

Appendix 4D

Half Year Report to the Australian Securities Exchange

Part 1

Name of Entity	AdAlta Limited
ABN	92 120 332 925
Half Year Ended	31 December 2017
Previous Corresponding Reporting Period	Half Year Ended 31 December 2016

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	\$38	201%
Loss from continuing activities after tax attributable to members	(\$3,410)	(50%)
Net loss attributable to members	(\$3,410)	(50%)

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

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

Part 3 – Contents of ASX Appendix 4D

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

Part 4 – Commentary on Results

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

Part 5 – Details Relating to Dividends

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

Part 6 – Net Tangible Assets per Security

	2017	2016
Net tangible asset backing per ordinary security	4.4 cents	8.2 cents

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

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

Part 8 – Details of Associates and Joint Venture Entities

Name of entity	Ownership Interest		Contribution to net profit/(loss)	
	2017 %	2016 %	2017 \$A'000	2016 \$A'000
	N/A	N/A	N/A	N/A
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

Part 9 – Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

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

Not applicable

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

Not applicable

Attachments Forming Part of Appendix 4D

Attachment No.	Details
1	Interim Financial Report

Signed by Company Secretary



Cameron Jones

Dated: 20 February 2018



AdAlta Limited

ABN 92 120 332 925

**Half year report for the half-year ended
31 December 2017**

Corporate directory

Board of Directors

Mr Paul MacLeman	Non- Executive Chairman
Ms Samantha Cobb	Managing Director
Mr James Williams	Non-Executive Director
Ms Elizabeth McCall	Non-Executive Director
Mr John Chiplin	Non-Executive Director
Mr Robert Peach	Non-Executive Director

Company Secretary

Mr Cameron Jones

Registered Office

Suite 15 / 2 Park Drive
Bundoora Vic 3083

Website

Website: www.adalta.com.au

Auditors

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

Share Registry

Automic Registry Services
Level 3
50 Holt Street
Surrey Hills, NSW 2010
Tel: +61 2 9698 5414

Stock Exchange

Australian Securities Exchange Ltd

ASX Code

1AD

Half year report for the half-year ended 31 December 2017

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Directors' report

The Directors of AdAlta Limited ("AdAlta" or "the Company") submit herewith the financial report of the Company for the half-year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Names of Directors

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

Mr Paul MacLeman
Ms Samantha Cobb
Mr James Williams
Ms Elizabeth McCall
Mr John Chiplin
Mr Robert Peach

Operating results

The loss for the half-year ended 31 December 2017, after accounting for income tax benefit, amounted to \$3,409,565. The loss after tax for the Company was \$2,265,692 for the half-year ended 31 December 2016. The half-year ended 31 December 2017 operating results are attributed to the following:

- Research and development expenditure of \$2,413,163 (31 December 2016: \$1,710,130);
- Corporate and administration expenses of \$925,374 (31 December 2016: \$588,028); and
- Share based payment expense of \$108,952 (31 December 2016: Nil)

Financial position

The cash position as at 31 December 2017 was \$5.26m (30 June 2017: \$6.22m). Other points to note on the Company's financial position are:

- On 7 August 2017, the Company received a Research and Development tax incentive refund of \$1,777,030 for the 2016/2017 financial year

We anticipate an R&D tax refund in the September 2018 quarter in excess of last year's refund.

Cash outflows are in-line with forecasts as we continue to invest in manufacturing and pre-clinical activities.

AD-114 progresses toward the clinic

AdAlta continues to execute its plans to take AD-114 to the clinic for the treatment of Idiopathic Pulmonary Fibrosis (IPF), an indication for which the company has Orphan Drug Status from the US FDA.

AD-114 has demonstrated broad anti-fibrotic activity, leading to potential clinical applications in fibrotic diseases, notably idiopathic pulmonary fibrosis (IPF), for which current therapies have limited efficacy and there is a high-unmet medical need.

AdAlta's strategy is to develop its lead candidate, AD-114, to demonstrate safety and advance the lead to the clinic for treatment of fibrosis related diseases. Key milestones in the 2018 calendar year will include completion of the four week toxicology study in the first half of the year and commencement of the AD-114 Phase I clinical study in the second half of the year.

AdAlta currently intends to licence the lead candidate to a pharmaceutical or biotechnology company to generate up-front, milestone payments and licensing revenues. Precedent in the fibrosis field has seen licencing deals completed as early as at the end of a Phase I trial. Recently, some treatments have been licenced later (end of Phase 2) for significant additional multiples. AdAlta will assess licencing opportunities and determine the best approach dependent upon where the most value can be returned to shareholders.

Demonstration of the lead i-body drug candidate in the clinic is also expected to increase interest in wider applications of the i-body platform and its unique features of safety and efficacy. The i-body platform provides an opportunity for the expansion of the pipeline of i-body drug candidates that AdAlta can develop across multiple therapeutic areas.

The Company plans to maximise the benefits of its i-body platform and i-body libraries through partnerships, while retaining the ability to resource and focus on its own in-house discovery and development activities, which has proven a successful model for other participants in this space. Development of additional i-body drug candidates provides potential for additional revenue, including up-front milestone payments and licensing payments.

Operational update

We continue to progress with manufacturing and are on track in terms of producing materials for the final non-human primate study to be completed in the first half of 2018 and the GMP materials for the clinical study to be completed in the second half of 2018.

Over the past six months, AdAlta has completed three non-human primate studies each of which demonstrated the safety of AD-114. The first two studies were pharmacokinetic and dose escalating studies which looked at the half-life and safety of the lead i-body program, AD-114. The third study, an ascending, repeat-dose study, conducted over a period of seven days, was completed in September 2017. All studies to-date have demonstrated that the i-body is well tolerated and that there are no adverse effects with AD-114.

A key patent entitled "CXCR4 binding molecules" relating to AdAlta's lead candidate, AD-114 was granted in Australia during November 2017. This patent provides positive indication for the validity of claims being pursued internationally and strengthens our overall patent portfolio around AD-114, vital for partnering and commercialisation discussions.

AdAlta further strengthened its management team with new Chief Operating Officer, Dallas Hartman commencing in this newly created role on 9th October 2017, bringing significant experience in biologics manufacturing and preclinical drug development.

AdAlta continues to gain grants to pursue additional clinical applications for lead i-body candidate AD-114. In December, AdAlta collaborator Professor Carol Pollock from the University of Sydney was selected for a grant by the National Health and Medical Research Council (NHMRC) for \$764k. The grant funding, which commenced in January 2018 will build on work done to date examining the anti-fibrotic effects of AD-114 in several animal models of kidney fibrosis.

Interest in AD-114 has also led to CEO Sam Cobb and CSO Mick Foley being invited to internationally recognised conferences. CEO Sam Cobb presented at the inaugural Idiopathic Pulmonary Fibrosis (IPF) Summit in Boston in August 2017, connecting with a diverse range of key industry participants in the pulmonary fibrosis field and presenting with world experts and leaders in the field of IPF. Mick Foley subsequently presented at the Anti-Fibrotic Drug Development Summit in Boston in November 2017. The conference provided an opportunity for cross-disciplinary discussions between drug developers of innovative, new therapies for fibrotic diseases.

In January 2018, Bioshares highlighted AdAlta as one of its four M&A ideas for 2018-2019 and noting AdAlta as a Spec Buy, Class A.

In early February, AdAlta hosted an Investor/Analyst briefing with a mix of investors, clinicians and drug development experts discussing the next wave of innovative therapeutics, including the i-body platform. The event was well attended and drove further interest around the diverse number of targeted new GPCR or ion-channel therapeutics that AdAlta's i-body technology platform could deliver.

Post the half, in February 2018, AdAlta announced the publication of key data in the prestigious peer reviewed journal, *Nature Scientific Reports*. This publication detailed the pre-clinical data for AD-114 demonstrating the selectivity and functional activity of AD-114 in several *in vitro* and *in vivo* of lung fibrosis models, validating the importance of AD-114 as a potential treatment for the critically underserved area of IPF.

Outlook

The Company remains focused on progressing AD-114 towards the clinic as a therapy for IPF which has a significant unmet medical need and a clear pathway to registration.

The business is well positioned to continue to make clinical and commercial progress and AdAlta is grateful for the ongoing support of our shareholders.

We will continue to discuss both AD-114 and AdAlta's i-body platform with potential partners and looking ahead, CEO Sam Cob will present to investors and shareholders over coming months on the progress that is being made towards getting AD-114 into the clinic.

Subsequent events

400,000 options were granted to the Chief Operating Officer exercisable at \$0.31 in February 2018 in accordance with the Company's ESOP.

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

Auditor's independence declaration

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

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

On behalf of the directors



Paul MacLeman

Chairman

20 February 2018

Melbourne, Victoria, Australia

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of AdAlta Limited for the half year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

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

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 20 February 2018

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

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of ADALTA LIMITED ("the Company"), which comprises the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Company is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with the 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Company's financial position as at 31 December 2017 and its financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

Independence

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

BUTLER SETTINERI (AUDIT) PTY LTD

A handwritten signature in black ink, appearing to read 'Marius van der Merwe', written in a cursive style.

MARIUS VAN DER MERWE CA
Director

Perth

Date: 20 February 2018

Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position at 31 December 2017 and performance of the Consolidated Entity for the period ended on that date.

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

On behalf of the Directors



Paul MacLeman

Chairman

20 February 2018

Melbourne, Victoria, Australia

Condensed statement of profit or loss and other comprehensive income for the half-year ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
Continuing operations			
Revenue	3	37,924	12,580
Other income	3	-	19,886
Research and development expenses		(2,413,163)	(1,710,130)
Corporate administration expenses		(925,374)	(588,028)
Share based payment expenses		(108,952)	-
Loss before income tax		(3,409,565)	(2,265,692)
Income tax benefit		-	-
Loss for the period attributable to Owners of AdAlta Limited		(3,409,565)	(2,265,692)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(3,409,565)	(2,265,692)
Loss and total comprehensive loss attributable to:			
Owners of AdAlta Limited		(3,409,565)	(2,265,692)
Loss per share:			
Basic and diluted (cents per share)	4	(3.4)	(2.8)

Condensed notes to the financial statements are included on pages 12 to 17.

Condensed statement of financial position as at 31 December 2017

	Note	31 Dec 2017 \$	30 Jun 2017 \$
Current assets			
Cash and cash equivalents		5,262,648	6,224,617
Trade and other receivables		191,992	1,862,673
Total current assets		5,454,640	8,087,290
Non-current assets			
Other non-current assets		2,600	2,600
Total assets		5,475,240	8,089,890
Current liabilities			
Trade and other payables		934,355	285,915
Provisions		64,930	58,597
Total current liabilities		999,285	344,512
Total liabilities		999,285	344,512
Net assets		4,457,955	7,745,378
Equity			
Issued capital	5	17,573,527	17,560,338
Reserves	6	112,861	3,908
Accumulated losses		(13,228,433)	(9,818,868)
Total equity		4,457,955	7,745,378

Condensed notes to the financial statements are included on pages 12 to 17.

Condensed statement of changes in equity for the half-year ended 31 December 2017

	Issued capital \$	Share capital Series A Preference Shares \$	Convertible Notes	Retained Earnings \$	Share based payment reserve \$	Total \$
Balance at 1 July 2016	2,490,333	2,999,998	2,660,000	(6,986,350)	3,908	1,167,888
Loss for the period	-	-	-	(2,265,692)	-	(2,265,692)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,265,692)	-	(2,265,692)
Issue of ordinary shares	10,000,000	-	-	-	-	10,000,000
Conversion of options to shares	58,984	-	-	-	-	58,984
Share issue costs	(648,977)	-	-	-	-	(648,977)
Conversion of Preference Shares	2,999,998	(2,998,998)	-	-	-	-
Conversion of Convertible Notes	2,660,000	-	(2,660,000)	-	-	-
Balance at 31 December 2016	17,560,338	-	-	(9,252,042)	3,908	8,312,204
Balance at 1 July 2017	17,560,338	-	-	(9,818,868)	3,908	7,745,378
Loss for the period	-	-	-	(3,409,565)	-	(3,409,565)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(3,409,565)	-	(3,409,565)
Issue of ordinary shares (refer to note 5)	-	-	-	-	-	-
Conversion of options to shares (refer to note 5)	13,189	-	-	-	-	13,189
Recognition of share based payments	-	-	-	-	108,953	108,953
Balance at 31 December 2017	17,573,527	-	-	(13,228,433)	112,861	4,475,955

Condensed notes to the financial statements are included on pages 12 to 17.

Condensed statement of cash flows for the half-year ended 31 December 2017

		Half-year ended	
		31 Dec 2017	31 Dec 2016
		\$	\$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(2,809,427)	(1,951,095)
Interest received		60,381	12,580
R&D tax incentive		1,777,030	738,208
Grants received		-	19,724
Net cash used in operating activities		(972,016)	(1,180,583)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,142)	(1,837)
Net used in investing activities		(3,142)	(1,837)
Cash flows from financing activities			
Proceeds from share capital	5	-	10,000,000
Proceeds from option conversions	5	13,189	58,985
Payment of share issue costs	5	-	(584,757)
Net cash provided by financing activities		13,189	9,474,227
Net increase/(decrease) in cash and cash equivalents		(961,969)	8,291,807
Cash and cash equivalents at the beginning of the period		6,224,617	485,558
Cash and cash equivalents at the end of the period		5,262,648	8,777,365

Condensed notes to the financial statements are included on pages 12 to 17.

Condensed notes to the financial statements for the half-year ended 31 December 2017

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2017 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 20 February 2018.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Significant accounting judgements and key estimates

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

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

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

There were no new standards issued since 30 June 2017 that have been applied by the Company. The 30 June 2017 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2017.

2. Segment information

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

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

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

Corporate costs, finance costs, and interest revenue are not considered a separate segment. The Company is domiciled and conducts its operations in Australia.

Revenues were not derived from a single external customer.

3. Revenue

	31 Dec 2017 \$	31 Dec 2016 \$
Interest income	37,924	12,580
Grant income	-	19,724
R&D tax incentive	-	162
	37,924	32,466

4. Loss per share

	31 Dec 2017 \$	31 Dec 2016 \$
Basic and diluted loss per share	0.0337	0.0285

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

	31 Dec 2017 \$	31 Dec 2016 \$
Loss for the half-year attributable to the owners of the Company	3,409,565	2,265,692
	31 Dec 2017	31 Dec 2016
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	101,295,462	79,573,389

5. Issued Capital

	31-Dec-17		30-Jun-17	
	No.	\$	No.	\$
Fully paid ordinary shares	101,845,845	17,573,527	101,110,890	17,560,338
Balance at end of period	101,845,845	17,573,527	101,110,890	17,560,338

Ordinary Shares

	31-Dec-17		30-Jun-17	
	No.	\$	No.	\$
Balance at beginning of the reporting period	101,110,890	17,560,338	12,418,223	2,490,333
Issued on exercise of options	146,544	13,189	1,110,874	58,984
Issued on exercise of options under limited loan agreement	588,411	-	-	-
Conversion of preference shares	-	-	21,594,477	2,999,998
Conversion of convertible notes	-	-	25,987,316	2,660,000
Issued pursuant to capital raising	-	-	40,000,000	10,000,000
Capital raising costs	-	-	-	(648,977)
Balance at end of period	101,845,845	17,573,527	101,110,890	17,560,338

5. Issued Capital (continued)

Series A Preference Shares

	31-Dec-17		30-Jun-17	
	No.	\$	No.	\$
Balance at beginning of the reporting period	-	-	2,999,998	2,999,998
Conversion to ordinary shares	-	-	(2,999,998)	(2,999,998)
Balance at end of period	-	-	-	-

Convertible Notes

	31-Dec-17		30-Jun-17	
	No.	\$	No.	\$
Balance at beginning of the reporting period	-	-	2,660,000	2,660,000
Conversion to ordinary shares	-	-	(2,660,000)	(2,660,000)
Balance at end of period	-	-	-	-

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

Options on issue

Expiry Date	Balance as at 30 June 2017	Issued in the period	Exercised in the period	Expired in the period	Balance as at 31 Dec 2017
1 July 2018	145,976	-	145,976	-	-
21 September 2018	20,569	-	20,569	-	-
1 November 2018	73,272	-	73,272	-	-
1 July 2019	129,913	-	129,913	-	-
1 November 2019	365,225	-	365,225	-	-
16 October 2020	-	600,000	-	-	600,000
1 November 2020	234,472	-	-	-	234,472
14 November 2021	-	2,500,000	-	-	2,500,000
Total	969,427	3,100,000	734,955	-	3,334,472

6. Reserves

	31 Dec 2017 \$	30 June 2017 \$
Share based payment reserve	112,861	3,908
Total reserves at end of period	112,861	3,908

Employee options

1,750,000 options were granted to the Chief Executive officer in accordance with the Company's ESOP during the period. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of 1,750,000 unlisted options:

Number of options	750,000	500,000	250,000	250,000
Volatility (%)	94.29%	94.29%	94.29%	94.29%
Risk free interest rate (%)	1.50%	1.50%	1.50%	1.50%
Expected life of option (years)	4.00	4.00	4.00	4.00
Exercise price per terms and conditions	\$0.25	\$0.50	\$0.75	\$1.00
Underlying security price at grant date	\$0.22	\$0.22	\$0.22	\$0.22
Expiry date	14 Nov 2021	14 Nov 2021	14 Nov 2021	14 Nov 2021
Value per option	\$0.141	\$0.113	\$0.096	\$0.084

250,000 options were granted to the Directors in accordance with the Company's ESOP during the period. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of 250,000 unlisted options:

Number of options	200,000	50,000
Volatility (%)	94.29%	94.29%
Risk free interest rate (%)	1.50%	1.50%
Expected life of option (years)	3.00	3.00
Exercise price per terms and conditions	\$0.25	\$0.50
Underlying security price at grant date	\$0.22	\$0.22
Expiry date	14 Nov 2021	14 Nov 2021
Value per option	\$0.125	\$0.092

6. Reserves (continued)

600,000 options were granted to Scientific Advisory Board members in accordance with the Company's ESOP during the period. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of 600,000 unlisted options:

Number of options	600,000
Volatility (%)	96.17%
Risk free interest rate (%)	1.50%
Expected life of option (years)	3.00
Exercise price per terms and conditions	\$0.17
Underlying security price at grant date	\$0.24
Expiry date	16 Oct 2020
Value per option	\$0.161

500,000 options were granted to the Chief Scientific Officer in accordance with the Company's ESOP during the period. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of 500,000 unlisted options:

Number of options	200,000	100,000	100,000	100,000
Volatility (%)	94.29%	94.29%	94.29%	94.29%
Risk free interest rate (%)	1.50%	1.50%	1.50%	1.50%
Expected life of option (years)	4.00	4.00	4.00	4.00
Exercise price per terms and conditions	\$0.25	\$0.50	\$0.75	\$1.00
Underlying security price at grant date	\$0.22	\$0.22	\$0.22	\$0.22
Expiry date	14 Nov 2021	14 Nov 2021	14 Nov 2021	14 Nov 2021
Value per option	\$0.141	\$0.113	\$0.096	\$0.084

7. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2017. During the period under review there were no changes to key management personnel.

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

8. Dividends

No dividends were paid or declared for the half-year ended 31 December 2017 and the directors have not recommended the payment of a dividend.

9. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2017, the Company has no significant commitments.

10. Subsequent events

400,000 options were granted to the Chief Operating Officer exercisable at \$0.31 in February 2018 in accordance with the Company's ESOP.

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