



Lachesis Biosciences Ltd

ABN: 90 115 641 855

Financial report

For the year ended 30 June 2020

Pitcher Partners

Level 13, 664 Collins Street, Docklands VIC 3008

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LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

DIRECTORS' REPORT

The directors present their report together with the financial report of Lachesis Biosciences Ltd for the year ended 30 June 2020 and auditor's report thereon.

Directors names

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

Tim Morgan

Christian Nicks

Amanda Reese

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to \$430,583 (2019: \$182,864 loss).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The existence of COVID-19 was confirmed in early 2020 and in March 2020 was declared a pandemic by the World Health Organisation. This has resulted in significant disruption throughout global and domestic markets. There is uncertainty on the likely duration and the ultimate impact COVID-19 will have on the world economies. The on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in preparation of the Company's financial statements. A thorough consideration of potential COVID-19 impacts on carrying values of assets and liabilities, contracts and potential liabilities has been made, with no material impact to the financial statements.

The COVID-19 situation remains fluid due to evolving changes in Government policy and evolving business and consumer reactions thereto. As at date of this financial report, the Company considered that the financial effects of COVID-19 on future financial periods cannot be reasonably estimated.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

LACHESIS BIOSCIENCES LTD

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DIRECTORS' REPORT

Principal activities

The principal activity of the company during the year was pharmaceutical development for clinical trials.

No significant change in the nature of these activities occurred during the year.

After balance date events

On 16 September 2020, there was a share issue of 1,176,250 ordinary shares at \$0.80 per share, total value being \$941,000.

Except for matters noted above, there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the company.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

DIRECTORS' REPORT

Proceedings on behalf of the company

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

Signed on behalf of the board of directors.



Director: _____

Tim Morgan

Dated this 24th day of February 2021

LACHESIS BIOSCIENCES LTD
ABN: 90 115 641 855

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF LACHESIS BIOSCIENCES PTY LTD

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

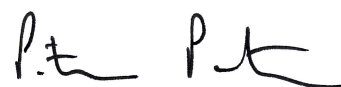
- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S SCHONBERG

Partner

Date: 24 February 2021



PITCHER PARTNERS

Melbourne

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue and other income			
Other revenue	2	381,530	481
Other income	2	<u>15,000</u>	<u>-</u>
		<u>396,530</u>	<u>481</u>
Less: expenses			
Travel expense		(32,505)	(27,434)
Depreciation and amortisation expense	3	(7,341)	(5,808)
Employee benefits expense	3	(50,000)	(1)
Research and development expense	3	(803,014)	(94,829)
Patent and licensing expense		(82,401)	(27,664)
Other expenses		<u>(74,559)</u>	<u>(27,609)</u>
		<u>(1,049,820)</u>	<u>(183,345)</u>
Loss before income tax expense		(653,290)	(182,864)
Income tax benefit	6	<u>222,707</u>	<u>-</u>
Loss from continuing operations		<u>(430,583)</u>	<u>(182,864)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(430,583)</u>	<u>(182,864)</u>

The accompanying notes form part of these financial statements.

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	4	323,576	7,055
Receivables	5	16,096	477
Current tax assets	6	222,707	-
Other assets	7	<u>702</u>	<u>702</u>
Total current assets		<u>563,081</u>	<u>8,234</u>
Non-current assets			
Plant and equipment	8	<u>21,784</u>	<u>13,230</u>
Total non-current assets		<u>21,784</u>	<u>13,230</u>
Total assets		<u>584,865</u>	<u>21,464</u>
Current liabilities			
Payables	9	34,334	9,644
Other liabilities	10	<u>17,294</u>	<u>-</u>
Total current liabilities		<u>51,628</u>	<u>9,644</u>
Total liabilities		<u>51,628</u>	<u>9,644</u>
Net assets		<u>533,237</u>	<u>11,820</u>
Equity			
Share capital	11	3,350,300	2,398,300
Accumulated losses	12	<u>(2,817,063)</u>	<u>(2,386,480)</u>
Total equity		<u>533,237</u>	<u>11,820</u>

The accompanying notes form part of these financial statements.

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share capital \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2018	2,398,300	(2,203,616)	194,684
Loss for the year	<u>-</u>	<u>(182,864)</u>	<u>(182,864)</u>
Total comprehensive income for the year	<u>-</u>	<u>(182,864)</u>	<u>(182,864)</u>
Balance as at 30 June 2019	<u>2,398,300</u>	<u>(2,386,480)</u>	<u>11,820</u>
Balance as at 1 July 2019	2,398,300	(2,386,480)	11,820
Loss for the year	<u>-</u>	<u>(430,583)</u>	<u>(430,583)</u>
Total comprehensive income for the year	<u>-</u>	<u>(430,583)</u>	<u>(430,583)</u>
Transactions with owners in their capacity as owners:			
Contributions	<u>952,000</u>	<u>-</u>	<u>952,000</u>
Total transactions with owners in their capacity as owners	<u>952,000</u>	<u>-</u>	<u>952,000</u>
Balance as at 30 June 2020	<u>3,350,300</u>	<u>(2,817,063)</u>	<u>533,237</u>

The accompanying notes form part of these financial statements.

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Receipts from customers		397,881	-
Payments to suppliers and employees		(1,017,789)	(187,505)
Interest received		324	927
Income tax refunded		<u>-</u>	<u>43,488</u>
Net cash used in operating activities	13(b)	<u>(619,584)</u>	<u>(143,090)</u>
Cash flow from investing activities			
Payment plant and equipment		<u>(15,895)</u>	<u>-</u>
Net cash used in investing activities		<u>(15,895)</u>	<u>-</u>
Cash flow from financing activities			
Proceeds from share issue		<u>952,000</u>	<u>-</u>
Net cash provided by financing activities		<u>952,000</u>	<u>-</u>
Reconciliation of cash			
Cash at beginning of the financial year		7,055	150,145
Net increase / (decrease) in cash held		<u>316,521</u>	<u>(143,090)</u>
Cash at end of financial year	13(a)	<u><u>323,576</u></u>	<u><u>7,055</u></u>

The accompanying notes form part of these financial statements.

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Lachesis Biosciences Ltd as an individual entity. Lachesis Biosciences Ltd is a company limited by shares, incorporated and domiciled in Australia. Lachesis Biosciences Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

COVID-19

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the services offered and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

LACHESIS BIOSCIENCES LTD

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

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

The company incurred a loss from ordinary activities of \$430,583 (2019: \$182,864 loss) during the year ended 30 June 2020.

The company's major shareholder has provided a letter of financial support to the company to ensure the company can meet its financial obligations as and when they fall due.

(c) Other revenue and other income

Interest

Interest revenue is measured in accordance with the effective interest method.

Grant Revenue

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

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

(d) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

LACHESIS BIOSCIENCES LTD

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment at cost	20-40%	Diminishing value
Office equipment at cost	12%	Diminishing value
Computer equipment at cost	20-40%	Diminishing value

(g) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are to be capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resource; and intent to complete the development and its costs can be measured reliably.

As of 30 June 2020 no development costs have been capitalised.

Other development expenditure is recognised as an expense when incurred.

(h) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

LACHESIS BIOSCIENCES LTD

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

	2020	2019
	\$	\$
NOTE 2: OTHER REVENUE AND OTHER INCOME		
Other revenue		
Interest income	324	481
Grant Revenue	381,206	-
Other income	<u>15,000</u>	<u>-</u>
	<u>396,530</u>	<u>481</u>

NOTE 3: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:

Depreciation	7,341	5,808
Research and development costs	803,014	94,829
Employee benefits:		
- Other employee benefits	50,000	1
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
- Audit or review of the financial report	6,650	6,500
Other non-audit services		
- Taxation services	<u>9,988</u>	<u>7,290</u>
	<u>16,638</u>	<u>13,790</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	100	100
Cash at bank	<u>323,476</u>	<u>6,955</u>
	<u>323,576</u>	<u>7,055</u>

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 5: RECEIVABLES		
CURRENT		
Other receivables	<u>16,096</u>	<u>477</u>
NOTE 6: INCOME TAX		
(a) Components of tax expense		
Current tax - R&D tax incentive	<u>(222,707)</u>	<u>-</u>
	<u>(222,707)</u>	<u>-</u>
(b) Current tax		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	-	(43,488)
R&D Tax Incentive	<u>(222,707)</u>	<u>43,488</u>
Current tax liabilities / (assets)	<u>(222,707)</u>	<u>-</u>
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	<u>702</u>	<u>702</u>

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

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

	2020	2019
	\$	\$
NOTE 8: PLANT AND EQUIPMENT		
Plant and equipment		
Plant and equipment at cost	129,707	113,812
Accumulated depreciation	<u>(109,915)</u>	<u>(103,171)</u>
	19,792	10,641
Office equipment at cost	19,330	19,330
Accumulated depreciation	<u>(17,338)</u>	<u>(16,741)</u>
	1,992	2,589
Computer equipment at cost	231,770	231,770
Accumulated depreciation	<u>(231,770)</u>	<u>(231,770)</u>
Total property, plant and equipment	<u><u>21,784</u></u>	<u><u>13,230</u></u>
NOTE 9: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Sundry creditors and accruals	<u><u>34,334</u></u>	<u><u>9,644</u></u>
NOTE 10: OTHER LIABILITIES		
CURRENT		
Deferred income	<u><u>17,294</u></u>	<u><u>-</u></u>

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		2020 \$	2019 \$
NOTE 11: SHARE CAPITAL			
Issued and paid-up capital			
10,011,626 (2019: 8,782,876) Ordinary Shares	(a)	<u>3,350,300</u>	<u>2,398,300</u>

	2020		2019	
	Number	\$	Number	\$
(a) Ordinary				
Opening balance	8,782,876	2,398,300	8,782,876	2,398,300
Shares issued:				
17 October 2019	250,000	200,000	-	-
21 October 2019	250,000	200,000	-	-
23 October 2019	10,000	8,000	-	-
28 October 2019	343,750	275,000	-	-
29 October 2019	48,750	39,000	-	-
30 October 2019	13,750	11,000	-	-
31 October 2019	187,500	150,000	-	-
1 November 2019	31,250	25,000	-	-
5 December 2019	62,500	50,000	-	-
8 January 2020	31,250	25,000	-	-
Transaction costs relating to shares issued, net of tax	<u>-</u>	<u>(31,000)</u>	<u>-</u>	<u>-</u>
	1,228,750	952,000	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At reporting date	<u>10,011,626</u>	<u>3,350,300</u>	<u>8,782,876</u>	<u>2,398,300</u>

Capital management

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

During 2020, management paid dividends of \$Nil. (2019: \$Nil).

NOTE 12: ACCUMULATED LOSSES

Accumulated losses at beginning of year	(2,386,480)	(2,203,616)
Net loss	<u>(430,583)</u>	<u>(182,864)</u>
	<u>(2,817,063)</u>	<u>(2,386,480)</u>

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

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

	2020	2019
	\$	\$

NOTE 13: CASH FLOW INFORMATION**(a) Reconciliation of cash**

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

Cash on hand	100	100
Cash at bank	<u>323,476</u>	<u>6,955</u>
	<u>323,576</u>	<u>7,055</u>

(b) Reconciliation of cash flow from operations with profit after income tax

Profit / (loss) from ordinary activities after income tax	(430,583)	(182,864)
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Adjustments and non-cash items

Depreciation	7,341	5,808
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Changes in operating assets and liabilities

(Increase) / decrease in receivables	(15,619)	962
Decrease in other assets	-	1
Increase / (decrease) in payables	24,690	(10,483)
Increase in other liabilities	17,294	-
(Increase)/decrease in current tax assets	<u>(222,707)</u>	<u>43,486</u>
Cash flows from operating activities	<u>(619,584)</u>	<u>(143,090)</u>

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

On 16 September 2020 there was a share issue for 1,176,250 ordinary shares at \$0.80, total value being \$941,000.

Apart from the above, there has been no matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the company.

LACHESIS BIOSCIENCES LTD
ABN: 90 115 641 855

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: COMPANY DETAILS

The registered office of the company is:

Lachesis Biosciences Ltd
Level 13
664 Collins Street
Docklands Vic 3008

LACHESIS BIOSCIENCES LTD

ABN: 90 115 641 855

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes, as set out on pages 5 - 17, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2020 and performance for the year ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director: _____

Tim Morgan

Dated this 24th day of February 2021

LACHESIS BIOSCIENCES LTD
ABN: 90 115 641 855

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LACHESIS BIOSCIENCES PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Lachesis Biosciences Ltd, "the Company", which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Lachesis Biosciences Ltd, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* "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.

LACHESIS BIOSCIENCES LTD
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LACHESIS BIOSCIENCES PTY LTD

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Lachesis Biosciences Ltd to meet the requirements of *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's directors' report for the year ended 30 June 2020, but does not include the financial report and our 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 Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

LACHESIS BIOSCIENCES LTD
ABN: 90 115 641 855

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LACHESIS BIOSCIENCES PTY LTD

Auditor's Responsibilities for the Audit of the Financial Report

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

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

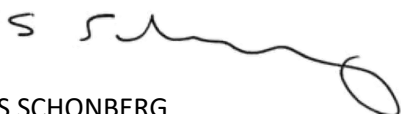
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

LACHESIS BIOSCIENCES LTD
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LACHESIS BIOSCIENCES PTY LTD

Auditor's Responsibilities for the Audit of the Financial Report (Continued)


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



S SCHONBERG

Partner

Date: 24 February 2021



PITCHER PARTNERS

Melbourne