



31 July 2020

Companies Announcements Office  
ASX Limited  
10<sup>th</sup> Floor, 20 Bridge Street  
SYDNEY NSW 2000

### **30 JUNE 2020 QUARTER OPERATIONS REPORT**

Significant activities in the Company's and its investee's activities during the June 2020 quarter were as follows:

#### *Share Consolidation*

Subsequent to a shareholders meeting held on 27 March 2020 the Company completed the consolidation of its issued capital on a one (1) for ten (10) basis ("Consolidation"). As a result of the Consolidation, the post consolidation securities in the Company are as follows:

- The total number of fully paid ordinary shares on issue were reduced from 3,341,463,202 shares to 334,146,072 fully paid ordinary shares.
- The share options were similarly consolidated on a one (1) for one ten (10) basis with the relevant exercise price for the options amended in inverse proportion to the consolidation ratio.

#### *Equity Raising*

During the quarter (post the share consolidation noted above) the Company issued 37,079,166 shares for cash \$333,700 at \$0.009 per share. In addition, 2,011,580 shares were issued to satisfy \$18,104 in consulting fees.

#### *Advent Energy*

Investee Advent Energy Ltd 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. Advent, through wholly owned subsidiary Asset Energy Pty Ltd, holds an 85% interest and is operator of the permit. Bounty Oil and Gas NL (ASX: BUY) holds the remaining 15%. The Joint Venture made application to NOPTA to change the current Permit conditions to proceed with the drilling. NOPTA has confirmed that this application is now in the final decision phase.

Onshore Energy ("Onshore") 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.

During the quarter Advent received applications for a further 300,000 shares at \$0.05 per share (\$15,000.)

### *Cortical Dynamics Limited*

Cortical has 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 now 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 and is currently awaiting final approval of the Company’s registration application to the Korean Ministry of Food and Drug Safety.

During the quarter BPH converted \$1,517,505 of debt owing by Cortical into equity by the issue of 15,175,050 shares in Cortical at \$0.10 per share. In addition, Cortical issued 1,252,540 shares to Grandbridge on conversion of \$125,254 owing to that company.

Cortical raised \$12,500 cash in the quarter by the issue of 100,000 shares at 12.5 cents per share.

### *Voluntary Suspension*

The Company requested voluntary suspension of its securities on 30 April 2020 pending the release of an announcement in respect to potential investments under its expanded investment mandate.

The voluntary suspension was lifted on 17 June 2020. The Company announced it had entered into a terms sheet in relation to a COVID related transaction. The terms sheet specified a 60-day due diligence period. Its terms were subject to ASX approval. The Company announced that it had terminated this agreement by mutual consent with the vendor and had accordingly asked the ASX to lift the company voluntary suspension. The ASX Life Science Code of Best Practice for Reporting by Life Science Practice and ASX Listing Rules specifies certain disclosures in relation to intellectual property and testing. These requirements could not be met.

The Company is continuing to evaluate new opportunities.

### *Legal Claims*

The Company’s associate companies, Advent Energy limited (“Advent”) and Asset Energy Pty Ltd (“Asset”), have each served a notice of demand on MEC Resources Limited (“MEC”) primarily in respect of costs incurred by Advent and Asset but claimed by MEC in its 30 June 2018 and 30 June 2019 annual Research and Development Tax Incentive claims with the Australian Taxation Office. The claim against MEC by Advent is \$242,155.21, and by Asset \$593,343.17. MEC recorded a current liability of \$593,796 payable to Asset in its 31 December 2019 half-year financial report lodged with ASX on 2 March 2020 and therefore it is the Company’s understanding that they do not contest the Asset claim against MEC nor its validity as a current liability. On 24 June 2020 MEC advised ASX that it has written to the boards of Advent and Asset and advised them that their claims are denied and that any legal proceedings to recover the alleged debts will be opposed.

*Details of payments to / receipts from related parties (Appendix 4C)*

Line 6.1: \$36,000 from the payment of management fees to Grandbridge, \$19,000 paid to a related party of a director as remuneration, less \$4,000 from the recharge of costs to Grandbridge Limited.

Line 6.2: Loans to three related parties, \$15,000 to Cortical, \$1,000 to Diagnostic Array Systems Limited, and \$12,500 to MDS Limited.

Authorised by

A handwritten signature in black ink, appearing to read 'D. Breeze'.

David Breeze  
Chairman