IMAGION BIOSYSTEMS

Imagion Biosystems Limited

Annual Report 2020

Contents

IBX ANNUAL REPORT 2020

2020 Highlights

MagSense™ HER2 Breast Cancer Phase I study initiated:

- Human Research Ethics Committee (HREC) approval received
- Manufacturing of MagSense™ HER2 nanoparticle formulation completed
- Study to be undertaken at multiple sites in Australia
- **Dr Jane Fox** – Monash Health - appointed as principal investigator
- Study opened for enrolment in December 2020

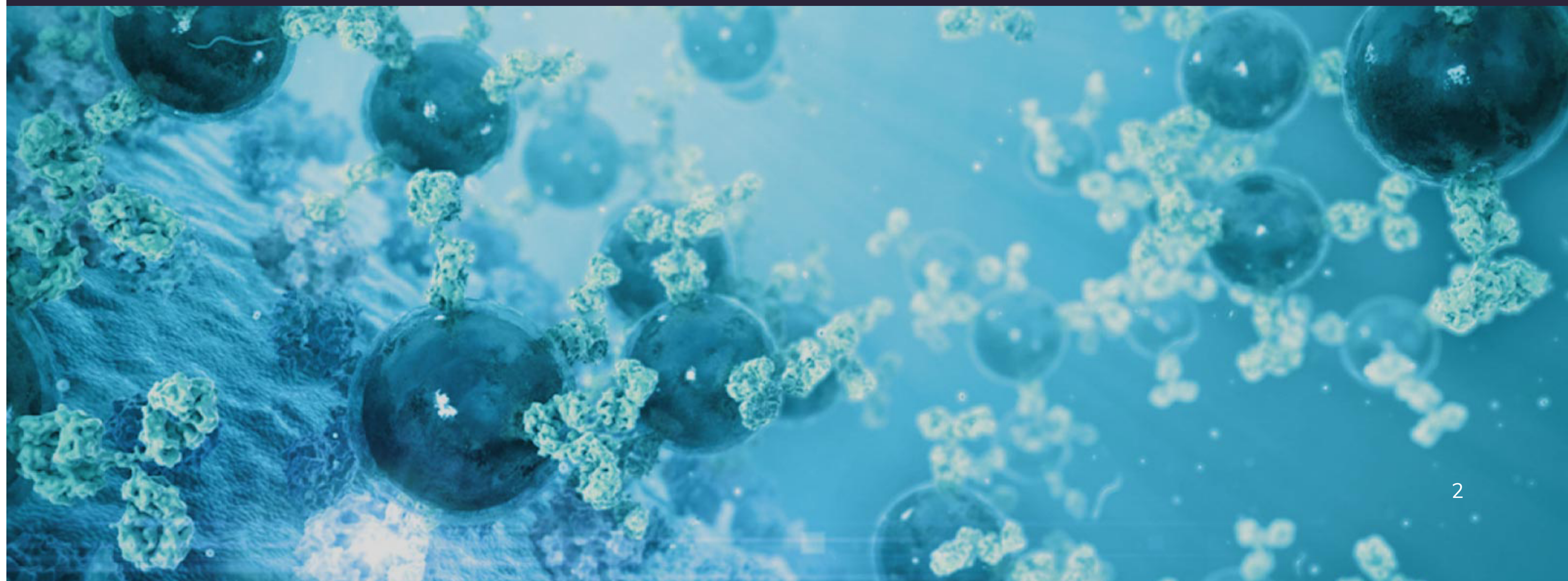
Collaboration with Siemens Healthineers explores utility of MagSense™ nanoparticles with conventional MRI

Research published from University of Sydney demonstrates utility of Imagion's nanoparticles with ultra-low field magnetic resonance imaging (ULF MRI)

Total of **A$12.2 million** funds raised (after costs) in 2020, supports continued MagSense™ HER2 Breast Cancer product development and expanding the product pipeline

Entered 2021 in strong cash position

Board of Directors strengthened with appointment of **Ms Dianne Angus**

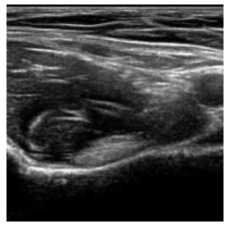


A Breakthrough in Early Cancer Detection

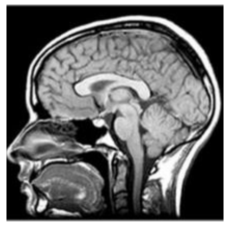
A new way to image the body

It's been over 50 years since the last new imaging technology was introduced.

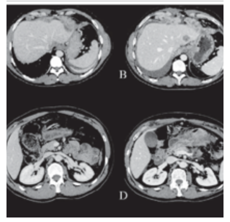
X-Ray
(Mammography)
1913



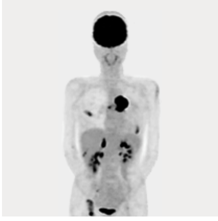
Ultrasound
1956



Magnetic Resonance
(MRI)
1971



Computed
Tomography (CT)
1972



Position Emission
Tomography (PET)
1973

Despite technical advances in these areas, there is a clear unmet need for a new technology that detects cancer with higher specificity and sensitivity without exposing patients to ionizing radiation.

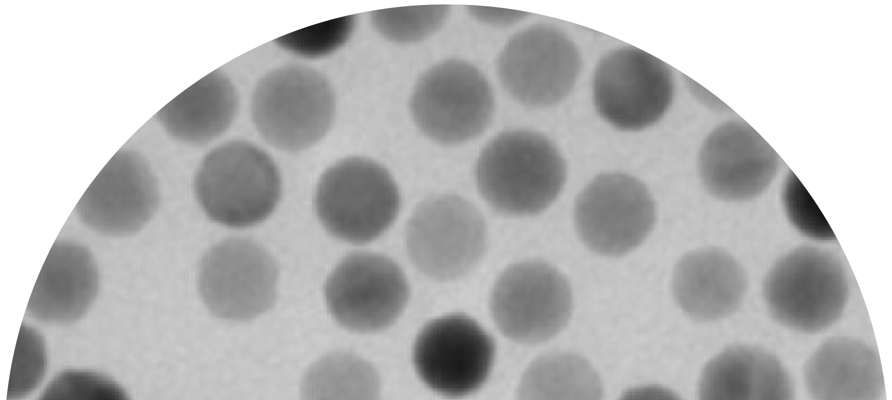
In 2019 the U.S. Food and Drug Administration (FDA) Center for Devices and Radiological Health (CDRH), the U.S. agency regulating medical device technologies, designated the MagSense™ System and Test for HER2 breast cancer as a "Breakthrough Device".

"What excites me about MagSense is the potential for a new way to achieve a functional image without radiation. If we are able to show it works clinically it would be a significant breakthrough."

Mike Harsh
Non-Executive Director of Imagion and former VP and CTO, GE Healthcare

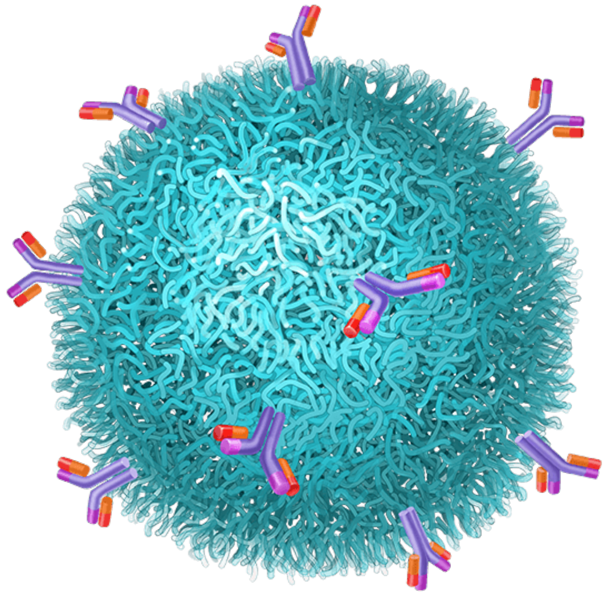
PrecisionMRX® iron oxide nanoparticles are core to our business

- Precisely made to control for properties important in many biomedical applications.
- Super Paramagnetic with high magnetic susceptibility.
- Bio-safe, non-toxic.
- Non-radioactive.
- Commercially available for research use.



We use PrecisionMRX® nanoparticles to find and detect cancer

1. Our MagSense™ nanoparticles use the PrecisionMRX® cores and add a targeting molecule, such as the HER2 antibody currently in development for breast cancer.
2. When injected into the body, these targeted nanoparticles bind to cancerous cells, if present, and produce a detectable magnetic signature.
3. The functional image informs the physician if tumour is present.
4. If no cancer is present, the nanoparticles do not produce a magnetic signature and are harmlessly metabolised by normal body functions.



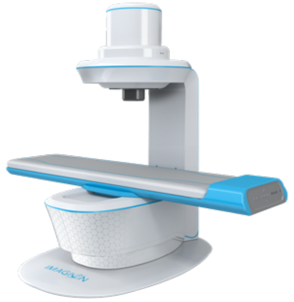
Imagion Biosystems has future plans to develop nanoparticles coated with other antibodies for indicators such as prostate and ovarian cancer.

Saving lives through early cancer detection and treatment

The global cancer diagnostic market is approximately $100 billion annually, yet every year cancer kills 9 million people because many of these cases are detected too late. There is a clear need for early and better diagnosis.

Imagion is on a mission to make cancer more detectable and at an earlier stage where possible. Our first product focuses on improving the staging of HER2 metastatic breast cancer. Future indicators may include primary diagnosis of prostate and ovarian cancer.

A small Phase I clinical study for our MagSense™ technology was initiated in Australia in 2020. The study will evaluate the safety of our MagSense™ nanoparticles and provide evidence of feasibility of two imaging methods:



Use with our proprietary magnetic relaxometry method

- Our MagSense™ instrument uses ultra-sensitive magnetic sensors to detect the tiny bio-safe nanoparticles.
- Nanoparticles bound to cancer cells act like a magnetic beacon to identify the presence of a tumour.

Use with Magnetic Resonance Imaging (MRI)

- Our nanoparticles could offer a safer alternative to the widely used contrast agent gadolinium.
- Siemens Healthineers Australia is collaborating with Imagion in our Phase I study to explore the utility of our nanoparticles.

To learn more about Imagion Biosystems and our MagSense™ technology, please visit https://imagionbiosystems.com/

Letter From the Chairman

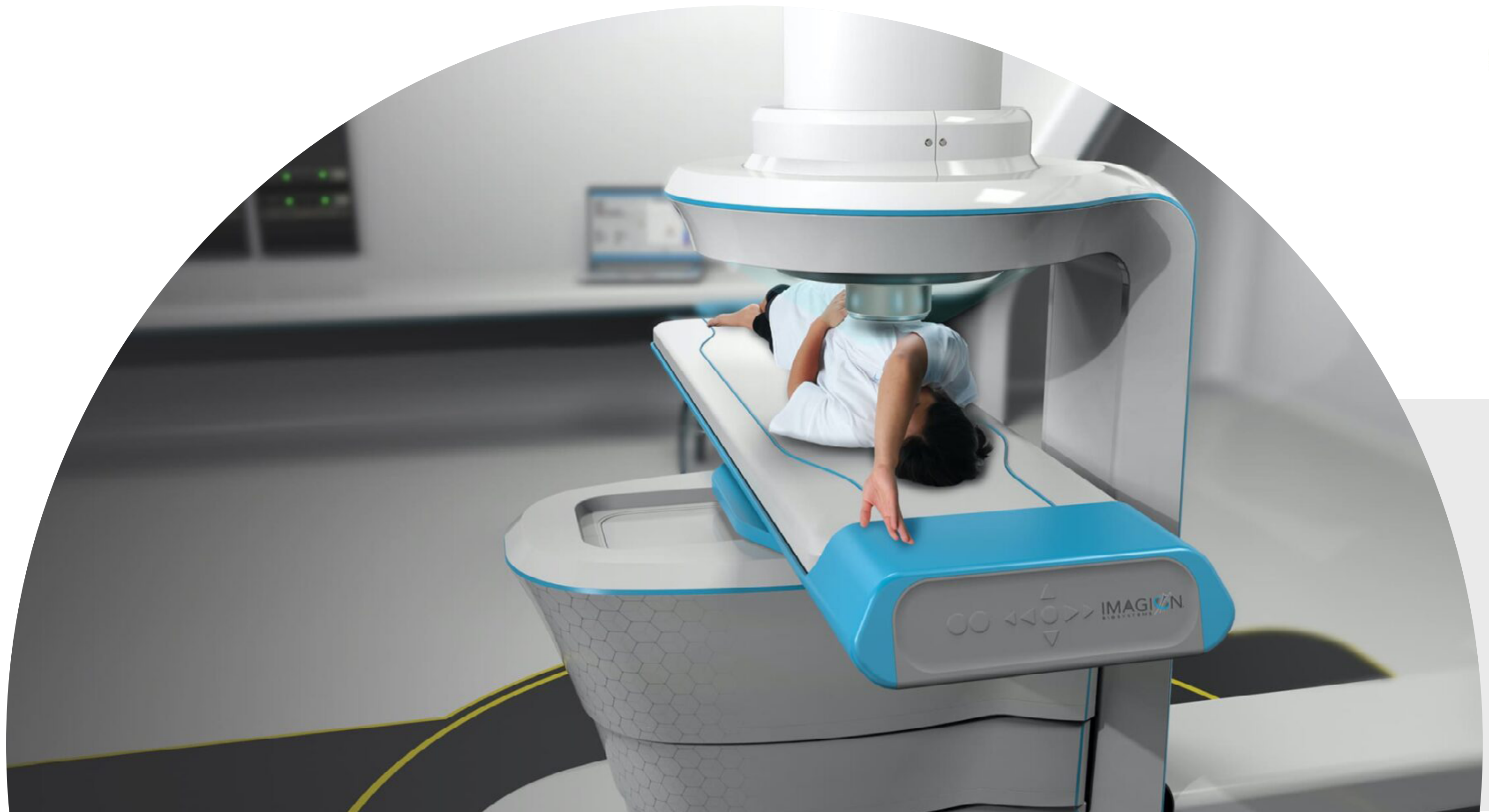
Dear Shareholders,

It has been a year of strong progress for Imagion Biosystems as we advanced the development of our novel MagSense™ technology, to initiate our first in-human study for HER2 metastatic breast cancer. We have worked diligently for the past few years to bring us to this point, and are proud to have initiated the study against the backdrop of global uncertainly due the COVID-19 pandemic.

Throughout 2020, we have remained steadfast in executing our plan and completing the necessary requirements to get the study underway. This included manufacturing of the MagSense™ HER2 nanoparticles for use in the study, preparing and obtaining Ethics approval (HREC), and of course signing a collaboration agreement with Siemens Healthineers to support our study's use of Magnetic Resonance Imaging (MRI). I am proud of our team's achievements to get us to this point.

Early in the year we appointed Dr Oliver Steinbach as Vice President Clinical and Regulatory Affairs. Dr Steinbach has been instrumental in leading the execution of the first in-human study. Following our HREC approval we reported that Monash Health was our first clinical site for the study to be led by Dr Jane Fox, the current Director of Breast Services at Monash Health, a highly regarded clinician who has dedicated her career to improving outcomes for patients with breast cancer and who is strongly supportive of the trial. I am also pleased to inform our shareholders that site initiation and training has now begun at a second site as well.

The utility of our underlying magnetic nanoparticles in biomedicine continues to expand as evidenced by publications from leading academic organisations. Research from the University of Sydney published earlier in the year highlighted the utility of Imagion's iron oxide nanoparticles in enabling ultra low-field magnetic resonance imaging (ULF MRI). This finding could lead to a reduced cost and improved accessibility of MRI. Another publication, by researchers at Weill Cornell Medical College, demonstrated the potential utility of our nanoparticles in a HIV-1 therapy, being used to stimulate the body's immune response by creating a 'particulate immunogen'.



IBX ANNUAL REPORT 2020

Our ability to raise funds during the year was instrumental in enabling us to continue our efforts to initiate the study unimpeded and has considerably strengthened our balance sheet providing working capital to accelerate key development plans. Additionally, the funds will enable Imagion to expand the product pipeline to other forms of cancers.

In April 2020 we completed an oversubscribed Rights Issue and shortfall placement, raising $2.2 million (net of costs). The company raised a further $10.0 million in August and November, in two oversubscribed placements. Each raise was well supported by new and existing sophisticated and institutional investors. Imagion's balance sheet was also strengthened by non-dilutive funding, with a $2.2 million Research & Development tax rebate received for the 2019 financial year.

In May 2020, the company appointed Ms Dianne Angus to its Board of Directors. Ms Angus joined the board as a Non-Executive Director. Ms Angus brings executive management and listed company director experience in the biotechnology, biopharmaceutical, agritech and healthcare industries.

Mr Geoff Hollis was appointed as Chief Financial Officer in December this year. He has strengthened our leadership team and is helping to drive the business forward during the next phase of growth.

I'd like to thank our tremendous team for the hard work and commitment they have shown, and congratulate them on achieving our goals in 2020. Our path ahead is exciting as we progress our Phase I study, accelerate development plans and expand our product pipeline to include other potential applications of our technology.

On behalf of the Board and all Imagion Biosystems employees, I want to thank investors for your continued support. The groundbreaking work we are doing to develop our transformative MagSense™ technology would not be possible without your funding and support.

I look forward to updating you during 2021 on our progress.

Robert Proulx

Executive Chairman
Imagion Biosystems Limited

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Imagion Biosystems Limited (referred to hereafter as the 'Company' or 'parent entity' or 'Imagion') and the entities it controlled at the end of, or during the year ended 31 December 2020.

Directors

The following persons were directors of Imagion Biosystems Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Robert Proulx

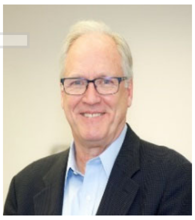
Executive Chair / President

Robert has been President of Imagion Biosystems since February 2015. Previous employment experience includes President / General Manager for Silicon Biosystems and a career in marketing and sales management with more than 25 years experience in the computer, life science and medical diagnostics industries. Some of Robert's other relevant experience include: Vice President Marketing and Sales for Nanogen Inc.; Senior Vice President of Marketing and Business Development at Gene Logic; and General Manager, Life Sciences at IGEN International Inc. Robert holds an M.A. and B.A. from The State University of New York at Albany and an Executive MBA from the Penn State Smeal College of Business.

Mr Michael Harsh

Non-Executive Director

Michael is a co-founder and Chief Product Officer of Terapede Systems, a digital X-ray startup that focuses on developing an ultra-high resolution medical flat panel X-ray detector. Prior to co-founding Terapede Systems in 2015, Mr. Harsh had a 36-year long career with General Electric, including serving as Global Technology Leader – Imaging Technologies at the GE Global Research Center and culminating with him serving as Vice President and Chief Technology of GE Healthcare. Additionally, he serves on the boards of directors of Endra Life Sciences (NASDAQ: NDRA), EmOpti and Compute Health Acquisition Corp as well as being a member the Radiological Society of North America ("RSNA"), Research & Education Foundation Board of Trustees. He had previously served as a director for FloDesign Sonics until its acquisition by MilliporeSigma, a division of the Merck Group. Mr. Harsh is a graduate of Marquette University, where he earned a bachelor's degree in Electrical Engineering. He holds numerous U.S. patents in the field of medical imaging and instrumentation. In 2008, Mr. Harsh was elected to the American Institute for Medical and Biological Engineering College of Fellows for his significant contributions to the medical and biological engineering field.



Mr David Ludvigson

Non-Executive Director

David is currently President & CEO at Nanomix, a point-of-care diagnostic medical device company. David is a financial and operating executive with over 35 years of international experience in life sciences and technology companies including Biogen (formerly IDEC Pharmaceuticals), Matrix Pharmaceutical, Nanogen, and MIPS Computer Systems. His experience over 15 years in the diagnostics arena has led numerous new product efforts from concept to market launch. David has conducted many successful strategic transactions including multiple acquisitions, corporate partnerships, technology and intellectual property licensing agreements, and OEM relationships and his financing experience includes venture capital, corporate, mezzanine, lease, bank credit line, LBO, IPO and secondary public sources.

Ms Jovanka Naumoska

Non-Executive Director

Jovanka is an Australian-qualified corporate lawyer with board-level experience in legal and regulatory issues pertaining to medical imaging technology. Jovanka serves Australian scientific development organisations in an expert capacity on matters relating to corporate law, business operations, intellectual property development and regulatory compliance. She formerly held the role of Company Secretary role for Imagion Biosystems up until 8 December 2020.

Mr Mark Van Asten

Non-Executive Director

Mark has over 30 years of experience in the medical diagnostics and life sciences industry. Much of this time has been in international business development, strategic planning and introduction of new technology. Through Diagnostic Technology, a company he founded, he has been responsible for the development and introduction of a number of innovative technology platforms and technologies into mainstream healthcare use, including HPV DNA testing for cervical cancer screening and the molecular monitoring for both viral infections and cancer treatments. He holds an Adjunct Senior Lectures position at the School of Biotechnology and Biomolecular Science, University of NSW where he has collaborated on a number of research projects related to biosynthetic pathways in bacteria.

Ms Dianne Angus

Non-Executive Director, appointed 8 May 2020

Dianne has worked as a senior executive within the biotechnology, agritech and healthcare sectors for over twenty years and currently serves as non-executive director with Neuren Pharmaceuticals Limited (ASX: NEU) and Bionic Vision Technologies Limited. She has built competitive and differentiated product portfolios, from investment in innovative research and product development to commercialisation and market entry. Dianne has created many global industry partnerships to accelerate asset development, financing and provide reputational validation & endorsement. With eighteen years' experience in ASX and NASDAQ listed companies, Dianne has expertise in corporate governance, capital raising and stakeholder engagement within the listed capital market sector. Dianne holds a B.Sc. (Ed), B.Sc. (Hons), M.(Biotechnology) and is a registered patent & trade mark attorney.

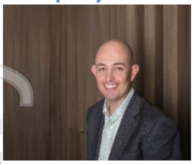
Former Director

Ms Bronwyn Le Grice

Non-Executive Director, resigned 31 March 2020

Bronwyn has more than 15 years of experience in healthcare and technology markets spanning venture capital, capital raising and corporate governance for Australian listed companies and non-profit organisations. She is currently Managing Director of ANDHealth, a unique industry-led non-profit organisation focused on strengthening the Australian digital health ecosystem and de-risking innovations in digital health. Prior to founding ANDHealth, Bronwyn was an Investment Director with leading Australian healthcare venture capital firm BioScience Managers, where she was responsible for managing significant transactions in the health technology and digital health sectors, resulting in more than A$65 million of private and public equity raisings. This included IPOs on the Australian Securities Exchange and the UK Alternative Investments Market, in addition to participating in deal origination, due diligence and negotiation for two funds totalling A$96 million under management.

Company Secretary



Mr Geoff Hollis

Company Secretary, appointed 8 December 2020

Geoff recently spent two years as CFO / Company Secretary of Victory Offices Limited, a leading provider of flexible workspace solutions leading them through an IPO on the Australian Stock Exchange. Prior to this Geoff spent 8 years as CFO / Company Secretary with Lifestyle Communities Limited, a fast growing ASX listed provider of residential accommodation for over 50's. Geoff commenced his career with almost 10 years at leading Melbourne based accounting and business advisory firm, Pitcher Partners. Geoff is experienced in capital and debt raisings along with ongoing investor relations function in addition to other CFO and Company Secretarial experience required for an ASX listed entity on a growth journey. Geoff is also a member of the Corporate Governance Institute and Chartered Accountants Australia and New Zealand.

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of: Nanotechnology; Biotechnology; Cancer Diagnostics; and Medical Imaging using Superparamagnetic Relaxometry.

Dividends

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

Review of operations

Revenue and Other Income comprised interest income, and sales of nanoparticles. The Company markets nanoparticles to customers through its website and expects to continue to do so, though revenue from this activity is not material and not expected to be material in the near future.

Operating loss of $5,364,007 (2019: $3,432,506 loss) was materially in line with projections and increased from 2019 due to: the Company increasing research and development expenditure leading up to the first in-human-trial being open for enrolment in December 2020; and increases in share based payment expenses.

In 2020, the Company successfully raised $13,501,480 (before costs) via a rights issue in April 2020 and two placements in August 2020 and November 2020 to continue to fund the costs to manufacture nanoparticle material, undertake the first-in-human study and continue research projects.

Significant changes in state of affairs

Bronwyn Le Grice resigned as a non-executive director on 31 March 2020.

The consolidated entity completed a rights issue that raised $2,501,480 (before costs) on 28 April 2020 through a non-renounceable rights issue of 250,147,965 shares at $0.01 to existing shareholders, sophisticated and professional investors.

In April 2020, the consolidated entity received $2,195,551 in R&D tax incentives from the Australian Taxation Office.

Dianne Angus was appointed as a non-executive director on 8 May 2020.

The consolidated entity completed a placement that raised $5,000,000 (before costs) on 4 August 2020 through the placement of 111,111,111 shares at $0.045 to existing shareholders, sophisticated and professional investors.

The consolidated entity completed a placement that raised $6,000,000 (before costs) on 27 November 2020 through the placement of 70,588,236 shares at $0.085 to existing shareholders, sophisticated and professional investors.

Matters subsequent to the end of the financial year
No other matters or circumstances have arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments and expected results of operations
Management expects spending to increase in future periods pending successful results from the Company's first in-human-trial in relation to HER2 breast cancer which was opened for enrolment in December 2020. If the in-human-trial is successful it is expected spending will increase as the Company moves its focus to a Pivotal Study (Phase III trial). The Company also expects to carry out other research and development projects throughout 2021.

Environmental regulation
The Consolidated Entity is not subject to any significant environment regulation under Australian Commonwealth or State Law.

Information on Directors

Name and title:	**Mr Robert Proulx** (Executive Chair / President)
Qualifications:	- Master of Arts and Bachelor of Arts, The State University of New York at Albany; - Executive Master of Business Administration, Penn State Smeal College of Business.
Expertise and experience:	Robert has over 25 years' experience bringing life science and medical device products through development and commercialisation and joined the predecessor company, Senior Scientific as President and Chief Operating Officer.
Other current directorships:	None
Former directorships (last 3 years):	None
Membership of committees:	None
Interest in shares:	5,987,000 shares
Interest in options:	6,458,250 options
Interest in rights:	5,000,000 performance rights
Contractual rights to shares:	5,000,000 performance rights are issued under the company's long-term incentive plan and will vest into one ordinary share each subject to achievement of prescribed performance conditions.

Name and title:	**Mr Michael Harsh** (Non-Executive Director)
Qualifications:	- Bachelor's degree in Electrical Engineering, Marquette University
Expertise and experience:	With over 36 years' service to GE, mostly with GE Healthcare on his résumé, Michael Harsh is extraordinarily fluent in the complex processes of transforming high-potential platform technologies into successful medical diagnostic products.
Other current directorships:	ENDRA Life Sciences (2016 – present); EmOpti, Inc. (2015 – present); Compute Health Acquisition Corp (2021-present).
Former directorships (last 3 years):	FloDesign (2015 - 2019), NociMed (2019-2020).
Membership of committees:	Audit and Risk Committee, Remuneration and Nomination Committee
Interest in shares:	260,000 shares
Interest in options:	560,000 options
Interest in rights:	Nil
Contractual rights to shares:	Nil

Name and title:	**Mr David Ludvigson** (Non-Executive Director)
Qualifications:	- Bachelor of Science in Accounting, University of Illinois - Masters in Accounting Science, University of Illinois.
Expertise and experience:	David is President and CEO of Nanomix, Inc, a mobile diagnostics company. Previously, David held executive leadership positions with Nanogen, Matrix Pharmaceutical, IDEC Pharmaceuticals, MIPS Computer Systems, and other high-tech companies. He began his career at Price Waterhouse.
Other current directorships:	China Stem Cells Ltd (2010-present); Nanōmix Inc. (2014-present).
Former directorships (last 3 years):	None
Membership of committees:	Audit and Risk Committee, Disclosure Committee
Interest in shares:	470,000 shares
Interest in options:	695,000 options
Interest in rights:	Nil
Contractual rights to shares:	Nil

Name and title:	**Ms Jovanka Naumoska** (Non-Executive Director)
Qualifications:	- Bachelor of Science degree, University of Wollongong; - Bachelor of Law degree and the Graduate Diploma in Legal Practice, University of Wollongong; -Graduate Diploma in Applied Corporate Governance, Governance Institute of Australia.
Expertise and experience:	Jovanka is an Australian-qualified corporate lawyer with board-level experience in legal and regulatory issues pertaining to medical imaging technology. Jovanka serves Australian scientific development organisations in an expert capacity on matters relating to corporate law, business operations, intellectual property development and regulatory compliance.
Other current directorships:	Security Matters Limited; National Accreditation Authority for Translators and Interpreters Limited
Former directorships (last 3 years):	None
Membership of committees:	Disclosure Committee
Interest in shares:	260,000 shares
Interest in options:	560,000 options
Interest in rights:	Nil
Contractual rights to shares:	Nil

Name and title:	**Mr Mark Van Asten** (Non-Executive Director)
Qualifications:	- Bachelor of Science, University of New South Wales
Expertise and experience:	As the Managing Director and founder of Diagnostic Technology Pty Ltd, Mark has been responsible for the development, introduction, and mainstream healthcare adoption of technologies throughout Australia and Asia. Mark has also held several director-level business development positions with US and Australian diagnostics corporations.
Other current directorships:	None
Former directorships (last 3 years):	Cimtech Limited
Membership of committees:	Audit and Risk Committee, Remuneration and Nomination Committee
Interest in shares:	470,000 shares
Interest in options:	695,000 options
Interest in rights:	Nil
Contractual rights to shares:	Nil

Name and title:	**Ms Dianne Angus** (Non-Executive Director)
Qualifications:	- Bachelor of Science (Hons), University of Melbourne; Masters in Biotechnology, Monash University.
Expertise and experience:	Dianne has worked as a senior executive within the biotechnology, agritech and healthcare sectors for over twenty years. With eighteen years' experience in ASX and NASDAQ listed companies, Dianne has expertise in corporate governance, capital raising and stakeholder engagement within the listed capital market sector.
Other current directorships:	Neuren Pharmaceuticals Limited
Former directorships (last 3 years):	None
Membership of committees:	Remuneration and Nomination Committee, Disclosure Committee
Interest in shares:	Nil
Interest in options:	500,000 options
Interest in rights:	Nil
Contractual rights to shares:	Nil

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Geoff Hollis was appointed as Company Secretary on 8 December 2020, replacing Ms Jovanka Naumoska. Geoff is a member of Chartered Accountant Australia and New Zealand, holds a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and a Bachelor of Commerce from Deakin University.

Geoff has 3,000,000 options which are subject to prescribed vesting conditions and 5,000,000 performance rights which are subject to the achievement of prescribed performance conditions.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2020, and the number of meetings attended by each director were:

	Board		**Audit & Risk Management Committee**		**Remuneration & Nomination Committee**	
	No. of meetings eligible to attend	Attended	No. of meetings eligible to attend	Attended	No. of meetings eligible to attend	Attended
Mr Robert Proulx	7	7	-	-	-	-
Mr Michael Harsh	7	7	2	2	-	-
Mr David Ludvigson	7	7	2	2	1	1
Ms Jovanka Naumoska	7	7	-	-	1	1
Mr Mark Van Asten	7	7	2	2	1	1
Ms Dianne Angus(1)	5	5	-	-	-	-
Ms Bronwyn Le Grice(2)	1	1	-	-	-	-

(1) Appointed 8th May 2020
(2) Resigned 31st March 2020

Remuneration Report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- principles used to determine the nature and amount of remuneration;
- details of remuneration;
- service agreements;
- share-based compensation;
- additional information; and
- additional disclosures relating to key management personnel.

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board has determined the remuneration arrangements for the directors and executives with the appointment of the Nomination and Remuneration Committee they will be responsible for determining and reviewing remuneration arrangements for its directors and executives.

The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive director's remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The Board recommends the actual payments to directors and shareholders are responsible for ratifying any recommendations, if appropriate. ASX listing rules require the aggregate non-executive director's remuneration be determined periodically by a general meeting. The aggregate approved remuneration for non-executive directors is $250,000.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has five components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments;
- health care benefits; and
- other remuneration such as superannuation and long service leave.

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

Fixed remuneration, consisting of base salary and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. No STI payments were proposed or paid during the year to executives.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

Details of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity include: the Non-Executive Directors; Executive Director - Robert Proulx; and the Chief Financial Officer - Geoff Hollis and Brian Conn (resigned).

	Short-term benefits			Share-based payment		
2020	**Cash salary & fees**	**Cash bonus**	**Non-monetary**	**Equity-settled shares**	**Equity-settled options**	**Total**
	$	$	$	$	$	$
Non-Executive Directors						
Michael Harsh	20,851	-	-		804	21,655
David Ludvigson	20,851	-	-		804	21,655
Jovanka Naumoska	20,950	-	-		804	21,754
Mark Van Asten	20,950	-	-		804	21,754
Dianne Angus(1)	24,726	-	-		804	25,530
Bronwyn Le Grice(2)	5,000	-	-	-	-	5,000
Non-Executive Directors						
Robert Proulx	406,819	-	-	171,225	29,533	607,577
Other Key Management						
Geoff Hollis(3)	25,000	-	-	6,331	6,318	37,649
Brian Conn(4)	178,145	-	-	-	-	178,145
Total	723,292	-	-	177,556	39,871	940,719

(1) Represents remuneration from 8 May 2020 to 31 December 2020.
(2) Represents remuneration from 1 January 2020 to 31 March 2020.
(3) Represents remuneration from 1 December 2020 to 31 December 2020.
(4) Represents remuneration from 1 January 2020 to 31 July 2020.

	Short-term benefits			Share-based payment		
2019	**Cash salary & fees**	**Cash bonus**	**Non-monetary**	**Equity-settled shares**	**Equity-settled options**	**Total**
	$	$	$	$	$	$
Non-Executive Directors						
Michael Harsh	20,000	-	-	9,208	-	29,208
David Ludvigson	20,000	-	-	9,208	-	29,208
Jovanka Naumoska	20,000	-	-	9,208	-	29,208
Mark Van Asten	20,000	-	-	9,208	-	29,208
Bronwyn Le Grice	25,000	-	-	4,476	-	29,476
John Hazle(1)	10,000	-	-	7,800	-	17,800
Non-Executive Directors						
Robert Proulx	399,440	-	-	(939,600)	-	(540,160)
Other Key Management						
Brian Conn	209,093	-	-	(183,600)	16,129	41,622
Total	723,533	-	-	(1,074,092)	16,129	(334,430)

(1) Represents remuneration from 1 January 2019 to 27 June 2019.

Due to the reversal of performance rights as a result of the reassessment of probabilities of performance milestone achievement, the share-based payments for Robert Proulx and Brian Conn is negative for the year ended 31 December 2019.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Non-Executive Directors						
Michael Harsh	96%	68%	-	-	4%	32%
David Ludvigson	96%	68%	-	-	4%	32%
Jovanka Naumoska	96%	68%	-	-	4%	32%
Mark Van Asten	96%	68%	-	-	4%	32%
Dianne Angus	97%	-	-	-	3%	-
Bronwyn Le Grice	100%	85%	-	-	-	15%
John Hazle	-	56%	-	-	-	44%
Non-Executive Directors						
Robert Proulx	67%	(74%)	-	-	33%	174%
Other Key Management						
Geoff Hollis	66%	-	-	-	34%	-
Brian Conn	100%	502%	-	-	-	(402%)

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Robert Proulx
Title:	Executive Chair / President
Agreement commenced:	1 May 2020
Term of agreement:	3 years, unless extended by mutual agreement
Details:	-Base salary of $US240,000 per annum, to be reviewed annually by the Nomination and Remuneration Committee; -Entitled to up to 16,000,000 Rights and Options under the Equity Incentive Plan (subject to certain milestones being met); -12 months termination notice by the Company.

Name:	Mr Geoff Hollis
Title:	Chief Financial Officer / Company Secretary
Agreement commenced:	1 December 2020
Term of agreement:	Ongoing
Details:	-Base salary of $AUD300,000 per annum, to be reviewed annually by the Nomination and Remuneration Committee; -Entitled to up to 8,000,000 Rights and Options under the Equity Incentive Plan (subject to certain milestones being met); -3 months termination notice by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

On 29 April 2020, 150,000 rights were converted into ordinary shares to a former director.

On 23 June 2020, 200,000 rights were converted into ordinary shares to directors.

On 28 August 2020, 2,000,000 options were exercised and converted into ordinary shares to a former key management personnel.

On 10 September 2020, 2,500,000 rights were converted into ordinary shares to the executive director.

On 22 October 2020, 2,500,000 rights were converted into ordinary shares to the executive director.

On 26 November 2020, 100,000 options were exercised and converted into ordinary shares to a former key management personnel.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
					$	$
Robert Proulx	2,000,000	6-Aug-20	1-May-21	1-May-26	0.028	0.010
Robert Proulx	2,000,000	6-Aug-20	1-May-22	1-May-27	0.028	0.014
Robert Proulx	2,000,000	6-Aug-20	1-May-23	1-May-28	0.028	0.016
Michael Harsh	250,000	6-Aug-20	1-May-21	1-May-26	0.028	0.010
Michael Harsh	250,000	6-Aug-20	1-May-22	1-May-27	0.028	0.014
David Ludvigson	250,000	6-Aug-20	1-May-21	1-May-26	0.028	0.010
David Ludvigson	250,000	6-Aug-20	1-May-22	1-May-27	0.028	0.014
Jovanka Naumoska	250,000	6-Aug-20	1-May-21	1-May-26	0.028	0.010
Jovanka Naumoska	250,000	6-Aug-20	1-May-22	1-May-27	0.028	0.014
Mark Van Asten	250,000	6-Aug-20	1-May-21	1-May-26	0.028	0.010
Mark Van Asten	250,000	6-Aug-20	1-May-22	1-May-27	0.028	0.014
Dianne Angus	250,000	6-Aug-20	1-May-21	1-May-26	0.028	0.010
Dianne Angus	250,000	6-Aug-20	1-May-22	1-May-27	0.028	0.014
Geoff Hollis	1,000,000	9-Dec-20	30-Nov-21	30-Nov-26	0.140	0.045
Geoff Hollis	1,000,000	9-Dec-20	30-Nov-22	30-Nov-27	0.140	0.064
Geoff Hollis	1,000,000	9-Dec-20	30-Nov-23	30-Nov-28	0.140	0.077

Options granted carry no dividend or voting rights.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting are as follows:

Name	Number of rights granted	Grant date	Expiry date	Exercise price	Fair value per right at grant date
				$	$
Robert Proulx(1)	10,000,000	6-Aug-20	30-Apr-23	-	0.028
Geoff Hollis	5,000,000	9-Dec-20	30-Nov-23	-	0.063

(1) Note: 5,000,000 performance rights were converted into ordinary shares during the financial year upon achievement of performance milestones.
Performance rights granted carry no dividend or voting rights.

Additional information
The historical earnings of the Consolidated Entity are summarised below:

	2020	2019	2018	2017
	$	$	$	$
Revenue	2,696,964	2,490,000	371,489	339,057
Net loss before tax	5,364,007	3,432,506	8,340,013	7,794,602
Net loss after tax	5,364,007	3,432,506	8,340,013	7,794,602

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	**2019**	**2018**	**2017**
Share price at the start of the financial year ($)	0.025	0.030	0.110	0.200
Share price at the end of the financial year ($)	0.145	0.025	0.030	0.110
Basic earnings per share (cents per share)	(0.007)	(0.010)	(0.038)	(0.051)
Diluted earnings per share (cents per share)	(0.007)	(0.010)	(0.038)	(0.051)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	**Balance at start of year**	**Received remuneration**	**Additions**	**Disposals**	**Balance at the end of the year**
Robert Proulx	705,000	5,000,000	282,000	-	5,987,000
Michael Harsh	150,000	50,000	60,000	-	260,000
David Ludvigson	300,000	50,000	120,000	-	470,000
Jovanka Naumoska	150,000	50,000	60,000	-	260,000
Mark Van Asten	300,000	50,000	120,000	-	470,000
Dianne Angus	-	-	-	-	-
Geoff Hollis	-	-	-	-	-
Total	**1,605,000**	**5,200,000**	**642,000**	**-**	**7,447,000**

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	**Balance at start of year**	**Granted**	**Exercised**	**Expired / forfeited / other**	**Balance at the end of the year**
Robert Proulx	176,250	6,000,000	-	282,000	6,458,250
Michael Harsh	-	500,000	-	60,000	560,000
David Ludvigson	75,000	500,000	-	120,000	695,000
Jovanka Naumoska	-	500,000	-	60,000	560,000
Mark Van Asten	75,000	500,000	-	120,000	695,000
Dianne Angus	-	500,000	-	-	500,000
Geoff Hollis	-	3,000,000	-	-	3,000,000
Total	**326,250**	**11,500,000**	**-**	**642,000**	**12,468,250**

Performance rights holding

The number of performance shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at start of year	Granted	Vested	Expired / forfeited / other	Balance at the end of the year
Robert Proulx	8,700,000	10,000,000	(5,000,000)	(8,700,000)	5,000,000
Michael Harsh	50,000	-	(50,000)	-	-
David Ludvigson	50,000	-	(50,000)	-	-
Jovanka Naumoska	50,000	-	(50,000)	-	-
Mark Van Asten	50,000	-	(50,000)	-	-
Dianne Angus	-	-	-	-	-
Geoff Hollis	-	5,000,000	-	-	5,000,000
Total	**8,900,000**	**15,000,000**	**(5,200,000)**	**(8,700,000)**	**10,000,000**

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Imagion Biosystems Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
6-Jun-18	20-Jun-21	$0.2000	3,000,000
24-Jun-19	24-Jun-24	$0.0280	2,150,000
22-Oct-19	20-Sep-24	$0.0600	100,000
22-Oct-19	22-Aug-24	$0.0600	300,000
22-Oct-19	7-Oct-24	$0.0600	200,000
26-Nov-19	26-Nov-21	$0.0500	87,000,705
28-Apr-20	28-Apr-23	$0.0300	239,739,933
6-Aug-20	1-May-26	$0.0280	3,250,000
6-Aug-20	1-May-27	$0.0280	3,250,000
6-Aug-20	1-May-28	$0.0280	2,000,000
29-Sep-20	30-Sep-25-31-Aug-28	$0.0909	10,150,000
9-Dec-20	30-Nov-26	$0.1400	1,000,000
9-Dec-20	30-Nov-27	$0.1400	1,000,000
9-Dec-20	30-Nov-28	$0.1400	1,000,000
10-Feb-21	28-Feb-28-31-Jan-29	$0.1750	2,500,000
			356,640,638

Shares issued on the exercise of options

The following ordinary shares of Imagion Biosystems Limited were issued during the year ended 31 December 2020 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
18-Aug-20	$0.0600	21,600,000
28-Aug-20	$0.0280	2,000,000
20-Oct-20	$0.0600	2,370,000
26-Nov-20	$0.0600	10,730,000
15-Feb-21	$0.0194 - $0.0593	2,986,604
11-Aug-20 to 23-Feb-21 (1)	$0.0300	28,908,032
4-Sep-20 to 23-Feb-21 (2)	$0.0500	9,705,690
		78,300,326

(1) 45 separate conversions of listed options occurred between the dates as per above
(2) 26 separate conversions of listed options occurred between the dates as per above

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Non-audit services provided during the financial year by the auditor included $4,700 for advice in relation to adopting AASB 16 and option valuation services. The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of these non-audit services mean that auditor independence was not compromised.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

On behalf of the directors

Robert Proulx
Director

25 February 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Imagion Biosystems Limited and its subsidiaries for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 25 February 2021
Melbourne, Victoria

Imagion Biosystems Limited
Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2020

	Note	2020 $	2019 $
Revenue			
Revenue and other income	4	501,413	432,714
Research & development tax incentives		2,195,551	2,057,286
		2,696,964	**2,490,000**
Operating Expenses			
Research & development expenses		(2,860,772)	(2,269,006)
Employment expenses		(2,424,170)	(2,757,564)
Professional fees		(1,161,389)	(784,023)
General expenses		(749,786)	(868,684)
Share based payments expense		(399,145)	940,754
Depreciation expense	5	(360,574)	(141,988)
Foreign exchange gain/(loss)		(61,283)	(32,837)
Finance costs	5	(43,852)	(9,158)
		(8,060,971)	**(5,922,506)**
Loss before income tax expense		**(5,364,007)**	**(3,432,506)**
Income tax expense (benefit)		-	-
Loss after Income Tax Expense		**(5,364,007)**	**(3,432,506)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve	15	(92,235)	(70,284)
Income tax relating to these items		-	-
Other comprehensive income/(loss), net of tax		(92,235)	(70,284)
Total comprehensive Income (loss) for the year Attributable to the Owners of Imagion Biosystems Limited		**(5,456,242)**	**(3,502,790)**

	Note	Cents	Cents
Basic earnings (loss) per share	23	(0.007)	(0.010)
Diluted earnings (loss) per share	23	(0.007)	(0.010)

These financial statements should be read in conjunction with the accompanying notes.

Imagion Biosystems Limited
Consolidated Statement of Financial Position
As at 31 December 2020

	Note	2020 $	2019 $
Current Assets			
Cash and cash equivalents	6	13,200,547	3,401,713
Trade and other receivables		-	71
Other current assets	7	233,440	171,112
Total Current Assets		13,433,987	3,572,896
Non-Current Assets			
Property, plant and equipment	8	160,432	434,150
Right-of-use assets	9	524,585	865,051
Total Non-Current Assets		685,017	1,299,201
Total Assets		**14,119,004**	**4,872,097**
Current Liabilities			
Trade and other payables	10	402,090	885,979
Lease liabilities	11	358,230	261,760
Employee benefits	12	109,095	101,832
Other liabilities	13	31,438	33,990
Total Current Liabilities		900,853	1,283,561
Non-Current Liabilities			
Lease liabilities	11	302,748	615,019
Employee benefits	12	1,536	-
Total Non-Current Liabilities		304,284	615,019
Total Liabilities		**1,205,137**	**1,898,580**
Net Assets		**12,913,867**	**2,973,517**
Equity			
Issued capital	14	51,322,126	36,904,580
Reserves	15	1,601,289	714,478
Accumulated losses	16	(40,009,548)	(34,645,541)
Total Equity		**12,913,867**	**2,973,517**

These financial statements should be read in conjunction with the accompanying notes.

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 January 2019	33,182,325	1,899,938	(31,213,035)	3,869,228
Loss after income tax	-	-	(3,432,506)	(3,432,506)
Other comprehensive income/(loss) after tax	-	(70,284)	-	(70,284)
Total comprehensive income/(loss)	-	(70,284)	(3,432,506)	(3,502,790)
Transactions with owners in their capacity as owners				
Contributions of equity	3,848,272	-	-	3,848,272
Costs of contributions of equity	(287,033)	-	-	(287,033)
Transfer from reserves	161,016	(161,016)	-	-
Share based payments	-	(954,160)	-	(954,160)
Balance as at 31 December 2019	**36,904,580**	**714,478**	**(34,645,541)**	**2,973,517**

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 January 2020	36,904,580	714,478	(34,645,541)	2,973,517
Loss after income tax	-	-	(5,364,007)	(5,364,007)
Other comprehensive income/(loss) after tax	-	(92,235)	-	(92,235)
Total comprehensive income/(loss)	-	(92,235)	(5,364,007)	(5,456,242)
Transactions with owners in their capacity as owners				
Contributions of equity	16,157,593	-	-	16,157,593
Costs of contributions of equity	(1,901,922)	-	-	(1,901,922)
Transfer from reserves	161,875	(161,875)	-	-
Share based payments	-	1,140,921	-	1,140,921
Balance as at 31 December 2020	**51,322,126**	**1,601,289**	**(40,009,548)**	**12,913,867**

These financial statements should be read in conjunction with the accompanying notes.

Imagion Biosystems Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Note	2020 $	2019 $
Cash Flows from Operating Activities			
Receipts from customers (inc of sales and other taxes)		319,125	558,844
Payments to suppliers and employees (inc of sales and other taxes)		(7,102,542)	(6,815,862)
Interest received		1,132	16,556
Interest and other finance costs paid		(36,356)	(3,501)
Government grants and tax incentives		2,195,551	2,061,918
Net cash outflow from operating activities	**22**	**(4,623,090)**	**(4,182,045)**
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(7,860)	(12,353)
Net cash outflow from investing activities		**(7,860)**	**(12,353)**
Cash Flows from Financing Activities			
Proceeds from the issue of shares		13,501,480	3,369,266
Share issue costs		(1,340,077)	(13,305)
Proceeds from the exercise of options		2,606,144	5,148
Proceeds from financing arrangements		-	84,770
Loan from US Government authority		233,815	-
Lease repayments		(480,624)	(120,165)
Net cash inflow from financing activities		**14,520,738**	**3,325,714**
Net increase (decrease) in cash and cash equivalents		9,889,788	(868,684)
Cash and cash equivalents at start of year		3,401,713	4,367,097
Effects of exchange rate changes on cash and cash equivalents		(90,954)	(96,700)
Cash and cash equivalents at end of year	**6**	**13,200,547**	**3,401,713**

These financial statements should be read in conjunction with the accompanying notes.

1 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of Imagion Biosystems Limited & Controlled Entities (the "consolidated entity") for 31 December 2020 were authorised for issue by the Directors on 25 February 2021.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* , as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the *Corporations Act 2001* , these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Imagion Biosystems Limited as at 31 December 2020 and the results of all subsidiaries for the year then ended. Imagion Biosystems Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

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

1 Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Comparatives
Comparative figures for the prior year have been re-classified where appropriate to align with current year disclosures.

b) Going Concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $5,364,007 (2019: $3,432,506), and had net cash outflows from operating activities of $4,623,090 (2019: $4,182,045) for the year ended 31 December 2020. The consolidated entity is still in the product development phase recording minimal sales revenue, consequently it is dependent on external funding to cover ongoing product development and has forecast losses for the next financial year.

Despite this financial position, the Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern after considering the following factors:

- The consolidated entity successfully raised $14.8 million (net of costs) during 2020 from a combination of rights issues, placements and exercises of options;
- The consolidated entity is expecting to receive further material funds upon the exercise of listed options in 2021;
- The Directors are confident that the consolidated entity has sufficient funds to meet its objectives in 2021;
- The consolidated entity has historically received some cost relief through the receipt of research & development income tax incentives and the directors expect this to continue.

1 Significant accounting policies (continued)

c) Foreign currency translation

The financial statements are presented in Australian dollars, which is Imagion Biosystems Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

d) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

1 Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

e) Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

f) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

1 Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

i) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

1 Significant accounting policies (continued)

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

j) Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using straight-line and diminishing value methods to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

k) 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.

1 Significant accounting policies (continued)

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.

l) Research and development

Research costs for the development of intellectual property are expenses in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure is capitalised and is amortised on a straight-line basis over the period of expected benefits from the related project.

m) 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 and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

o) 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.

p) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

1 Significant accounting policies (continued)

q) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

r) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted.

1 Significant accounting policies (continued)

The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests.

For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

1 Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

t) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Imagion Biosystems Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

w) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

1 Significant accounting policies (continued)

x) Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

y) New Accounting Standards and Interpretations not yet mandatory or early adopted Australian

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2 Critical Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

2 Critical Accounting Estimates, Assumptions and Judgements (continued)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

3 Operating segments

Identification of reporting operating segments
The consolidated entity is organised into one operating segment being Research & Development. This operating segment is based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determine the allocation of resources).

4 Revenue

	2020 $	2019 $
Sales revenue		
Sale of goods	205,717	410,854
	205,717	410,854
Other revenue:		
Interest	5,338	21,788
Forgiveness of US Government authority loan	222,676	-
Other revenue	67,682	72
	295,696	21,860
	501,413	432,714

Sale of goods includes $197,328 relating to contracted sales which were delivered at a point in time.

Forgiveness of US Government authority loan relates to a loan provided by the US Small Business Association for its Paycheck Protection Payment as part of COVID-19 relief. The Company, in accordance with eligibility requirements, applied to have this loan forgiven in December 2020 and the Company received notification in January 2021 that the loan and any associated interest had been forgiven in full.

Other revenue includes $62,854 from the Australian Taxation Office in relation to cash flow boosts received as part of COVID-19 relief.

5 Expenses

	Note	2020 $	2019 $
Depreciation:			
Plant and equipment	**8**	68,049	118,186
Right-of-use assets	**9**	292,525	23,802
		360,574	141,988
Finance costs:			
Interest payable on hire purchase liabilities	**11**	6,440	5,137
Unwinding of the lease liability interest	**11**	37,387	3,557
Other interest		25	464
		43,852	9,158

6 Cash and cash equivalents

	2020 $	2019 $
Cash on hand	15	16
Cash at bank	5,200,532	3,401,697
Term deposits	8,000,000	-
	13,200,547	3,401,713

Funds were placed on term deposit in December 2020 in two tranches for periods of three and six months. They are at call within 31 days notice and are therefore recorded as cash and cash equivalents.

7 Other current assets

	2020	2019
	$	$
Prepayments	129,606	97,977
GST refundable	65,514	25,748
Security deposits	35,805	43,644
Other assets	2,515	3,743
	233,440	171,112

8 Property, plant and equipment

	2020	2019
	$	$
Plant and equipment, at cost	753,535	1,032,534
Less: accumulated depreciation	(593,103)	(598,384)
	160,432	434,150

Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	2020	2019
Opening balance	434,150	271,860
Additions	63,502	278,233
Assets written-off	(120,331)	-
Foreign currency revaluation movements	(22,519)	2,243
Depreciation expense	(194,371)	(118,186)
Closing balance	160,432	434,150

9 Right-of-use assets

	2020	2019
	$	$
Land and buildings: right-of-use	808,738	889,095
Less: accumulated depreciation	(284,153)	(24,044)
	524,585	865,051

Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	2020	2019
Opening balance	865,051	-
Additions	-	889,095
Other	(13)	-
Foreign currency revaluation movements	(47,928)	-
Depreciation expense	(292,525)	(24,044)
Closing balance	524,585	865,051

The consolidated entity leased land and buildings for its offices in December 2019 under an agreement of 25 months with an option to extend. The lease has various escalation clauses. On renewal, the terms of the lease are renegotiated.

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

10 Trade and other payables

	2020 $	2019 $
Trade payables	288,301	708,905
Other payables and accruals	113,789	177,074
	402,090	885,979

11 Lease liabilities

	Interest rate	2020 $	2019 $
Current			
Lease liability - premises	5.0%	267,384	245,675
Hire purchase liabilities	6.6%	90,846	16,085
		358,230	261,760
Non-current			
Lease liability - premises	5.0%	265,735	612,533
Hire purchase liabilities	5.0%	37,013	2,486
		302,748	615,019

Information in relation to the lease liability - premises is below:

	2020	2019
Maturity analysis - contractual undiscounted cash flows		
Less than one year	288,702	282,770
One to five years	297,545	644,487
Total undiscounted lease liabilities	586,247	927,257
Amounts recognised in profit and loss		
Interest on lease liabilities	37,387	3,557
Amounts recognised in profit and loss		
Total cash outflow for leases	286,207	-

12 Employee benefits

	2020 $	2019 $
Current		
Provision for annual leave	109,095	101,832
Non-current		
Provision for long service leave	1,536	-

13 Other liabilities

	2020 $	2019 $
Make good provision	31,438	33,990

14 Issued capital

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	998,367,288	511,282,191	51,322,126	36,904,580

Movements in ordinary share capital - 2019

Details	Date	Shares	Issue Price	$
Opening balance	1-Jan-19	322,742,824	-	33,182,325
Issue of shares (performance rights)	24-Jun-19	962,500	0.160	154,000
Issue of shares (performance rights)	30-Sep-19	31,250	0.160	5,000
Issue of shares (share-based payment)	30-Sep-19	3,445,310	0.050	172,266
Issue of shares (exercise of options)	4-Oct-19	187,500	0.039	7,266
Issue of shares (rights issue)	26-Nov-19	181,412,807	0.020	3,628,256
Costs of capital raising	26-Nov-19	-	-	(287,033)
Issue of shares (share-based payment)	10-Dec-19	2,500,000	0.017	42,500
	31-Dec-19	511,282,191		36,904,580

Movements in ordinary share capital - 2020

Details	Date	Shares	Issue Price	$
Opening balance	1-Jan-20	511,282,191	-	36,904,580
Issue of shares (rights issue)	28-Apr-20	250,147,965	0.010	2,501,480
Costs of capital raising	28-Apr-20	-	-	(295,228)
Issue of shares (performance rights)	29-Apr-20	150,000	0.060	9,375
Issue of shares (performance rights)	23-Jun-20	200,000	0.060	12,500
Issue of shares (placement)	4-Aug-20	111,111,111	0.045	5,000,000
Issue of shares	4-Aug-20	1,000,000	0.050	50,000
Issue of shares (costs of capital raising)	4-Aug-20	-	-	(50,000)
Costs of capital raising	4-Aug-20	-	-	(667,963)
Issue of shares (exercise of options)	18-Aug-20	21,600,000	0.060	1,296,000
Issue of shares (exercise of options)	28-Aug-20	2,000,000	0.028	55,980
Issue of shares (performance rights)	10-Sep-20	2,500,000	0.028	70,000
Issue of shares (exercise of options)	20-Oct-20	2,370,000	0.060	142,200
Issue of shares (performance rights)	22-Oct-20	2,500,000	0.028	70,000
Issue of shares (exercise of options)	26-Nov-20	10,730,000	0.060	643,800
Issue of shares (placement)	27-Nov-20	70,588,236	0.085	6,000,000
Costs of capital raising	27-Nov-20	-	-	(888,731)
Issue of shares (exercise of listed options)	Various	7,062,785	0.030	211,884
Issue of shares (exercise of listed options)	Various	5,125,000	0.050	256,250
	31-Dec-20	998,367,288		51,322,126

14 Issued capital (continued)

On 28 April 2020 the consolidated entity completed a rights issue that raised $2,501,480 (before costs) through non-renounceable rights issue of 250,147,965 shares at $0.01.

On 29 April 2020, 150,000 vested performance shares were converted into ordinary shares. The performance shares were issued to a former director.

On 23 June 2020, 200,000 vested performance shares were converted into ordinary shares. The performance shares were issued to current directors.

On 4 August 2020 the consolidated entity completed a placement that raised $5,000,000 (before costs) through the issue of 111,111,111 shares at $0.045. 1,000,000 ordinary shares were also issued as part of the costs of the placement.

On 18 August 2020, an option holder exercised 21,600,000 options and converted to ordinary shares.

On 28 August 2020, an former employee exercised 2,000,000 options and converted to ordinary shares.

On 10 September 2020, 2,500,000 vested performance shares were converted into ordinary shares. The performance shares were issued to the CEO.

On 20 October 2020, an option holder exercised 2,370,000 options and converted to ordinary shares.

On 22 October 2020, 2,500,000 vested performance shares were converted into ordinary shares. The performance shares were issued to the CEO.

On 26 November 2020, option holders exercised 10,730,000 options and converted to ordinary shares.

On 27 November 2020 the consolidated entity completed a placement that raised $6,000,000 (before costs) through the issue of 70,588,236 shares at $0.085.

On various dates throughout 2020 option holders exercised a total of 7,062,785 $0.03 listed options and converted to ordinary shares.

On various dates throughout 2020 option holders exercised a total of 5,125,000 $0.05 listed options and converted to ordinary shares.

Listed options
As part of two separate renounceable rights issues (in November 2019 and April 2020) the Company issued listed options. In November 2019 'IBXO options' were issued with an exercise price of $0.05. In April 2020 'IBXOA options' were issues with an exercise price of $0.03. IBXO options expire on 26 November 2021 and IBXOA options expire on 28 April 2023. Both IBXO and IBXOA options entitle the holder to convert one option to one ordinary share upon application and payment.

14 Issued capital (continued)

Movements in listed options during the current and previous financial year are set out below:

2019	IBXO	
Details	**Date**	**Options**
Opening balance	1-Jan-19	-
Options allotted post rights issue	26-Nov-19	96,706,395
Closing balance	31-Dec-19	96,706,395

2020	IBXO		IBXOA	
Details	**Date**	**Options**	**Date**	**Options**
Opening balance	1-Jan-20	96,706,395	1-Jan-20	-
Options allotted post rights issue			28-Apr-20	228,732,965
Options allotted follow-on placement			27-Jul-20	21,415,000
Options allotted to lead manager			27-Jul-20	6,000,000
Options allotted to lead manager			6-Aug-20	6,500,000
Options allotted to lead manager			27-Nov-20	6,000,000
Options converted to ordinary shares	Various	(5,125,000)	Various	(7,062,785)
Closing balance	31-Dec-20	91,581,395	31-Dec-20	261,585,180

IBXOA options allotted on 27 July 2020 were in relation to the April 2020 right issue and were prescribed a value of $26,460 included as part of the costs of capital raising.

IBXOA options allotted on 6 August 2020 were in relation to the August 2020 placement and were prescribed a value of $185,907 included as part of the costs of capital raising.

IBXOA options allotted on 27 November 2020 were in relation to the November 2020 placement and were prescribed a value of $510,000 included as part of the costs of capital raising.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

15 Reserves

	2020	2019
	$	$
Foreign currency translation reserve	(59,573)	32,662
Share based payment reserve	1,660,862	681,816
	1,601,289	714,478

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

15 Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payment reserve $	Foreign currency reserve $	Total $
Balance as at 1 January 2019	1,796,992	102,946	1,899,938
Movements in revaluation of foreign currency	-	(70,284)	(70,284)
Share based payments for key management, non-executive directors and employees	(954,160)	-	(954,160)
Conversion to share capital	(161,016)	-	(161,016)
Balance at 31 December 2019	681,816	32,662	714,478

	Share based payment reserve $	Foreign currency reserve $	Total $
Balance as at 1 January 2020	681,816	32,662	714,478
Movements in revaluation of foreign currency	-	(92,235)	(92,235)
Share based payment for lead managers and advisors	722,368		722,368
Share based payment for suppliers	37,212		37,212
Share based payments for key management, non-executive directors and employees	381,341	-	381,341
Conversion to share capital	(161,875)	-	(161,875)
Balance at 31 December 2020	1,660,862	(59,573)	1,601,289

16 Accumulated losses

	2020 $	2019 $
Accumulated losses at the beginning of the financial year	(34,645,541)	(31,213,035)
Losses after income tax expense for the year	(5,364,007)	(3,432,506)
Accumulated losses at the end of the financial year	(40,009,548)	(34,645,541)

17 Key management personnel

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2020 $	2019 $
Short-term employee benefits	723,292	723,533
Share based payments	217,427	(1,057,963)
	940,719	(334,430)

Share based payments for the year ended 31 December 2019 is a negative amount, reflecting the reversal of performance rights following a reassessment of the probabilities related to milestone achievement.

18 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	2020	2019
	$	$
Audit services - RSM Australia Partners		
Audit or review of the financial statements	67,000	60,000
Other services in relation to adoption of AASB 16 and option valuation advice	4,700	-
	71,700	60,000

19 Commitments

The consolidated entity had contracted commitments for services in relation to its MagSense™ HER2 breast cancer Phase I first-in-human study totalling $718,821. These expenses are expected to be incurred in 2021. The consolidated entity had no other commitments (2019: $nil).

20 Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income	2020	2019
	$	$
(Loss) after income tax	(4,117,825)	(3,868,212)
Total comprehensive income	(4,117,825)	(3,868,212)

Statement of financial position	2020	2019
	$	$
Total current assets	11,296,821	3,185,926
Total assets	11,296,834	3,370,893
Total current liabilities	364,414	614,362
Total liabilities	365,950	614,362
Equity		
Issued capital	51,322,126	36,488,486
Reserves	1,947,990	1,385,037
Retained earnings	(42,339,232)	(35,116,992)
Total equity	10,930,884	2,756,531

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2020 and 31 December 2019.

Capital commitments
The parent entity had contracted commitments for services in relation to its MagSense™ HER2 breast cancer Phase I first-in-human study totalling $718,821. These expenses are expected to be incurred in 2021. The parent entity had no other commitments (2019: $nil).

20 Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

21 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	**2020**	**2019**
Name	**Country of incorporation**	**%**	**%**
Imagion Biosystems Inc	Unites States of America	100	100

22 Reconciliation of loss after income tax to net cash flows from operating activities

	2020	**2019**
	$	**$**
Loss after income tax expense for the year	(5,364,007)	(3,432,506)
Adjustments for:		
Depreciation expense	360,574	142,230
Assets written-off	120,331	-
Refundable deposit	-	123,112
Foreign exchange loss	61,283	32,837
Share based payments expense	399,145	(940,754)
Direct equity raising costs	-	7,882
Interest	-	5,657
Insurance hire purchase	249,875	-
Loan forgiveness	(222,676)	-
Bad debts	-	4,945
Equity settled payments	24,425	180,852
	(4,371,050)	(3,875,745)
Changes in operating assets and liabilities:		
Trade and other receivables	(66,000)	(20,900)
Trade and other payables	(186,040)	(298,909)
Monies in trust	-	13,509
	(4,623,090)	(4,182,045)

23 Earnings per share

	2020	**2019**
	$	**$**
Loss after income tax	(5,364,007)	(3,432,506)
Loss after income tax attributable to the owners of Imagion Biosystems Limited	(5,364,007)	(3,432,506)

23 Earnings per share (continued)

	2020 Number	2019 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	747,075,458	342,221,471
Weighted average number of ordinary shares used in calculating diluted earnings per share	747,075,458	342,221,471

	2020 Cents	2019 Cents
Loss after income tax	(0.007)	(0.010)
Loss after income tax attributable to the owners of Imagion Biosystems Limited	(0.007)	(0.010)

24 Share based payments

Performance shares
Since listing on the Australian Stock Exchange, the consolidated entity has established various incentive arrangements to assist in the attraction, retention and motivation of its employee and management group.

Employees
No performance rights were issued to employees in 2020 (2019: nil).

On 24 June 2019, 62,500 rights were converted into ordinary shares to an employee.

On 30 September 2019, 31,250 rights were converted into ordinary shares to an employee.

There are no performance rights outstanding for employees at end of 2020 (2019:nil).

Key management personnel and directors
A total of 15,000,000 rights over shares were issued to key management personnel and directors (10,000,000 on 6 August 2020 and 5,000,000 on 9 December 2020). These rights vest three years after the date of issue with all 15,000,000 rights being subject to performance milestones. Each right is convertible into one ordinary share upon vesting. Performance rights are unquoted.

On 29 April 2020, 150,000 rights were converted into ordinary shares to a former director.

On 23 June 2020, 200,000 rights were converted into ordinary shares to directors.

On 10 September 2020, 2,500,000 rights were converted into ordinary shares upon achievement of a performance milestone.

On 22 October 2020, 2,500,000 rights were converted into ordinary shares upon achievement of a performance milestone.

10,400,000 rights lapsed during the year due to non-achievement of milestones.

24 Share based payments (continued)

	Employees		Directors & Key Management	
2019	**Unvested**	**Vested**	**Unvested**	**Vested / not exercised**
1 January 2019	62,500	31,250	11,650,000	-
Issued	-	-	-	-
Vested - based on employment	(62,500)	62,500	(900,000)	900,000
Converted to shares	-	(93,750)	-	(900,000)
Balance 31 December 2019	**-**	**-**	**10,750,000**	**-**
2020				
Issued	-	-	15,000,000	-
Vested - based on employment	-	-	(350,000)	350,000
Vested - based on achievement of milestones	-	-	(5,000,000)	5,000,000
Lapsed - due to non-achievement of milestone:	-	-	(10,400,000)	-
Converted to shares	-	-	-	(5,350,000)
Balance 31 December 2020	**-**	**-**	**10,000,000**	**-**

Options
A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Employees
A total of 10,150,000 options were issued to employees on 29 September 2020. The options have an exercise price of $0.0909 and vest monthly over three years with expiry dates between 30 September 2025 and 30 September 2028.

Key management personnel and directors
A total of 6,000,000 options were issued to key management personnel on 1 June 2020. The options have an exercise price of $0.028 with one third vesting on 1 May 2021, another third vesting on 1 May 2022 and another third vesting on 1 May 2023. Expiry dates are 1 May 2026 to 1 May 2028.

A total of 2,500,000 options were issued to directors on 1 June 2020. The options have an exercise price of $0.028 with half vesting on 1 May 2021, and the other half vesting on 1 May 2022. Expiry dates are 1 May 2026 and 1 May 2027.

A total of 3,000,000 options were issued to key management personnel on 9 December 2020. The options have an exercise price of $0.14 with one third vesting on 30 November 2021, another third vesting on 30 November 2022 and another third vesting on 30 November 2023. Expiry dates are 30 November 2026 to 30 November 2028.

24 Share based payments (continued)

Set out below are summaries of options granted under the plans:

2020

Grant date	Expiry date	Exercise price	Balance at 1-Jan-2020	Granted	Exercised	Expired / forfeited / other	Balance at 31-Dec-2020
24-Jun-19	24-Jun-24	$0.028	4,650,000	-	(2,000,000)	(500,000)	2,150,000
1-Jun-20	1-May-26	$0.028	-	3,250,000	-	-	3,250,000
1-Jun-20	1-May-27	$0.028	-	3,250,000	-	-	3,250,000
1-Jun-20	1-May-28	$0.028	-	2,000,000	-	-	2,000,000
29-Sep-20	30-Sep-28	$0.091		10,150,000	-	-	10,150,000
9-Dec-20	30-Nov-26	$0.140	-	1,000,000	-	-	1,000,000
9-Dec-20	30-Nov-27	$0.140	-	1,000,000	-	-	1,000,000
9-Dec-20	30-Nov-28	$0.140	-	1,000,000	-	-	1,000,000
			4,650,000	21,650,000	(2,000,000)	(500,000)	23,800,000
Weighted average exercise price			$0.028	$0.073	$0.028	-	$0.069

2019

Grant date	Expiry date	Exercise price	Balance at 1-Jan-2019	Granted	Exercised	Expired / forfeited / other	Balance at 31-Dec-2019
24-Jun-19	24-Jun-24	$0.028	-	5,300,000	(187,500)	(462,500)	4,650,000
Weighted average exercise price			-	$0.028	$0.028	$0.028	$0.028

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2020 Number	2019 Number
24-Jun-19	24-Jun-24	2,150,000	3,475,000
29-Sep-20	30-Sep-28	845,833	-
		2,995,833	3,475,000

The weighted average share price during the financial year was $0.062 (2019: $0.033).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 6.08 years (2019: 4.48 years).

24 Share based payments (continued)

For the options granted during the current and previous financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24-Jun-19	24-Jun-24	$0.017	$0.028	87.00%	0.00%	0.92%	$0.011
1-Jun-20	1-May-26	$0.028	$0.028	110.00%	0.00%	0.04%	$0.010
1-Jun-20	1-May-27	$0.028	$0.028	110.00%	0.00%	0.04%	$0.014
1-Jun-20	1-May-28	$0.028	$0.028	110.00%	0.00%	0.04%	$0.016
29-Sep-20	30-Sep-28	$0.083	$0.091	110.00%	0.00%	0.36%	$0.047-$0.064
9-Dec-20	30-Nov-26	$0.125	$0.140	110.00%	0.00%	0.43%	$0.045
9-Dec-20	30-Nov-27	$0.125	$0.140	110.00%	0.00%	0.43%	$0.064
9-Dec-20	30-Nov-28	$0.125	$0.140	110.00%	0.00%	0.43%	$0.077

25 Financial instruments

The consolidated entity’s activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Derivatives are not currently used by the consolidated entity for hedging purposes. The consolidated entity does not speculate in the trading of derivative instruments.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations, in particular United States dollars.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity’s functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity had net assets denominated in foreign currencies of $1,982,996 (assets of $2,822,183 less liabilities of $829,187) as at 31 December 2020 (2019: Net assets $216,998 (assets of $1,501,217 less liabilities of $1,284,219)). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2019: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been $99,150 lower/$99,150 higher (2019: $10,850 lower/$10,850 higher) .

25 Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows (holdings are shown in AUD equivalent):

	Assets		Liabilities	
	2020	**2019**	**2020**	**2019**
US dollars	2,822,183	1,501,217	839,187	1,284,218

Price risk
The Consolidated Entity is not exposed to any significant price risk.

Credit risk
Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the consolidated entity's receivables from customers and investment securities. The consolidated entity has only minimal sales revenue and consequently does not have credit exposure to outstanding receivables.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the consolidated entity uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy.

During the year, the consolidated entity had no variable rate interest bearing liability. It is the consolidated entity's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Liquidity risk
Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation. The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility. The consolidated entity's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

25 Financial instruments (continued)

2020	**Weighted average %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total $**
Non-interest bearing						
Trade payables		288,301	-	-	-	288,301
Other payables		113,789	-	-	-	113,789
Interest bearing						
Lease liability	5.0%	267,384	265,735	-	-	533,119
Hire purchase liability	6.1%	90,846	12,050	24,963	-	127,859
		760,320	277,785	24,963	-	1,063,068

2019	**Weighted average %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total $**
Non-interest bearing						
Trade payables		708,905	-	-	-	708,905
Other payables		177,074	-	-	-	177,074
Interest bearing						
Lease liability	5.0%	262,257	296,476	318,587	-	877,320
		1,148,236	296,476	318,587	-	1,763,299

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

26 Fair value measurement

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities are estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2.

Unquoted investments have been valued using a discounted cash flow model.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

27 Income tax benefit

	2020 $	2019 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised (Australia)	7,742,871	9,384,665
Potential tax benefit at 26.0% for 2020 and 27.5% for 2019	2,013,146	2,580,783
Unused tax losses for which no deferred tax asset has been recognised (USA)	9,587,222	8,794,261

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the company satisfies the relevant tax loss rules in the relevant jurisdictions and the Company earns sufficient taxable profit to absorb the losses.

28 Contingent liabilities

As of 31 December 2020, the Company was not party to any material litigation, claims or suit whose outcome could have a material effect on the financial statements (31 December 2019: Nil).

29 Related party transactions

Parent entity
Imagion Biosystems Limited is the parent entity.

Subsidiaries
Interest in subsidiaries are set out in Note 21.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	2020 $	2019 $
Payment for contracting services - Bronwyn Le Grice	5,000	25,000

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2020 $	2019 $
Trade payables to David Ludvigson	-	20,554
Trade payables to Michael Harsh	-	24,122
Trade payables to Jovanka Naumoska	-	27,080
Trade payables to Mark Van Asten	-	27,080

30 Events after the reporting period

No other matters or circumstances have arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

In the directors' opinion:

- the attached financial statements and notes and the remuneration disclosures that are contained within the Remuneration report within the Directors' report comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Robert Proulx
Executive Chair
Imagion Biosystems Limited

25 February 2021

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Imagion Biosystems Limited

Opinion

We have audited the financial report of Imagion Biosystems Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(I) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Fair Value of the share-based payments Refer to Note 24 in the financial statements	
In prior periods and in the current period IBX awarded share-based payments in the form of performance rights and share options. In addition, in the current financial period several employees and non-executive directors converted their performance rights and options to shares. There is an element of subjectivity in management's assessment regarding the achievement of vesting conditions relating to the performance rights. We identified share-based payments as a key audit area due the complexity in the valuation of the options and performance rights issued.	Our audit procedures included, among others: - Reviewing the minutes of directors' meetings and ASX announcements for the approvals in relation to the granting of the instruments; - Reviewing the key terms and conditions of the share-based payment arrangements; - Reviewing managements estimates of achieving vesting conditions for the performance rights issued based on the performance in the current period; - Involving our valuation specialists in assessing the key assumptions used in the valuations model including the risk free rate relevant share prices of the company and volatility rates reflecting likely share price movements over the life of the option; - Challenging the reasonableness of key assumptions used by management relative to the valuation at the grant date; - Verifying the mathematical accuracy of the computation; and - Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.
Going Concern	
Historically, IBX has been loss-making, has significant cash outflows and is dependent on continued support from investors through ongoing capital raises to fund research and development activities during its current start-up phase. We noted key financial indicators for the period such as operating losses, and operating cash outflows of $7.1m for the 12 months. IBX had cash reserves of approximately $13.2m as 31 December 2020 to cover IBX's forecast cash burn for the upcoming financial year of approximately $11m. We included the going concern assumption as a key audit matter as the company relies on external support to cover its planned expenditure.	- Reviewing the current financial position of IBX; - Reviewing ASX announcements, board minutes and all other relevant documentation to assess the entities progress with its research activities; - Reviewing managements' forecasts for the expected results for a period of twelve months from the date of signing the financial statements, including assessing the accuracy and the assumptions used; - Understanding the forecast expenditure committed and what could be considered discretionary; and - Considering potential downside scenarios and the resultant impact on available funds.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity 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 Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Imagion Biosystems Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Report on the Remuneration Report (continued)

Responsibilities

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

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 25 February 2021
Melbourne, Victoria

Corporate Governance Statement

The Company's Directors and management are committed to conducting the business of the Group in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations* (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.imagionbiosystems.com), and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with the ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on the Company's website (www.imagionbiosystems.com).

Additional Securities Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders no elsewhere disclosed in this Annual Report. The information provided is current as at 23 February 2021 (**Reporting Date**).

Quoted equity securities - ordinary shares

As at the Reporting Date, the Company had a total of 1,022,104,180 fully paid ordinary shares on issue. The Company's shares are quoted on the ASX, and form the only class of securities on issue in the Company that is quoted on the ASX, and that carries voting rights.

At a general meeting of the Company, every holder of ordinary shares is entitled to vote in person or by proxy or attorney; and on a show of hands (every person present who is a member has one vote); and on a poll (every person present in person or by proxy or attorney has one vote for each ordinary share they hold).

Range of holdings

An analysis of the number of shareholders in the Company by size of holding is as follows:

Share Range	**Number of Holders**	**Units**	**%**
1-1,000	54	10,044	0.001%
1,001-5,001	1,233	4,508,458	0.439%
5,001-10,000	1,711	13,133,307	1.278%
10,001-100,000	4,939	184,297,279	17.932%
100,001 and over	1,457	825,830,741	80.351%
Total	9,394	1,027,779,829	100.000%

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel of shares as at the Reporting Date (based on a closing price of $0.20 per share) was 159.

Top 20 Shareholders

The names of the 20 largest holders of ordinary shares as at the Reporting Date are listed below:

Rank	Name	No. of shares	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	56,856,953	5.532%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,978,808	3.501%
3	CITICORP NOMINEES PTY LIMITED	22,674,960	2.206%
4	THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM	10,529,053	1.024%
5	MR ANTHONY FAILLACE	10,361,838	1.008%
6	MR HAOJIE LI	9,850,000	0.958%
7	G & D FINN PTY LTD	8,000,000	0.778%
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,596,510	0.739%
9	MR ANESTIS LAZARIDIS	7,583,365	0.738%
10	MR YUSUF KUCUKBAS <YASEP A/C>	7,400,000	0.720%
11	MR GREGORY JOHN HOWLETT & MRS MARGARET WILHELMINA HOW	6,740,000	0.656%
12	MR ROBERT REVELEY	6,100,000	0.594%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,294,200	0.515%
14	BAIRDOS PTY LTD	5,000,000	0.486%
15	ROOKHARP CAPITAL PTY LIMITED	5,000,000	0.486%
16	E & W NOMINEE PTY LTD <LIANG FAMILY SUPER FUND A/C>	4,750,000	0.462%
17	MR FEERAS NAJJAR <NAJJAR FAMILY A/C>	4,500,000	0.438%
18	HAWGOOD PTY LTD	4,435,294	0.432%
19	MR YOANTO WAKIMIN	4,307,260	0.419%
20	DR RUSSELL KAY HANCOCK	4,000,000	0.389%
	Total	**226,958,241**	**22.082%**
	Balance of register	**800,821,588**	**77.918%**
	Grand total	**1,027,779,829**	**100.000%**

Substantial Shareholders

There were no substantial holders of shares in the Company as at the Reporting Date.

Escrowed securities

There are no escrowed securities in the Company as at the Reporting Date.

Unquoted equity securities

The Company has two classes of unquoted equity securities on issue, being Performance Rights and Options.

Performance Rights

The Performance Rights will vest into ordinary shares (on a 1-for-1 basis), subject to satisfaction of prescribed vesting conditions.

None of the Performance Rights carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the Performance Rights will carry equal voting rights with the other share on issue in the Company.

As at the Reporting Date, there were a total of 10,000,000 Performance Rights on issue, held by two holders.

An analysis of the number of Performance Rights holders by size of holding is as follows:

Range	Number of Holders	Units	%
1-1,000	-	-	0.000%
1,001-5,001	-	-	0.000%
5,001-10,000	-	-	0.000%
10,001-100,000	-	-	0.000%
100,001 and over	2	10,000,000	100.000%
Total	2	10,000,000	100.000%

Options

The Options upon exercise will convert into ordinary shares (on a 1-for-1 basis), subject to various exercise prices and expiry dates.

None of the Options carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the Options will carry equal voting rights with the other share on issue in the Company.

As at the Reporting Date, there were a total of 326,740,638 Options on issue, held by 992 holders.

An analysis of the number of Option holders by size of holding is as follows:

Range	Number of Holders	Units	%
1-1,000	6	1,529	0.000%
1,001-5,001	27	109,419	0.033%
5,001-10,000	57	451,058	0.138%
10,001-100,000	435	21,820,896	6.678%
100,001 and over	467	304,357,736	93.150%
Total	992	326,740,638	100.000%

Corporate Directory

Directors

Mr Robert Proulx	Executive Chairman / President	
Mr Michael Harsh	Non-Executive Director	
Mr David Ludvigson	Non-Executive Director	
Ms Jovanka Naumoska	Non-Executive Director	
Mr Mark Van Asten	Non-Executive Director	
Ms Dianne Angus	Non-Executive Director	Appointed 8 May 2020
Ms Bronwyn Le Grice	Non-Executive Director	Resigned 31 March 2020

Company Secretary
Mr Geoff Hollis

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Melbourne, VIC, 3000, Australia

Principal Place of Business
10355 Science Center Drive
Suite 210
San Diego, CA, 92121, USA

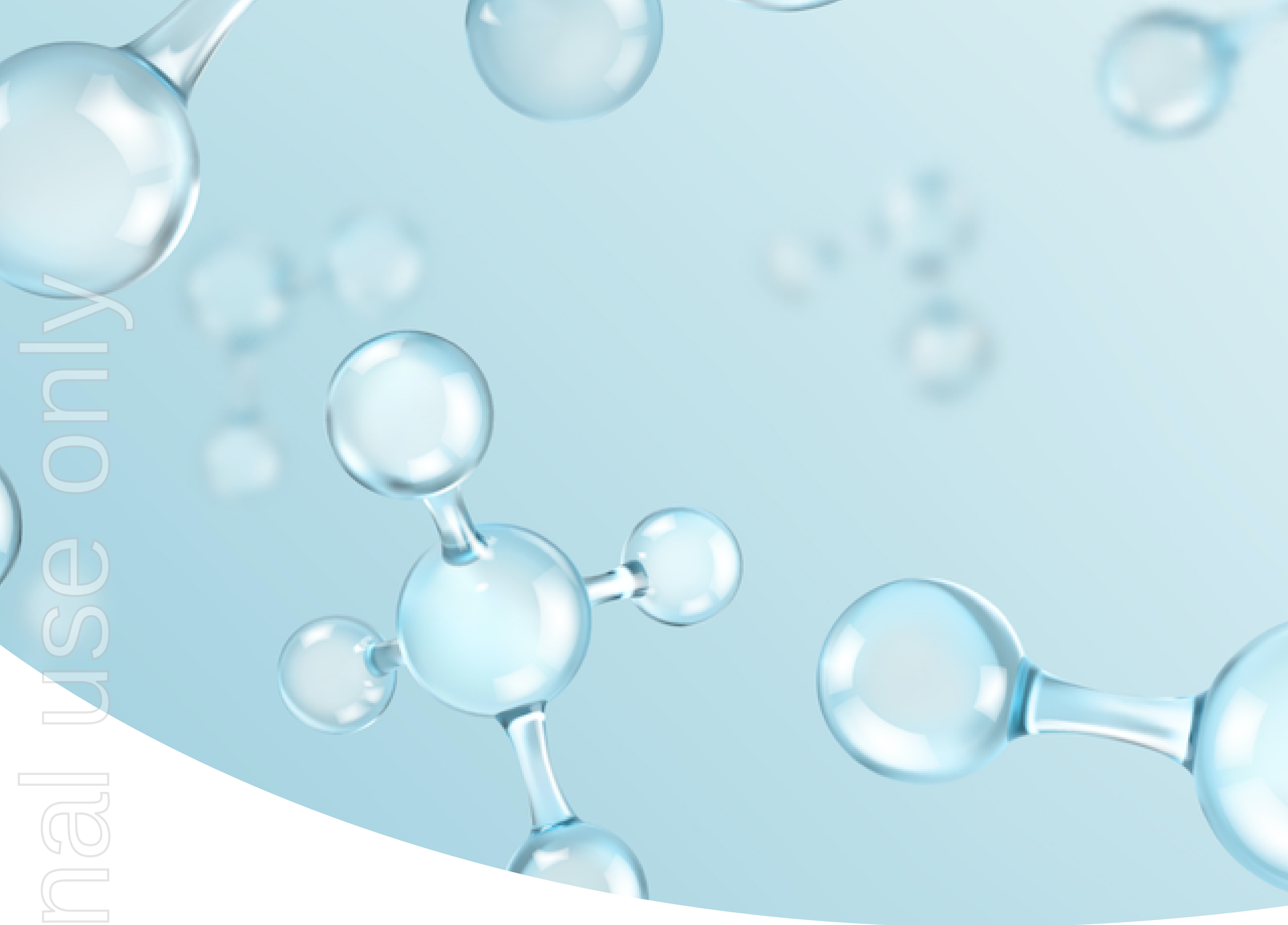
Share Registry
Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW, 2000, Australia

Auditor
RSM Australia Partners
Level 21, 55 Collins St
Melbourne, VIC, 3000, Australia

Australian Legal Advisor
K&L Gates
Level 25, 525 Collins Street
Melbourne, VIC, 3000, Australia

United States Legal Advisor
The Grafe Law Office, PC
PO Box 2689
Corrales, NM, 87048, USA

Stock Exchange
Imagion Biosystems Limited's shares are listed on the Australian Stock Exchange (ASX ticker: IBX)



About Imagion Biosystems

Imagion Biosystems is developing a new non-radioactive and safe diagnostic imaging technology. Combining biotechnology and nanotechnology the Company aims to detect cancer and other diseases earlier and with higher specificity than is currently possible. Imagion Biosystems listed on the Australian Securities Exchange (ASX) in June 2017.

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