potential tax benefit at 26% (2020: 26%) | 452,480 | 438,639 |

### 5. Key Management Personnel Compensation

Names and positions held of consolidated and parent entity key management personnel are set out below. They were in office for the whole financial year unless stated otherwise.

| | |
|---|---|
| D L Breeze - | Executive Chairman, Managing Director and Company Secretary |
| C Maling - | Non-Executive Director |
| M Peterson - | Non-Executive Director |

| | Consolidated | |
|---|---|---|
| | **2021 ($)** | **2020 ($)** |
| Short term employee benefits | 252,100 | 246,977 |
| Post-employment benefits | 11,600 | 11,113 |
| Share based payments | - | 586 |
| | 263,700 | 258,676 |

| Included in trade creditors and payables is director fee and salary accruals of $918,972 (30 June 2020: $1,275,549) relating to: | Amount Owing 30 June 2021 ($) |
|---|---|
| David Breeze | 482,312 |
| Charles Maling | 116,123 |
| Maureen Petersen | 116,123 |
| Directors who have previously resigned | 204,414 |
| Balance owing at 30 June 2021 | 918,972 |

Included in Borrowings (refer Note 16) is a secured convertible loan of $40,865 (2020: $40,000) from a director, Mr David Breeze with a term of 24 months and an expiry date of 6 April 2022. Interest is charged at 9.4% per annum and interest of $3,841 (2020: $865) was charged during the period.

Included in sundry payables and accrued expenses is an amount to due to an entity associated with David Breeze for outstanding rent of $25,153 (2020: $25,153).

### 6. Auditor's Remuneration

| | Consolidated | |
|---|---|---|
| | **2021 $** | **2020 $** |
| Remuneration of the auditor of the parent entity for: | | |
| - auditing or reviewing the financial report | | |
| *Auditors* | | |
| HLB Mann Judd | 14,956 | 19,778 |
| | 14,956 | 19,778 |

There were no non-audit services provided by the auditors during the period under review.

## 7. Cash and Cash Equivalents

| | Consolidated 2021 $ | 2020 $ |
|---|---|---|
| Cash at bank and in hand | 9,243 | 10,566 |
| | 9,243 | 10,566 |

*Reconciliation of cash*

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash and cash equivalents | 9,243 | 10,566 |

## 8. Trade and other receivables

| | 2021 $ | 2020 $ |
|---|---|---|
| *Current* | | |
| Trade receivables | 82,544 | 50,468 |
| | 82,544 | 50,468 |

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| **9. Financial Assets** | | |
| *Current* | | |
| Loans receivable (b) | 17,804 | 34,072 |
| Investments in listed entities (c) | 331,882 | 429,264 |
| | 349,686 | 463,336 |
| *Non-current* | | |
| Security deposit (a) | 20,000 | 20,000 |
| Investments in unlisted entities (d) | 1,251,025 | 1,251,025 |
| | 1,271,025 | 1,271,025 |

(a) The security deposit is for a performance bond provided by the Company's bank to the Australian Securities and Investments Commission.

| | 2021 $ | 2020 $ |
|---|---|---|
| (b) Loans receivable - | | |
| Unsecured loans | 353,418 | 369,686 |
| Provisions against loans | (335,614) | (335,614) |
| | 17,804 | 34,072 |
| (c) Financial assets carried at fair value through profit and loss (listed investments) - | | |
| BPH Energy Limited (Level 1) | 273,293 | 384,355 |
| MEC Resources Limited (Level 1) | 38,989 | 38,989 |
| Strategic Elements Limited (Level 1) | 19,600 | 5,920 |
| Total | 331,882 | 429,264 |
| (d) Financial assets carried at fair value through profit and loss (unlisted investments) | | |
| *Non-Current* | | |
| Molecular Discovery Systems Limited (Level 3) (i) | - | - |
| Cortical Dynamics Limited (Level 2) (ii) | 1,251,025 | 1,251,025 |
| Total | 1,251,025 | 1,251,025 |

(i) The investment in MDS has been determined to have a fair value of $Nil at 30 June 2021 and 30 June 2020.
(ii) The investment in Cortical has been valued at the most recent share price issue of 12.5 cents per share.

**10. Right of Use Asset**

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Opening carrying amount | 25,490 | 45,882 |
| Depreciation expense | (20,334) | (20,392) |
| Closing carrying amount | 5,156 | 25,490 |

## 11. Investments Accounted For Using Equity Method

| | Consolidated | |
|---|---|---|
| | **30 June 2021 ($)** | **30 June 2020 ($)** |
| Advent Energy Limited (i) | 906,418 | 953,559 |
| | 906,418 | 953,559 |

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

| Name of Entity | Country of Incorporation | Ownership Interest % | |
|---|---|---|---|
| | | **June 2021** | **June 2020** |
| Advent Energy Limited (i) | Australia | 11.05% | 11.23% |

The Company has a direct interest of 11% in Advent. Despite this shareholding being less than 20% the existence of significant influence by the Company over Advent is evidenced by Mr David Breeze being the Managing Director of Grandbridge and Advent, the Company having access to Advent's operational and financial records, and a management services agreement between the companies. As a consequence Advent, despite Grandbridge owning less than 20% of Advent's ordinary shares, has been recognised as an associate of Grandbridge from 6 August 2019.

| | **Advent Year Ended 30 June 2021 ($)** | **Advent Year Ended 30 June 2020 ($)** |
|---|---|---|
| Revenue | 37,060 | 32 |
| (Loss) / profit for the period | (426,659) | 3,901,465 |
| Other comprehensive income for the period | - | - |
| Total comprehensive (loss) / income for the period | (426,659) | 3,901,465 |

Advent June 2020 numbers are from 6 August 2019.

| | **Advent 30 June 2021($)** | **Advent 30 June 2020($)** |
|---|---|---|
| Current assets | 1,130,822 | 847,611 |
| Non-current assets | 14,385,995 | 14,060,190 |
| Current liabilities | 917,238 | 184,641 |
| Non-current liabilities | 4,963,302 | 4,824.343 |
| Net assets | 9,636,277 | 9,898,837 |
| | | |
| Share of the group's ownership interest in associate | 906,418 | 953,559 |
| Carrying value of the group's interest in associate | 906,418 | 953,559 |

| | | |
|---|---|---|
| Opening balance | 953,559 | - |
| Reclassification of fair value of investment | - | 587,500 |
| Conversion of debt to equity | - | 505,339 |
| Share of associates loss net of impairment | (47,141) | (139,280) |
| Closing balance | 906,418 | 953,559 |

Director Mr David Breeze is also a director of BPH Energy Limited (ASX: BPH) and BPH's investee Advent Energy Limited (Advent). GBA has a direct interest of 5.7% in BPH and 11.0% in Advent. On 5 February 2021 BPH advised that investee Advent has on behalf of the PEP11 joint venture submitted to the National Offshore Petroleum Titles Administrator (NOPTA) a further application to suspend and extend the PEP11 permit offshore NSW. The application has been made under the COVID-19 -Work Bid Exploration Permits announcement released by the Federal Government on 20 April 2020.

### 11. Investments Accounted For Using Equity Method (continued)

In that release the Government recognised the that the COVID-19 pandemic was having a significant impact on the offshore petroleum sector and that additional flexibility would be required to assist titleholders to manage the COVID -19 crisis. The Joint Authority confirmed in that release that it regarded the COVID-19 pandemic as a force majeure event. The application for a 24 month suspension of the Permit Year 4 work program commitments, with a corresponding 24 month extension of the permit term and was accepted for processing by NOPTA on 4 Feb 2021. BPH does not foresee this application interfering with the NOPTA application to extend the permit terms for PEP11.

The PEP11 permit is in good standing as Advent's subsidiary, Asset Energy Pty Ltd (as the operator), continues preparations to drill the Baleen Gas Prospect including booking a semisubmersible drill rig for the program with the call for tender.

On 30 December 2020 Advent lodged an Offer Information Statement with ASIC for a non-renounceable entitlement issue of two (2) Shares for every three (3) shares held at an issue price of $0.05 (5 cents) per Share to raise up to $6,525,108. The Offer is partially underwritten by related party Grandbridge Securities Pty Ltd (ABN 84 087 432 353) (AFSL 517246) and sub-underwritten up to $2,271,450. Grandbridge Securities Pty Ltd is also Lead Manager to the Offer.

In February 2021 BPH raised $9 million in a share placement. BPH advised ASX that approximately $5.75 million of the proceeds of the placement will be used by BPH primarily to invest in Advent to progress well planning, engineering and environmental approvals for drilling at the Baleen drill target in the PEP11 offshore permit in NSW.

The directors have confidence that a suitable outcome will be achieved however there is no certainty at this stage of further funding being made available. Asset Energy Pty Ltd has invested over $25 million in the PEP11 title and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11 and RL1 each of these permits are at risk.

The above conditions indicate a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business and may affect the ability of the Company to realise the carrying value of its loan receivables and its investment in Advent in the ordinary course of business.

| | Consolidated | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| **12. Property, Plant and Equipment** | | |
| At cost | 126,038 | 126,038 |
| Accumulated depreciation | (125,386) | (123,091) |
| Total Property, Plant and Equipment | 652 | 2,947 |
| | | |
| Carrying amount at the beginning of the year | 2,947 | 5,831 |
| Depreciation expense | (2,295) | (2,884) |
| Carrying amount at the end of the year | 652 | 2,947 |
| | | |
| **13. Trade and Other Payables** | | |
| Trade payables | 12,407 | 40,207 |
| Sundry payables and accrued expenses | 992,745 | 1,359,550 |
| | 1,005,152 | 1,399,757 |

Trade payables are non-interest bearing and usually paid within 60 days.

### 14. Lease liabilities

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Premises* | | |
| Current liabilities | 5,421 | 19,039 |
| Non-current liabilities | - | 7,022 |
| | 5.421 | 26,061 |
| Opening balance | 26,061 | 45,882 |
| Principal repayments | (20,640) | (19,821) |
| Closing balance | 5,421 | 26,061 |

The average lease term to expiry is 1 year. A maturity analysis of future minimum lease payments is presented below:

| **2021** | < 1 year ($) | 1-5 years ($) | Total ($) |
|---|---|---|---|
| Lease payments | 5,441 | - | 5,441 |
| Interest | (20) | - | (20) |
| Net present value | 5,421 | - | 5,421 |

| **2020** | < 1 year ($) | 1-5 years ($) | Total ($) |
|---|---|---|---|
| Lease payments | 19,617 | 7,133 | 26,750 |
| Interest | (578) | (111) | (689) |
| Net present value | 19,039 | 7,022 | 26,061 |

Total cash outflow relating to leases for the period ended 30 June 2021 was $21,320 of which $20,640 related to principal payments, and $680 related to interest.

### 15. Borrowings

| | Consolidated 2021($) | Consolidated 2020 ($) |
|---|---|---|
| Current | | |
| Related party borrowings | 43,354 | - |
| | 43,354 | - |
| Non-current | | |
| Related party borrowings | - | 40,865 |
| | - | 40,865 |

A $40,000 secured convertible loan was provided by a director, Mr David Breeze, on 7 April 2020. The loan is secured over the assets of the Company with an interest rate of 9.4% and a term of 24 months expiring on 7 April 2022. The loan is convertible into equity at Mr Breeze's election. The conversion price per share is the lower of $0.04 and the most recent share placement price achieved by the Company in the 6 months prior to the proposed conversion date.

| | Consolidated | |
|---|---|---|
| | **2021** **$** | **2020** **$** |

## 16. Provisions

| | 2021 $ | 2020 $ |
|---|---|---|
| Current | 96,204 | 88,639 |
| Non-Current | 39,996 | 37,910 |
| | 136,200 | 126,549 |
| *Employee entitlements*: | | |
| Opening balance at 1 July | 126,549 | 112,718 |
| Increase in provision | 9,651 | 13,831 |
| Balance at 30 June | 136,200 | 126,549 |

## 17. Issued Capital

| | 2021 | 2020 |
|---|---|---|
| 30,633,364 (2020: 30,633,364) fully paid ordinary shares | $3,609,420 | $3,609,420 |

The company does not have an authorised share capital and the shares issued have no par value.

| *Ordinary Shares:* | **2021 Number** | **2020 Number** |
|---|---|---|
| At the beginning of reporting period | 30,633,364 | 30,633,364 |
| At the end of reporting period | 30,633,364 | 30,633,364 |

*Fully Paid Ordinary Share Capital*

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

**17. Issued Capital (continued)**

**b. Options**

The following options were on issue at the end of the reporting period:

| Total number | Exercise price | Expiry date |
|---|---|---|
| 500,000 | $0.05 | 30 November 2022 |
| 500,000 | $0.04 | 30 November 2024 |

The holders of options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

**c. Capital risk management**

The group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the group's capital risk management is:

- the current working capital position against the requirements of the group to meet corporate overheads;
- to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital positions at 30 June 2021 and 30 June 2020 are as follows:

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Cash and cash equivalents | 9,243 | 10,566 |
| Trade and other receivables | 82,544 | 50,468 |
| Financial assets | 349,686 | 463,336 |
| Other current assets | - | 1,017 |
| Trade and other payables | (1,005,152) | (1,399,757) |
| Lease liabilities | (5,421) | (19,039) |
| Borrowings | (43,354) | - |
| Provisions | (96,204) | (88,639) |
| Working capital deficit | (708,658) | (982,048) |

Please refer to Note 1 of the financial report for disclosure and details regarding the group's financial position.

**18. Reserves**

(a) **Option Reserve**

The option reserve records items recognized as expenses in respect of share options.

| | | |
|---|---|---|
| Opening balance | 326,300 | 325,714 |
| Option expense during the year | - | 586 |
| Closing balance | 326,300 | 326,300 |

## 19. Controlled Entities

| Name of Entity | Principal Activity | Country of Incorporation | Ownership Interest % 2021 | Ownership Interest % 2020 |
|---|---|---|---|---|
| *Parent Entity* | | | | |
| Grandbridge Limited | Investment | Australia | | |
| *Subsidiaries of Grandbridge Limited* | | | | |
| Grandbridge Securities Pty Limited | Corporate Advisory | Australia | 100 | 100 |
| Grandbridge Equities Pty Limited | Dormant | Australia | 100 | 100 |
| e-Shares.com.au Pty Limited | Domain Names | Australia | 100 | 100 |

## 20. Cash Flow Reconciliation

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| (a) Reconciliation of cash flow from operations with profit from ordinary activities after income tax: | | |
| Operating profit after income tax | 249,421 | 452,893 |
| *Non-cash items:* | | |
| Depreciation | 22,629 | 23,276 |
| Fee income settled by equity | - | (125,254) |
| Interest expense | 3,841 | 864 |
| Fair value (gain) / loss | (124,350) | (321,668) |
| Gain on extinguishment of loan | - | (68,231) |
| Share based payments | - | 586 |
| Share of associate’s loss | 47,141 | 139,280 |
| Accrued director’s fees reversed in legal settlement | (248,582) | - |
| Doubtful debts write-back | - | (311,693) |
| *Changes in net assets and liabilities:* | | |
| (Increase) in trade and other receivables | (32,076) | (50,468) |
| Decrease in other assets | 1,017 | 98 |
| Increase in provisions | 9,651 | 13,831 |
| Increase in trade payables and accruals | 90,625 | 151,373 |
| Net cash from / (used in) operating activities | 19,317 | (95,113) |

| | 2021 $ | 2020 $ |
|---|---|---|
| (b) Changes in financial liabilities arising from financing activities: | | |
| *Loans* | | |
| Balance 1 July | 40,865 | 88,033 |
| Extinguishment of loan in exchange for listed investments | - | (88,033) |
| Non-cash set off | (1,352) | - |
| Net cashflows from financing activities | - | 40,000 |
| Interest accrued | 3,841 | 865 |
| Balance 30 June | 43,354 | 40,865 |
| *Lease liabilities* | | |
| Balance 1 July | 26,061 | 45,882 |
| Net cashflows from financing activities | (20,640) | (19,821) |
| Balance 30 June | 5,421 | 26,061 |

## 21. Financial Risk Management

### a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, short-term investments, investments held for trading, accounts receivable and payable, and loans to and from related parties. The main purpose of non-derivative financial instruments is to raise finance for group operations policies.

***i. Financial Risk Exposures and Management***

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk, equity price risk.

*Interest rate risk*

The group's financial assets that are affected by interest rate risk are the group's cash and cash equivalents and term deposits held. The group's financial liabilities are currently not exposed to interest rate risk as the group has no variable rate interest bearing financial liabilities.

*Liquidity risk*

The group manages liquidity risk by monitoring forecast cash flows.

*Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

*Equity price risk*

The group is exposed to equity price risks arising from equity investments. The performance of equity investments are reviewed biannually to market. The group holds diversified portfolio with investments in biotech and oil & gas exploration to manage this risk.

*Equity Price Sensitivity Analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices for investments had been 5% higher/lower the net loss for the year ended 30 June 2021 would increase/decrease $79,145 (2020: increase / decrease by $84,014) as a result of the changes in fair value of financial assets at fair value through profit and loss.

The group's sensitivity to equity prices has not changed significantly from the prior year.

*Foreign currency risk*

The group is not exposed to any material risks in relation to fluctuations in foreign exchange rates.

**21. Financial Risk Management (continued)**

**b) Financial Instruments**

***i. Interest rate risk***

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

| 2021 | Average Interest Rate % | Fixed Interest Rate $ | Variable Interest Rate $ | Non-Interest Bearing $ | Total $ |
|---|---|---|---|---|---|
| ***Financial Assets*** | | | | | |
| Cash and cash equivalents | 0.0% | - | 9,243 | - | 9,243 |
| Trade and other receivables | | - | - | 82,544 | 82,544 |
| Deposits | 1.2% | 20,000 | - | - | 20,000 |
| Loan receivables | | - | - | 17,804 | 17,804 |
| Investments | | - | - | 1,582,907 | 1,582,907 |
| Total Financial Assets | | 20,000 | 9,243 | 1,683,255 | 1,712,498 |
| ***Financial Liabilities*** | | | | | |
| Lease liabilities | 4.5% | 5,421 | - | - | 5,421 |
| Trade and other payables | | - | - | 1,005,152 | 1,005,152 |
| Borrowings | 9.4% | 43,354 | - | - | 43,354 |
| Total financial liabilities | | 48,775 | - | 1,005,152 | 1,053,927 |

| 2020 | Average Interest Rate % | Fixed Interest Rate $ | Variable Interest Rate $ | Non-Interest Bearing $ | Total $ |
|---|---|---|---|---|---|
| ***Financial Assets*** | | | | | |
| Cash and cash equivalents | 0.0% | - | 10,566 | - | 10,566 |
| Trade and other receivables | | - | - | 50,468 | 50,468 |
| Deposits | 1.2% | 20,000 | - | - | 20,000 |
| Loan receivables | | - | - | 34,072 | 34,072 |
| Investments | | - | - | 1,680,289 | 1,680,289 |
| Total Financial Assets | | 20,000 | 10,566 | 1,764,829 | 1,795,395 |
| ***Financial Liabilities*** | | | | | |
| Lease liabilities | 4.5% | 26,061 | - | - | 26,061 |
| Trade and other payables | | - | - | 1,399,757 | 1,399,757 |
| Borrowings | 9.4% | 40,865 | - | - | 40,865 |
| Total financial liabilities | | 66,926 | - | 1,399,757 | 1,466,683 |

**21. Financial Risk Management (continued)**

**b) Financial Instruments (continued)**

**ii. Fair Values**

The fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market, the fair value has been based on valuation techniques incorporating non-market data
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Carrying Amount | Net fair value | Carrying Amount | Net fair value |
| ***Financial Assets*** | | | | |
| Financial assets at fair value through profit or loss | 1,582,907 | 1,582,907 | 1,680,289 | 1,680,289 |
| Trade and other receivables | 82,544 | 82,544 | 50,468 | 50,468 |
| Deposits | 20,000 | 20,000 | 20,000 | 20,000 |
| Loan receivables | 17,804 | 17,804 | 34,072 | 34,072 |
| | 1,703,255 | 1,703,255 | 1,784,829 | 1,784,829 |
| ***Financial Liabilities*** | | | | |
| Lease liabilities | 5,421 | 5,421 | 26,061 | 26,061 |
| Trade and other payables | 1,005,152 | 1,005,152 | 1,399,757 | 1,399,757 |
| Borrowings | 43,354 | 43,354 | 40,865 | 40,865 |
| | 1,053,927 | 1,053,927 | 1,466,683 | 1,466,683 |

**iii. Sensitivity Analysis**

Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks

Interest Rate Sensitivity Analysis

At 30 June 2021, the effect on consolidated profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Change in profit | | |
| — Increase in interest rate by 1% | (195) | 669 |
| — Decrease in interest rate by 0.5% | 144 | (335) |

## 21. Financial Risk Management (continued)

### c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- the fair value of the remaining financial instruments is determined with reference to similar instruments and valuation models using non-market inputs prepared by independent experts.

**30 June 2021**

| | $ | $ | $ | $ |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets at fair value through profit and loss | | | | |
| - Investments in listed entities | 331,882 | - | - | 331,882 |
| Financial assets at fair value through profit and loss | | | | |
| - Investments in unlisted entities | - | 1,251,025 | - | 1,251,025 |
| Total | 331,882 | 1,251,025 | - | 1,582,907 |

**30 June 2020**

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Financial assets at fair value through profit and loss | | | | |
| - Investments in listed entities | 429,264 | - | - | 429,264 |
| Financial assets at fair value through profit and loss | | | | |
| - Investments in unlisted entities | - | 1,251,025 | - | 1,251,025 |
| Total | 429,264 | 1,251,025 | - | 1,680,289 |

Reconciliation of fair value measurements of financial assets:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| Opening balance | 429,264 | 1,251,025 | - | 243,015 | 1,265,320 | 20,334 |
| Transfer to associate | - | - | - | - | (587,500) | - |
| Conversion of debt to equity | - | - | - | - | 465,434 | - |
| Net disposal of shares | (221,732) | - | - | (19,495) | (28,487) | - |
| Transfer | (38,989) | | 38,989 | | | |
| Total gain through profit and loss | 124,350 | - | - | 205,744 | 136,258 | (20,334) |
| Closing balance | 292,893 | 1,251,025 | 38,989 | 429,264 | 1,251,025 | - |

## 22. Operating Segments

*Identification of reportable segments*

The group has identified its operating segments based on the internal reports that are reviewed and used by the managing director and his management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the industry in which the entity makes its investments or provides services. Discrete financial information about each of these operating segments is reported to the managing director and his management team on at least a monthly basis.

The group holds investments in two principal industries and these are biotechnology, and oil and gas exploration and development.

The group also provides consultancy and management services to a number of different entities and receives a monthly fee for these services.

*Accounting policies and inter-segment transactions*

The accounting policies used by the group in reporting segments are the same as those contained in Note 1 to the accounts and applied in the prior reporting period.

Segment Revenue and Results

The following is an analysis of the group's revenue and results from continuing operations by reportable segment:

| | **Segment Revenue** | | **Segment Profit / Loss** | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$** | **$** | **$** | **$** |
| Consulting Services | 362,666 | 454,720 | 245,115 | 294,798 |
| Investing | - | - | 77,209 | 182,388 |
| Unallocated | 241 | 480 | 241 | 480 |
| Total for continuing operations | 362,907 | 455,200 | 322,565 | 477,666 |
| | | | | |
| Administration expenses | | | (212,137) | (235,203) |
| Depreciation and amortisation | | | (22,629) | (23,276) |
| Other | | | 161,622 | 233,706 |
| Profit from continuing operations before tax | | | 249,421 | 452,893 |

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year (2020: $Nil).

*Segment Assets and Liabilities*

| | **2021** | **2020** |
|---|---|---|
| | **$** | **$** |
| *Segment Assets* | | |
| Investing | 2,509,329 | 2,653,853 |
| Corporate | 115,395 | 124,555 |
| Total Assets | 2,624,724 | 2,778,408 |
| *Segment Liabilities* | | |
| Corporate | 1,190,127 | 1,593,232 |
| Total Liabilities | 1,190,127 | 1,593,232 |

## 23. Related Party Transactions

*(a) Director related entities*

- BPH and Advent have a common Managing Director, Mr David Breeze, and are related parties of the Company. During the period the Company charged BPH $128,640 (2020: $128,640) and Advent $128,640 (2020: $115,845 in administration, service and management fees. A subsidiary Grandbridge Securities Pty Ltd charged BPH $72,386 net (2020: $Nil) for the management of shares issues during the period. At balance date $104,816 was receivable by Grandbridge from the BPH group, of which $88,265 had been provided for, and $83,784 was receivable from the Advent group.
- Cortical Dynamics Limited has a common Chairman, Mr David Breeze. During the period the Company charged Cortical $33,000 (2020: $190.966) in administration, service and contract termination fees and $Nil (2020: $18,794 in expense recoupment. At balance date an amount of $Nil was receivable from Cortical.
- Trandcorp has a related director, Mr David Breeze. During the period an entity associated with Trandcorp charged the Company $Nil (2020: $14,736) for office rent with $25,153 payable at year end.
- MEC Resources Limited ("MEC") has a common director, Mr David Breeze, The Company had a receivable of $11 from MEC at 30 June 2021 (2020: $11).
- Molecular Discovery Systems Limited ("MDS") has a common director, Mr David Breeze, and is a related party of the Company. The Company had a receivable of $247,350 from MEC at 30 June 2021 (2020: $247,350) of which $247,350 (2020: $247,350) was provided for.
-

*(b) Equity interests in controlled entities*

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 20.

*(c) Directors' remuneration*

Details of directors' remuneration and retirement benefits are disclosed in the Directors' Report and Note 5.

*(d) Controlling entity*

The parent entity in the consolidated entity is Grandbridge Limited.

*(e) Transactions with Key Management Personnel*

A $40,000 loan was provided by a director, Mr David Breeze, on 7 April 2020. The loan is secured over the assets of the Company with an interest rate of 9.4% and a term of 24 months. Interest of $3,841 (2020: $865) was charged during the period. The loan is convertible into equity at Mr Breeze's election. The conversion price per share is the lower of $0.04 and the most recent share placement price achieved by the Company in the 6 months prior to the proposed conversion date. The balance payable at 30 June 2021 is $43,354 (2020: $40,685)

*(f) Loans to and from subsidiaries*

Loans from the parent entity to and from subsidiaries are non-interest bearing and repayable on demand. These loans are unsecured. As at reporting date, the net amount payable by the parent entity to its subsidiary, Grandbridge Securities Pty Ltd, was $640,776 (2020: $335,275).

## 24. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2021:

| Number of shares Under Option | Grant Date | Date of Expiry | Exercise Price | Fair Value at Grant Date | Vesting Date |
|---|---|---|---|---|---|
| 500,000 | 30/11/2017 | 30/11/2022 | $0.05 | $0.004 | 30/11/2017 |
| 500,000 | 30/11/2019 | 30/11/2024 | $0.04 | $0.001 | 30/11/2019 |

All options granted to key management personnel are for ordinary shares in Grandbridge Limited, which confer a right of one ordinary share for every option held.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Number of Options** | **Weighted Average Exercise Price $** | **Number of Options** | **Weighted Average Exercise Price $** |
| Outstanding at the beginning of the year | 1,000,000 | $0.045 | 500,000 | $0.05 |
| Issued | - | | 500,000 | $0.04 |
| Outstanding at year-end | 1,000,000 | $0.045 | 1,000,000 | $0.045 |
| Exercisable at year-end | 1,000,000 | $0.045 | 1,000,000 | $0.045 |

No options were exercised during the current or prior periods. Included in the statement of comprehensive income is share based payments of $Nil (2020: $586) which relates, in full, to equity. The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted

## 25. Contingent Assets and Liabilities

The Company is a party to the following legal actions:

(i) A standstill agreement relating to Directors fees claims by Goh Hock, Deborah Ambrosini and Kevin Hollingsworth against the Company, BPH Energy Limited and Advent Energy Limited concluded on 15 September 2020. In relation to BPH in Goh & Ors v BPH Energy Ltd & Anor - District Court of WA CIV 4264 of 2019 Kevin Hollingsworth has discontinued his claim against Grandbridge .The claim had been also previously pursued in the District Court of New South Wales proceedings 2019/00227022.The applicants were unsuccessful in their attempt to have the matter heard in NSW and total costs of $29,168 were ordered against Goh Hock, Ambrosini and Hollingsworth.

## 26. Subsequent Events

No other matters or circumstances other than set our elsewhere in this financial report that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 27. Commitments

At reporting date there are no capital commitments in the consolidated entity.

## 28. Parent Entity Disclosures

### Financial Position

| | 2021 | 2020 |
|---|---|---|
| **Assets** | **$** | **$** |
| Current assets | 440,961 | 202,701 |
| Non-current assets | 2,333,251 | 2,403,021 |
| Total asset | 2,774,212 | 2,605,722 |
| **Liabilities** | | |
| Current liabilities | 1,147,130 | 1,545,300 |
| Non-current liabilities | 680,772 | 380,208 |
| Total liabilities | 1,827,902 | 1,925,508 |
| **Equity** | | |
| Issued Capital | 3,609,420 | 3,609,420 |
| Retained earnings | (2,989,410) | (3,255,506) |
| Option Reserve | 326,300 | 326,300 |
| Total equity | 946,310 | 680,214 |

### Financial Performance

| | | |
|---|---|---|
| Profit after tax for the year | 266,096 | 279,361 |
| Movement in retained earnings | 266,096 | 279,361 |

# Directors' Declaration

## Grandbridge Limited and its controlled entities

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 46, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001;

   (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated entity;

2. the Financial Statements and Notes comply with International Accounting Standards as disclosed in Note 1;

3. 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.

Signed in accordance with a resolution of the directors made pursuant to S295(5) of the Corporations Act 2001.

……………………………………………………….
David Breeze
Managing Director

Dated this 28th September 2021

**INDEPENDENT AUDITOR'S REPORT**
To the members of Grandbridge Limited

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Grandbridge Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for opinion*

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

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

*Material uncertainty related to going concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Material uncertainty related to the carrying value of the investment in Advent Energy Limited*

We draw attention to Note 11 in the financial report, which indicates that a material uncertainty exists in relation to the Group's ability to realise the carrying value of its loan receivables and its investment in Advent Energy Limited and subsidiaries in the ordinary course of business. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

*Responsibilities of the directors for the financial report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the 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 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.
- 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.

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, related safeguards.

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

**Perth, Western Australia**
**28 September 2021**

**L Di Giallonardo**
**Partner**